## Building the Business Case for Knowledge Management Success

#### By Peter McGarahan

#### The Knowledge Management Opportunity

Making the decision to implement a knowledge management (KM) program should not be a difficult one. As other organizational and project priorities continue to hijack the KM opportunity, knowledge management needs to be viewed, sold and implemented as a **Service Value** program. Service Value is the customer's perceived business outcomes produced by the quality, effectiveness and efficiency of the support organization. A Service Value program positively impacts service delivery both to customers and employees. It improves the productivity and performance of the support organization by providing them with consistent and accurate knowledge 'at the speed of conversation.' The KM program creates Service Value for the business when customers are provided with the right answers, at the right time, to facilitate a business outcome. Furthermore, all KM efforts initiated now are continuous learning opportunities for collaborating and connecting the 'social' business conversation.

#### The Sustainable and Successful KM Program

In my interviews with the knowledge management community, those who had built a sustainable and successful KM program took the time to first build the business case for it. These successful KM advocates rethought the use of template-driven work plans, standard requirements checklist and outdated product demonstration agendas. In short, they refused to embark on a journey to nowhere. Instead, they focused on setting a high priority for a KM program within the organization with the intent of measuring the achieved results.

#### Specifically, they focused on these six key areas:

- Incorporating the KM program as a key enabler into the Service Strategy.
- Establishing KM Goals & Objectives (CSF) and KM Success Metrics (KPI) aligned with the organizational objectives and designed to deliver predicable outcomes of accountable, measured performance.
- 3. Selecting the right **best of breed tool and KM thought leading partner** to direct and assist in successfully implementing and growing the KM program.



- 4. **Building and Training the KM Team** with clear roles and responsibilities for practicing the Knowledge-Centered Support (KCS) practices and the capabilities of the KM tool.
- 5. Understanding the **Demand Dynamics** of why and how customers contact the support organization and how best to provide them with answers to their questions, solutions to their issues and fulfillment for their request.

 Creating a Communication and Marketing Plan targeted at all stakeholders (senior management, peer management, team and customers) to keep them regularly updated, engaged and aware of the KM opportunity, progress and results.

#### Plan the Work, Work the Plan

#### Focused KM Goals & Objectives (CSF)

Publishing great content and knowledge that is timely and relevant to the business that increases productivity, improves engagement and produces consistent, quality results.

Integrating technologies that allow employees /
customers to easily capture, publish, share,
search and use knowledge nuggets to solve
problems, share experiences, ideas and
connect a distributed workforce.

### Connecting the vibrant community to share lessons learned and expands communication channels for improved awareness and buy-in.

As the appointed knowledge champion, your leadership facilitates individual empowerment and accountability for sharing, using and keeping the single source of truth 100 percent accurate. Individual accountability, along with awareness (addressing the why) and training, builds organizational confidence in the KM program. Factual reporting and consistent stakeholder communication builds the cultural confidence necessary to sustain and grow the KM program across organizational silos.

In sharing the lessons learned from my first white paper, titled Successful Knowledge Management: Lessons Learned from Organizations Who Have Achieved It, those interviewed always came back to **prepare** and **plan**. Their upfront work yielded focused **KM Critical Success Factors (CSF)**, a

statement of what's important to your team and the organization. If it's not important, then don't waste your time including it in the plan. There is more than enough KM-related work to keep you and the team busy. Try focusing on all you need to do to achieve your KM Goals and Objectives. The concept of minimalism and limited scoping, especially at the initial phases of the program, was passionately discussed in our group discussion. KM leaders agreed that increasing scope in an attempt to make everyone happy is risky and usually ends up disappointing everyone.

#### **Lessons Learned:**

- 1. Focus on what matters, what's important, and what will drive sustainable, measured results.
- 2. Reduce the temptation to be everyone's problem solver.
- 3. Be aware of distractions, time wasters and rabbit holes where your effort and good intentions yield little or no return.

#### **Building the KM Business Case**

Utilizing a business case approach to assemble your knowledge management program serves two purposes:

- First, it prepares you with the necessary details for presenting the KM value proposition to senior management for approval, funding and buy-in.
- Second, in assembling the business case, you have conducted a thorough investigation and necessary "roadwork" in planning, implementing and integrating, training, communicating and measuring progress and results.

