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The Game Plan / Strategy

# HST Business Insights

*Management insights from the future.*



## Knowledge Management, **Unleashing** **Organizational** Potential

by: Hana Degefa and Noah Desta



# Knowledge Management, Unleashing Organizational Potential

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*What makes a lasting organization? Strong leadership with sustainable pipeline of talent, learning organization continually upskilling its workforce responding to changes in the market, employees empowered to get their job done and serve their customer well, what is the linchpin that makes it all work together?*

Creating and managing knowledge is a defining factor for organizations to adapt and grow with the changing landscape of markets or die becoming dinosaurs of their industry, failing to learn and shape themselves to market demands.

In the dynamic landscape of today's business world, knowledge management isn't just a tool – it's the compass guiding organizations towards smarter decisions, accelerated innovation, and lasting success.

Knowledge management is essential because it enables organizations to effectively capture, store, share, and apply their collective knowledge and expertise.

By creating structured processes for knowledge creation, distribution, and retention, knowledge management facilitates better collaboration, problem solving, and adaptability, leading to overall improved performance and competitiveness.

## KM as a competitive advantage

KM is a competitive advantage for organizations to remain relevant in the market and industries they operate. It's not a 'nice to have' initiative which shows up in organization's leadership radar as a hot topic at the start of the year and disappears when operations crop up. It is a 'must have'

continuous and never-ending operation that defines the efficiency and effectiveness of all other operations.

From our survey, respondents said lack of an established KM processes lowers quality of services/products and increases costs of production. When it comes to agility in responding to market disruptions, innovation/time to market, shortening the learning time of new hires, and meeting revenue targets, they indicated absence of KM negatively impacts these crucial competitive factors of their organization. They also added that it lowers customer satisfaction and slows problem resolution.

The leadership in organizations should make knowledge management one of its strategic pillars. An organization-wide team, a steering committee, should be established out of each department in the organization to oversee and smoothly facilitate the process of establishing successful KM initiative that will be part and parcel of the organization's operations just like Finance and HR. Each department should be held accountable for generating and managing its own knowledge.

There should be a separate KM team centrally managing KM activities of companies, setting standards, ushering KM operational policies, ensuring relevant knowledge is being captured by departments and that they are regularly categorized, and stored in an accessible manner.

For instance, a managing partner from a prominent local law firm explained, if the

above stated measures are taken, they can leverage their existing experience and capabilities without having to start from scratch. Additionally, it safeguards the continuation of the firm's practices, irrespective of changes in leadership, mitigating the risk of losing invaluable knowledge when key employees transition to other opportunities.

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### Technology as a fundamental enabling tool for KM

According to our interviewees and survey respondents, the primary challenge in knowledge management lies in establishing effective channels and platforms for sharing information, rather than simply capturing, and storing it.

Professional Service Firms serve as good examples, as their main product is knowledge itself. For instance, the managing partner from the above mentioned law firm explained that they maintain a comprehensive database of client communications, categorized, and stored according to the firm's practice areas.

However, difficulties arise in easily retrieving information from the computer server, particularly when it dates back over a decade. The captured information is not stored and indexed in a manner that ensures easy accessibility. Furthermore, the partner noted that they have witnessed peer firms in East African countries already utilizing technology-enabled platforms specifically tailored for knowledge management in law firms.

This highlights the advantage gained by investing in such systems, not only enhances the flow of information but also enables the development of institutional memory.

A critical mass of our survey respondents assumes a leadership role in their organizations. Almost all of them worry that they use tacit knowledge to get done the jobs that are

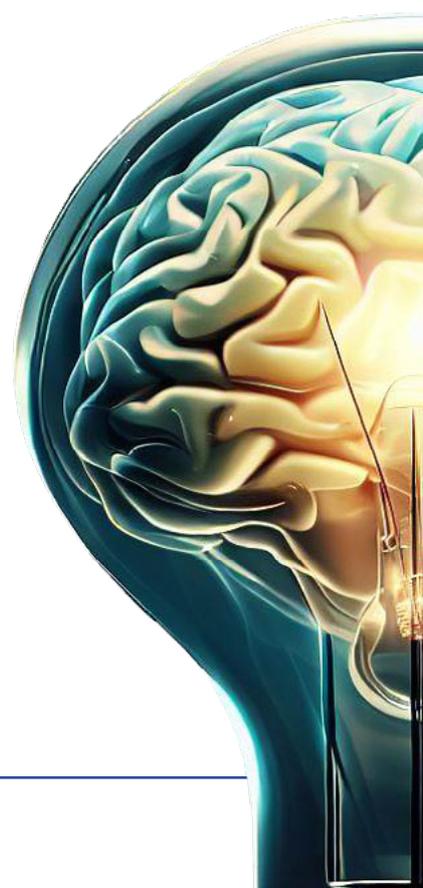
critical to the organization, and if they left their job tomorrow, their firm would lose a lot of valuable knowledge. And that the firm would have to relearn how to do certain tasks and processes.

