



# Knowledge Management

By Jim Boomer, CPA.CITP, MBA, CIO



## Knowledge Management

Knowledge management has been a hot topic for some time now. However, many firms have placed this initiative on the back burner due to the financial costs or the time commitment required for the major cultural change that accompanies the implementation of a knowledge management system.

### What is it?

Knowledge management is a process to embrace knowledge as a strategic asset to drive sustainable business advantage and promote a “one firm” approach to identify, capture, evaluate, enhance and share a firm’s intellectual capital. In other words, it is your firm’s system for capturing, managing and re-using the knowledge that resides in electronic documents on your network or, more important, the tacit knowledge that is in your employees’ heads.

Now that we have defined knowledge management, I think it is important to look back at the last paragraph. The word “process” is italicized for a reason. Knowledge management is not about the technology systems that you implement, it is about the process your people follow to capture knowledge. The technology is simply an enabler.

Knowledge management is:

- A system focused on people, processes and procedures
- Focused on improving business performance.
- A long-term, continuing initiative

Knowledge management is not:

- A system focused on technology
- A single technology or technique that can solve your KM issues
- An event

## Tacit vs. Explicit Knowledge

Tacit knowledge is knowledge that has been developed and internalized over a period of time. It entails so much accrued and embedded learning that it is often difficult to differentiate from an employee's day-to-day behavior. Tacit knowledge can be shared and re-used through casual conversation, but is rarely captured in an electronic format.

Explicit knowledge, on the other hand, is formal, documented and can be easily shared, organized and re-used. Explicit knowledge typically comes in the form of books, documents, white papers, databases and policy manuals.

A knowledge management system will help promote the capture of knowledge in an explicit form and limit the tacit knowledge that is lost due to issues such as attrition or concern over job security.

## Is Knowledge Management Different from Document Management?

Yes. Document management is simply a component of a knowledge management system. A knowledge management system incorporates several key building blocks that include:

- **Document management:** Documents are stored and classified in a digital format that allows for easy retrieval and re-use. Other features include audit trails, version control and check-in/check-out functionality.
- **Search:** Users can search for and retrieve information across different sources, applications and document repositories.
- **Skills database/expert profiles:** There is a central inventory of employee skills, competencies and experience.
- **Online question & answer:** This system links people with questions to subject matter experts within the firm. A question & answer system should leverage your skills database/expert profiling to ensure that questions are routed to employees with the appropriate skills.

- **Collaboration & project workspaces:** This supports the collaboration of teams to develop and review documents, discuss issues, track issues and interact on a real-time basis.
- **Knowledge portal:** This is an aggregation point where employees can access all components of the knowledge management system.
- **Incentives & accountability:** Informing your team that everyone will share their knowledge digitally sounds great but the reality is that you must build in incentives and accountability to ensure that behaviors match the firm's goals. This is critical in the early stages of implementing a knowledge management system.

## What are the Benefits?

There are many benefits associated with a knowledge management system, some of which include:

- Improved decision making
- Improved customer service
- Improved response to business issues
- Enhanced employee skills
- Improved productivity
- Increased profits
- Sharing of best practices
- Employee attraction/retention



## A Success Story

During my time at BearingPoint, I worked with a global energy company to develop and implement a knowledge management system. The majority of our time was spent getting our hands around the people, process and procedural issues, and after that, moving on to develop a requirements document.

During this requirements analysis phase, our client realized that many of the pieces of the puzzle were already in place, but were not integrated and were difficult to find. With this information, we set out to fill the gaps and bring the pieces together into a single system.

The KM system that was implemented included all of the key components that were mentioned above.

- **Document management:** The company was using several tools to manage documents and we were able to standardize on a single system.
- **Search:** The search functionality put disparate information at employees' fingertips.
- **Skills database/expert profiling:** Employees were required to fill out their skills profile and list the level of expertise they possessed in a given topic. This database was integrated directly with the question & answer functionality.
- **Question & answer:** Employees could submit questions online or through e-mail. The questions were automatically routed to the appropriate experts based on the skills profiles. Unanswered questions were automatically escalated after a set period of time and reminder e-mails were sent out. Once a question was resolved, the employee was required to provide feedback, including a time and dollar estimate of the business value savings.

- **Collaboration and project workspaces:** Individual teams could set up sites for online collaboration and document sharing. These sites were included in the global search functionality to provide visibility across the company.
- **Knowledge portal:** A user-friendly portal was developed to bring together all of the components of the KM system. The portal provided a consistent user interface for all components of the system.
- **Incentives & accountability:** Significant time and resources were dedicated to the rollout, training, and user adoption efforts during and after the implementation of the system. User participation was promoted by building it into employee performance reviews that ultimately affected compensation. In addition, the system was structured to provide peer recognition which proved to be a powerful motivator.

Less than a year after the rollout of the new knowledge management system, the company had already realized nearly \$4 million in business value savings. Barriers to efficiency such as dispersed geographical locations and time zone issues were torn away. Employees who used to have to wait days or sometimes even weeks to get quality information are now receiving that information in a matter of hours.

While this success story features a very large Fortune 20 company, the benefits of a knowledge management system also apply to small and mid-sized accounting firms, and solutions can be found at an affordable cost. Some of the ways that a firm could use this type of system include sharing tax law expertise or industry expertise, or for specialized knowledge about a particular client.

## Conclusion

A knowledge management system can be a powerful tool for improving many aspects of your firm, but it is important to remember that it requires a major cultural change. Your primary focus should be on people, processes and procedures, and developing a detailed requirements document before you ever dive into the technology selection effort.

CCH KnowledgeConnect is one option that firms should keep in mind when building their list of alternatives. KnowledgeConnect was specifically built for the accounting industry. It allows you to capture internal knowledge from firm leadership and subject matter experts as well as tapping into the knowledge contained in your CCH subscriptions.

Jim Boomer, MCP, is a senior consultant at Boomer Consulting Inc., in Manhattan, Kan.