The business case establishes the need for change, estimates the required money, time and people, articulates the benefits and creates the sense of urgency. Emphasize the importance of a holistic

approach and use the business case to present KM as a program as opposed to a project. Don't understate the value of a combined Service and KM strategy with trained and engaged people, integrated processes into a best-of-breed solution and a confident, knowledge-sharing culture. The business case approach provides insight into where you want to go and how best to get there.

Aligning the KM program with your Service strategy will make it easier to bring resolution (answers) closest to your customers. Providing required knowledge at the speed of conversation to our frontline team should be priority one. Measuring the impact of answering, resolving or fulfilling customers' questions, issues and requests efficiently, consistently, accurately and cost effectively is a natural second. Thirdly, knowing your cost structure per escalation (tier-2, tier-3), resolution at tier-1 (FCR) and cost per self-service usage (tier-0) supports the financial component of your business case.

#### **Preparing your KM Business Case:**

- 1. **Section 1: Executive Summary** This is typically written last, yet presented first. The Executive Summary is what you summarize for executive stakeholders who will want to read nothing more and based on the information and 'story' presented hopefully have enough information to approve your recommendation.
- Section 2: The Service & KM Strategy include your KM strategy as a critical component of the
  overall Service strategy and supporting structure. Articulate the business need as high-level
  requirements addressing why this is important, the impacted scope and what and how you plan
  to accomplish it and in what timeframe.
- 3. Section 3: The Current Situation includes stating service delivery assumptions, key
  - requirements and prioritized recommendations based on the findings of your assessment of current services, processes, tools, people, measurements and reporting. The assessment results (findings) are compared against industry best practices, frameworks and methodologies identifying performance gaps that are addressed, categorized and prioritized.
- 4. **Section 4: The Proposal** includes the proposed solution and addresses contingency plans, options and alternatives means to the end result. Additionally, address solution dependencies as well as risks and mitigation strategies for minimizing or avoiding any negative impact.
- Section 5: The Cost-Benefit Business Impact Analysis includes
  the impacting cost analysis details for delivering the proposed
  solution with stated benefits generating a return on investment
  to the business.

- Successful **KM program design** is comprised of three phases: Assessment (where you are), Strategy (where you want to go), and Roadmap (how you plan to get there):
- Assessment Identifying and understanding your organization's current KM baseline – existing knowledge tools, processes, and performance metrics around service strategy, and structure (support model), as well as your people framework (management, incentives, culture and communication).
- Strategy Defining what success looks like by envisioning the end result (how KM affects your organizational and business performance).
- **3. Roadmap** The step-by-step plan based on your gap-analysis assessment against your future-state, along with measurement metrics to ensure it aligns foundationally to your strategy.
- 6. **Section 6: Recommendation & Conclusion** includes a logical conclusion and recommendation based on stated facts, assumptions and analysis that make this recommendation a smart business decision expecting conservative returns.
- 7. **Section 7: Resource Planning** includes the all important components of positioning, planning, implementing, integrating, training and measuring the success of the program. These components typically include Project Management and Team, Processes (Change, IM, KM,

Measuring Result), People (Training, Roles & Responsibilities), Communication (Stakeholders, Strategy and Risk Mitigation)

#### **Building the KM Team & Culture**

According to the game-changing book titled, <u>Good to Great</u> by Jim Collins, "leaders of companies that go from good to great start not with **where** but with **who**. They start by getting the right people on the bus, the wrong people off the bus, and the right people in the right seats." Sustainable and successful KM programs begin and grow into success stories because the knowledge champion recruited passionate and committed people. These knowledge coaches encourage, train, recognize and reward the **finders of** 

undocumented knowledge and the creators of documented knowledge. Knowledge champions and coaches, with passion and perseverance, pursue documenting and sharing all that is relevant and beneficial to the community. They continue to look for ways to continue to connect the business community. They facilitate the sharing of business-related discussions, problem-solving and idea generation resulting in knowledge creation. Speed and credibility are critical to sustainable success. They are proactively and continually seeking out opportunities, events and situations where knowledge can be utilized, adopted and facilitate business outcomes. They promote and sell the value of the KM program to the stakeholders and community to continue to leverage the KM program. In my time with these knowledge champions, it was evident that they were not limited by the boundaries of their area of responsibility. They viewed every challenge, project and initiative as an opportunity to share the value of the knowledge program.