One organization we looked at is a state-owned enterprise [SOE] that underwent a significant turnaround led by its current CEO. The company employs 2,200 people, manages 700 branches, and handles 6 million transactions annually.

The company is making existing resources, such as manuals and SOPs, more accessible through their website and internal intranet. As a locally designated service provider for the industry they represent, they also recognize the value of learning from global organizations they work with and similar models in other countries, to aid employees' learning and professional development.

They are also working on developing a well-organized information system to optimize the use of valuable data derived from millions of customer interactions, which can be utilized for marketing and business analytics.

Additionally, addressing the staff skill gap is a priority, with a goal of achieving 100% connectivity to the system for all branch offices within the next three years. Only 40% of their branch offices have full access to the intranet infrastructure. They are mitigating this challenge by using easily accessible digital platforms and by uploading regularly updated essential information.



### Culture, the driving engine for KM

Another challenge, besides organizing knowledge in an accessible manner, lies in cultivating a culture of knowledge sharing. While technology platforms can be useful, they are only effective when supported by an organizational culture that empowers and champions employees to share their knowledge. Upskilling also plays a critical role in addressing these challenges.

From our survey it is observed that, a noticeable absence of effective knowledge management will lead to duplicating information already available elsewhere within the organization, relying solely on a single individual for each task, and lacking a structured system. The practices of sharing knowledge are confined to close colleagues and friends through electronic mediums. Moreover, collaborative tendencies emerge when encountering challenges, alleviating the pressure of accountability in case of mistakes.

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The CEO of the SOE we interviewed told us that they have improved capturing relevant knowledge and learning processes by utilizing written reports, including details of project and key performance indicators (KPIs). The organization acknowledges the importance of knowledge management and the need for a cultural shift to encourage information sharing and collaboration. Each department and the entire company provide regular reports aligned with their annual plan. These reports are shared throughout the organization to facilitate learning.

The company has also implemented changes to their monthly reports, which were previously focused solely on results, to share the experiences and insights of their top performers. This encourages a culture of learning from success.

The company understands the significance of knowledge management for organizational



development. They are actively working towards creating a collaborative environment and encouraging employees to share information rather than hoarding it. This cultural shift, along with improved information systems and upskilling efforts, will enhance organizational learning and decision-making processes.

One other company we interviewed for this article, as a best practice, demonstrates all the important components we laid out to successfully build a knowledge management capability. The organization is a global research institution and the research it conducts plays a crucial role for advocacy and informed decision making on a global scale. This process involves generating and analyzing data, making it accessible to the public, and storing it for future use. The organization implements ethical policies to regulate access and prevent data theft. It also follows proper processes and quality control mechanisms to maintain standards. Projects are meticulously documented, with supervisors and project leaders ensuring quality control before publication. The organization has a standalone KM team handling these tasks and it's not assigned to someone or groups of people who are already occupied with other priorities. A portal and open access approach are used to store and share published papers, while workshops and



seminars facilitate knowledge exchange.

According to our survey respondents, there are several areas where their organizations need improvement. These include simplifying major processes, standardizing workflows, documenting critical knowledge, facilitating connections with experts and colleagues, promoting conversations among peers, and implementing search tools for accessing information across platforms.

A well-implemented knowledge management system can be a game-changer, propelling your business towards improved efficiency, innovation, and decision-making. Overall, to implement KM in your organization, the following steps in sequence are recommended. Begin by identifying your organization's unique needs and challenges. Engage stakeholders from various levels and departments to ensure a holistic perspective.

Define clear objectives aligned with your business goals. Choose a user-friendly platform with an intuitive interface to encourage adoption. Develop a strategy for content curation and maintenance to keep information accurate and relevant. Provide comprehensive training and support to ensure seamless adoption. Integrate the system into existing workforce for

natural usage. Implement metrics to measure the system's impact on processes and innovation. ■



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The survey questions used for this article are adopted from APQC.