#### **Lessons Learned: Value of Knowledge Coaches**

"When we were implementing the KM program, we engaged the team members we believed were most likely to be a positive influence with their team in a positive way. We selected them to be knowledge coaches, evangelists, promoting all the wonderful aspects of this KM program. We were careful not to select team members with the most knowledge, seniority or expertise. In the end, this was one of the most long-term impactful decisions we made. These KM coaches were inspirational during this effort and took accountability and ownership within their team to influence (bottom-up), putting knowledge at the high-end of the value-chain. The knowledge coaches were a key ingredient in the successful adoption of the of the KM program. It is hard to imagine where the program would have ended up if we did not make the decision early to impact the culture through these influential knowledge coaches. Currently, about 90 percent of our cases are closed using knowledge articles. Additionally, many of the original knowledge coaches have been promoted and have accepted positions in other groups mainly due to their positive exposure received through their role in the success of this effort."

#### **Operationalizing KM**

To deliver knowledge "at the speed of conversation," namely facilitating a First Contact Resolution (FCR), knowledge needs to be easily searched, found, used and rated. The Incident Management (IM) process, integrated into the tool, makes it easier to:

(F)lag knowledge for (F)ixing

- (A)dd new information when the knowledge is absent
- (U)se knowledge when resolving issues, answering questions and fulfilling requests

UFFA is a Knowledge-Centered Support (KCS) practice for Using (U), Flagging (F), Fixing (F) and Adding (A) knowledge within the Incident



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Management process. It's a simple way to remind the engaged and involved in resolving issues, fulfilling requests and answering questions of their active role in keeping the knowledge current, accurate and useful. To deliver knowledge at the speed of conversation (FCR), knowledge needs to be easily searched, retrieved, relevant, useful and accurate in the resolution process. It's imperative that we understand the dynamics of **who** uses **what** knowledge for **what** expected result. A discipline that benefits this effort is called taxonomy / categorization. The types of contacts provide us with valuable clues to the repetitive and reoccurring nature of the demand for services. The demand for services can be charted using the Pareto model. Predictive results reveal that 80 percent of the demand constitutes 20 percent of the defined reporting categories. The Support organization should specifically create Knowledge Articles (KA) that address 80 percent of the repetitive demand that addresses 20 percent of the repetitive high volume of requests, questions and issues. These repetitively used Knowledge Articles (KA) become a great source for training new staff members quickly to effectively answer, resolve and fulfill the most commonly asked, questions, issues and requests.

#### **Selecting the Right KM Success Partner**

That successful knowledge management is more science than art is a myth, according to industry analysts. Instead, they tell us it's just the opposite – that the success ratio of knowledge management programs is driven 20 percent by technology (tools with integrated processes) and 80 percent by people skills (leadership, partnering, communication, training, incentives and culture). Failing to understand this often results in Service leaders prematurely jumping to the 20 percent – pinpointing a problem believed to be solvable by a tool. The successful, who focused on the 80 percent, will tell you to holistically assess the situation, gather key requirements, and always identifying what actions will be critical to delivering a real business value. This first step is the most important and will create a strong foundation for launching future KM initiatives.

In a recent series of extensive interviews, KM champions shared with me how they problem-solved impacting issues by leveraging an experienced and knowledgeable KM success partner. Interestingly, they indicated that selecting the right KM success partner and tool was simple and straightforward compared to some of the all-important people tasks and activities:

- Communicating to stakeholders to gain buy-in
- Clarifying and assigning roles and responsibilities
- Training (KCS, Tool, Processes)
- Monitoring, measuring and improving practice and performance
- Expanding KM throughout the business via influence and credibility

Understanding your requirements and the tool's features, functionality and capabilities is critical. But the real value lies in applying all of these components to solve a problem, create a growth opportunity or continuously improve the efficiency, effectiveness and quality of service delivery. It is essential to first map your requirements to the tool's features and functionalities, then apply those capabilities to solve problems, create efficiencies, improve productivity, quality and drive better results. In my discussion with KM champions, I was reminded that "A Fool with a Tool is Still a Fool." But only if they fail to properly plan, communicate, train, implement and measure these means to a successful resulting end.

#### **The Value Proposition**

The real value proposition of the tool goes beyond its features, functionality and capabilities. The tool, by default, should contain the capabilities to easily facilitate the desired end-result. Your KM Success Partner should impress you with their deep understanding of your challenges and opportunities. They should freely share with you the successful results of customers who they have helped deploy their solution. Their Knowledge solution and success program should be driven by their industry thought leadership, experience and KM subject matter expertise. They are aware of the industry trends that impact their solution, their customer and the customer experience. They can help guide you with practical ways to build confidence and adoption around the "single source of truth" knowledge repository, capture and connect the business conversation (Social Knowledge) and engage the multicultural and multi-generational audience in a multi-channel way. As a trusted advisor, they suggest new ways of utilizing capabilities, integrations, lessons learned that keep organizations continuously improving and competitively aggressive.

#### The Knowledge Solution must provide:

- A powerful search engine, integrated into the incident tracking tool, which retrieves relevant knowledge articles quickly while effectively utilizing keywords.
- The capability of providing solutions to those issues and questions both at Tier-0 (self-service) and Tier-1 (the Support Center) facilitating a First Contact Resolution and satisfaction.
- An easy way for new knowledge to be identified, authored and added based on repetitive escalation and routing to Tier-2 (Technical / Business teams).
- An easy way for incorrect and outdated knowledge to (F)ixed.
- A viable multi-media Self-service portal where employees and customers can help themselves by either by ordering it, fixing it or learning how to do something themselves.

#### The KM Success Partner, as a "Trusted Advisor," would also:

Be dedicated to the discipline around knowledge management and self-service practices.	Instruct and enable Content Authoring and UFFA as a real process discipline requiring the integration of people, process and tools.	Facilitates "ease of use" by enabling you to take full advantage of the benefits of their solution, functionality, features and capabilities.
Target solutions to address operational support pain point and assist in creating valued business services.	Institute Client Success programs where customers are trained, engaged and continually educated on lessons learned and the expertise and best practices of the KM Community.	Continuously releasing new features, functionality and innovative approaches for solving problems and providing welcomed and needed business services.

#### **The KM Performance Metrics**

It is important to create a balanced reporting approach to performance metrics, also known as Key Performance Indicators (KPIs) that focus on efficiency, effectiveness, customer satisfaction and cost control. It is important to also align your performance metrics (KPIs) with your Critical Success Factors (CSF). CSFs are your goals and objectives that support your service strategy and are aligned with what's important to the business. In reporting your team's progress to stakeholders, it's important to show progress against your established performance metric targets (where you want to be). The progress and the success of your KM Program journey is measured by first assessing where your performance is currently (Baseline), measuring the Actual performance once implemented and establishing guidelines for where you want performance to be (Target). Lastly, measure your actual performance on a monthly basis. If you put all of this together, when your stakeholders ask you how the KM program is doing, it's important to speak to:

- **PROGRESS** Actual compared to Baseline
- OPPORTUNITY Actual to Target

# You can now confidently communicate to stakeholders, "We will continue to see our performance metrics improve as long as we continue to focus and deliver on these committed practices and expand the adoption and confidence in the KM program." Shared lesson learned from the knowledge champions interviewed was "first plan the work and then work diligently to execute the plan while measuring your progress."

#### The KM Performance Metrics:

The KM performance metrics (KPIs) that holistically matter most are the ones that **measure confidence** in the KM program and repository. It is the confidence factor from all engaged and involved staff and customers that will continue to increase adoption and success.

#### **Lessons Learned: Value-Driven Performance Metrics**

"When we created our procedures and developed our Knowledge culture, we always wanted to make sure we could adequately measure and inspect our expectations easily. This was a key in continuing to drive adoption, usage and highlight continuous improvement opportunities. Today, our KM Success metrics are a key to promoting the value of our program as well as a way for us to recognize and reward employees who are continuing to support our knowledge culture through action.

If we weren't measuring the right things consistently, we would not have the adoption we continue to benefit from today. Our team prides themselves on high Use, Fix, Flag, Add (UFFA) scores, it is proof positive they have operationalized the concepts and practices of KCS and continue to use knowledge resulting in a higher First Contact Resolution across the team so that every team member has an equal opportunity to resolve the same reoccurring issues on FCR as their teammates. A huge win for our customers and a reason to appreciate and celebrate the contributions of a committed team devoted to a culture of sharing knowledge."

Some suggested KM Performance Metrics to help you create a balanced reporting approach:

Confidence / Adoption / Utilization of the Knowledge Base (KB):  • Service Desk, Tier-2 & Tier-3  • Employees, Customers	Increased percentage of Search and UFFA Activity:  • (U)sing • (F)lagging • (F)ixing • (A)dding	
Improved Effectiveness:	Improved customer & staff satisfaction / experience /	
• Increased First Contact	consistency	
Resolution (FCR)		
	Sharing Success Stories:	
Improved Efficiency / Productivity:	• Communications, newsletters, presentations,	
<ul> <li>Reduced Work Effort / Time</li> </ul>	meetings, elevator pitches	
<ul> <li>Lowering Support Cost &amp; Cost</li> </ul>		
per Contact by reducing	Improved Service Level Adherence:	
expensive escalations	Reduction in aging backlog / Inventory	
<ul> <li>Increase number of contacts per staff member</li> </ul>	<ul> <li>Improved Resolved and Fulfilled times</li> </ul>	

#### **Stakeholder Communication**

The fact remains that 'failure to communicate' with KM program stakeholders (senior management, staff, peer management, customers) is the Achilles' heel of long-term success and cultural adoption. After planning, training, implementing, and reporting, there is often little time and energy left for regularly communicating to stakeholders. This is regrettable mistake. Communicating is the key to broader adoption and growth of the KM program.

It starts with communicating your progress, sharing results, and having champions (e.g. fans, supporters, coaches) telling customer / culture success stories. Create a KM Communication Matrix (detailed below) to inform and engage all stakeholders with the progress of the KM program, reporting performance metrics, conveying before-and-after benefits, and sharing success stories of adoption and cultural wins. The most accomplished KM champions don't wait to be asked for an update they regularly communicate and deliver updates to all stakeholders.

#### A KM Communication Matrix includes:

The Stakeholders:	
	1. Senior management
	2. Your management
	3. Peer management
	4. Staff
	5. Customers
The What:	<ul> <li>The messaging, content, results, reports and success stories.</li> </ul>
The How:	The way in which you will communicate to them given their styles,
	locations, preferences and commitments.
The Why:	The essential need to communicate with stakeholders.

I am reminded of a success story shared by one of our KM champions when asked, "beyond metrics and testimonials, what are the signs that the program has gained traction and is positively impacting the business."

He told a story in which the CIO was speaking to the Service Desk staff at a luncheon and asked, "How important is knowledge management to your daily success? If we took it away tomorrow, what would the impact be at the Service Desk?" Their direct and passionate response was nothing she expected to hear from the team: "Take it away and we fail. Our customers expect us to consistently deliver quality solutions while they're on the phone with us. They may not know or care that we depend on our knowledge management solution to facilitate that first contact resolution outcome, but they are accustomed to and expect a high level of service in quickly resolving their issues. We have improved our First Contact Resolution and Customer Satisfaction quality metrics as well as our own productivity measurements. We are able to handle about 20% more contacts / tickets per day because we are more efficient."

As other Service staff joined the conversation, they told the CIO that given the demand for their services today (e.g., contacts / tickets per day), if she were to take away their knowledge management, they would have to hire an additional 12 analysts with a budget impact of \$1,000,000. She thanked them for their time and quietly left the luncheon.

When the topic of knowledge management came up after that unexpected experience, she was well versed on its measured results and business benefits. Stories like hers and others are reinforced by the analyst community of having measurable, focused objectives and measures when creating the KM program plan.

#### Reaping the Rewards (The ROI of KM)

In the end, a KM program must first be implemented to be successful and sustainable. So don't over think or over complicate the situation knowing that KM is a core part of your support organization's ability to mature and provide business valued services. The achievable ROI realized by our KM community was enabled by a "shift-left" support strategy to bring resolution closest to the customer. By leveraging the KM program to increase First Contact Resolution (FCR), improve Self-Help adoption, use and customer experience while providing knowledge authoring capabilities to minimize expensive escalations, they were able improve cost-savings, cost-avoidance or both!

#### Lessons Learned: Real, Achievable ROI Value

#### Self-Service:

Adoption Rate: 40% to 80%User Satisfaction: 90%+

#### Level 1 Support:

Adoption Rate: 60% to 95%
Call Reduction: 30% to 50%
Email Deflection: 20% to 25%
Knowledge Reuse: 75%
Training: two times faster

#### Level 2 and Beyond

Adoption Rate: 50% to 75%

- FCRR: Escalations down 25% to 50%

Knowledge Reuse: 50%Capacity Increase: 25%

Answer these three key questions about your Support Center legacy before embarking on your KM journey to delivering business value:

- Are you building the foundation for a sustainable, successful Support Center designed to continuously improve over time?
- Are you willing to invest in the knowledge management program and build the team and the culture to break the repetitive "Groundhog Day" cycle?

#### What Was Planned Was Implemented!

Integrated Knowledge Management into the ITIL Incident Management process workflow

Implemented Content Authoring & Management practices and discipline

Introduced and operationalize the Knowledge Centered Support (KCS) practice Introduced and for Using, Flagging, Fixing and Adding (UFFA) knowledge articles to the "sinale source of truth" • Are you ready for the opportunity to impact the way people work by providing them with the answers / solutions when they need it most?

If you agree to champion this business impacting program, then start by applying what you have learned here and from the first white paper titled, <u>Successful Knowledge Management: Lessons Learned from Organizations Who Have Achieved It.</u>

Creating the business case is a worthwhile effort that requires perseverance and diligence. During times of challenges and setbacks, always imagine Winston Churchill exhorting, "Never give

up!" Envision a point in time where you are informing senior management where your team was, where they are now, and what you did to get them to the place that delivers cost-effective, business valued services.

#### Finally, to continuously mature and improve your KM program:

- 1. Train staff in expected behaviors for servicing customers' requests, resolving their issues, and answering their questions.
- 2. Create performance scorecards that measure what's important.
- 3. Review, reward, and coach, striving for continuous improvement and methodically communicating the results and value of KM accomplishments.
- 4. Implement the controls necessary to know confidently that what you expect is delivered consistently at the stated level of quality and performance.
- 5. Create job descriptions that expect every team member to Use Flag Fix Add (UFFA) Knowledge.
- 6. Document Standard Operating Procedures (SOP) with UFFA integrated into your Incident Management (IM) process flows.

#### **Celebrating Success**

Appreciate the fact that your team was able to break the Groundhog Day-cycle! The fact that they are not issuing the cries of helplessness, "Does anyone know where I can find......." is a huge win for the KM program. Celebrate small wins and take pride in your results and continued progress. Relish the time when your business colleagues call upon you as the "Trusted Advisor," seeking your KM expertise in solving problems by connecting people to the single source of truth, and to one another!

And when you're done celebrating, get back to work on proactively staying ahead of all the technology and business-change rollouts scheduled. It's just another day and opportunity to prove the value and benefits of a sustainable and successful knowledge management program.

#### **About McGarahan & Associates**



Peter J. McGarahan is the founder and president of McGarahan & Associates. Pete recently served as the Chairman of the IT Infrastructure Management Association, a sister organization to HDI. Pete offers 25 years of IT and Business experience helping IT organizations optimize their service delivery model to support business objectives. His value to the service and support industry and business is his thought leadership. As a practitioner, product manager and

support industry analyst and expert, he has influenced the maturity of the service and support industry. His passions for customer service led the Taco Bell support organization to achieve the Help Desk Institute Team Excellence Award. IT Support News also named him one of the "Top 25 Professionals in the Service and Support Industry" in 1999. Support professionals voted McGarahan "The Legend of the Year" in 2002 and again in 2004 at the Help Desk Professionals conference for his endless energy, mentoring and coaching and his valuable contribution to the support industry and community.

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