# Challenges in managing organizational knowledge

The term knowledge management *(KM) conjures up a number of images: a customer service representative accessing a database of frequently asked questions; a team of consultants collaborating on a new salary study; or a facilitator capturing the lessons learned from a major marketing initiative. Many firms have undertaken formal and informal knowledge management initiatives designed to improve process performance, increase customer responsiveness and spur innovation. But while some organizations have reaped significant benefits from their investment in knowledge efforts, others have run into noteworthy challenges.*

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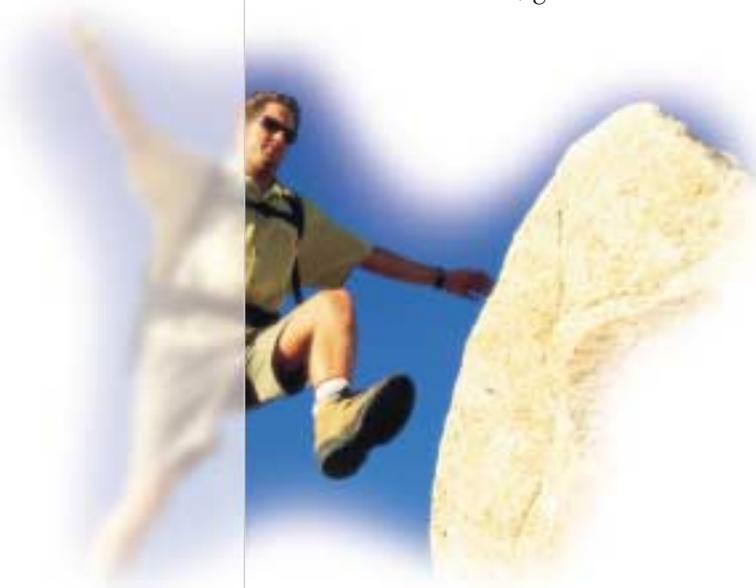
by Michael Fontaine and Eric Lesser

Managing organizational knowledge

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Introduction

Knowledge management — the ability of an organization to create, share and use the collective knowledge of its products, processes and people to increase workplace productivity and reduce activities that "reinvent the wheel" — is being moved to the forefront of many corporate agendas. As firms seek to build competitive advantage in increasingly competitive markets, they are turning to a previously untapped resource: their employees' knowledge.

Some common pitfalls to avoid

Working with leading companies and government organizations, the IBM Institute for Knowledge-Based Organizations has identified a number of important roadblocks that organizations typically face when implementing knowledge management programs. These roadblocks are:

- Failure to align knowledge management efforts with the organization's strategic objectives

- Creation of repositories without addressing the need to manage content

- Failure to understand and connect knowledge management into individuals' daily work activities

- An overemphasis on formal learning efforts as a mechanism for sharing knowledge

- Focusing knowledge management efforts only within organizational boundaries.

Although these are not meant to be an exhaustive list, they represent issues that can hinder the effectiveness of a knowledge management effort, costing organizations time, money, resources and — perhaps, most importantly — their ability to affect meaningful business results.

Whether starting a new knowledge management effort, or reviewing projects that are currently under way, consider some of the following common pitfalls:

Failure to align knowledge management efforts with the organization's strategic objectives
Successful knowledge management programs often begin by addressing a critical business problem facing the company. However, many firms fail to align their knowledge efforts with their most pressing business issues. When this occurs, significant time and effort is spent on projects that have minimal impact, while key needs are not addressed or are completely overlooked. For example, a manufacturing company started a number of knowledge-related initiatives, but failed to align these efforts with their most critical business objective: the integration of a newly acquired subsidiary. Unfamiliar with the expertise and skills within the recently purchased company, the manufacturer lost an important contract that it should have easily won had it used the combined knowledge of both firms. Hence, a major opportunity was lost because the firm's knowledge management efforts were not aligned with the organization's strategic goals.

Creation of repositories without addressing the need to manage content

In many knowledge management efforts, a significant amount of attention is placed on implementing repositories: technologies designed to capture and store structured, or written knowledge. These repositories can range from shared file systems to fully implemented intranet sites. Although these technologies can, and do, play a crucial role in helping store and retrieve documents, installing these systems without addressing the related cultural and content management issues can result in a host of problems. For example, a consumer-products company recently created a vast array of databases to enable its employees to share critical customer knowledge. The company placed a strong emphasis on collecting every possible relevant document into the system. Soon, it was overloaded with old, outdated customer reports, transaction analysis and contracts. After surveying employees on the value of the new system, they learned that the organization could no better locate and tap into the knowledge that it needed than it could before the new system was introduced. The time and money spent on trying to capture this knowledge provided little, if any, return.

This company learned the hard way that creating successful repositories is much more than simply implementing technology. Firms that have effectively used these types of systems recognize the need for human intervention in identifying relevant information, soliciting content from practitioners, updating these spaces on a regular basis and culling materials that are no longer helpful or relevant. Although software can be useful in cataloguing and searching through documents, the Institute's research has found that the ultimate success of these systems is determined by the firm's ability to develop processes and dedicate financial and human resources to keeping the materials relevant and accessible.

Failure to understand and connect knowledge management into individual's daily work activities

A common mistake in many organizations is to implement a "one-size-fits-all" knowledge management solution without understanding the unique needs of various user groups. For example, a large financial services company provided a series of desktop tools and repositories to its financial planners without spending the time to understand how these planners worked with clients and whether the content was relevant to their particular tasks. Later, it was found that these financial planners—who often work side-by-side with their clients—found it cumbersome to access and search across multiple technologies. Quickly, the tools fell into disuse. Our experience has shown that successful companies spend a significant amount of time understanding how work gets done, the knowledge requirements of individuals who are actually doing the work and the business environments in which these employees operate.

An overemphasis on formal learning efforts as a mechanism for sharing knowledge

Many organizations have invested heavily in formal learning efforts, such as classroom and online training. Although some of this training may be useful, recent studies—such as one conducted by the Center for Workforce Development—have shown that over 70 percent of actual learning is accomplished through informal channels.[1]

A couple of common methods to counteract this situation are:

- Communities of practice
- Mentoring programs.

Successful companies recognize that significant learning occurs when employees attempt to jointly solve problems on a day-to-day basis. One way that organizations have fostered informal learning is by using and supporting communities of practice, or informal groups of employees who have a common way of working. These communities bring individuals together to ask questions, share documents and tools, and provide a forum where practitioners can tap into the experiences of others.

For example, the IBM Institute for Knowledge-Based Organizations examined a community that was focused on enabling software developers working on similar projects to share tips and tools that could be used to more rapidly solve customer issues. This community sponsored face-to-face meetings and actively managed a Web site where individuals posted questions and answers to difficult problems. By reaching out to others in the community, developers were able to more quickly address their day-to-day work problems and reduce the amount of time they spent reinventing work done somewhere else in the company.

Another technique that companies have used to share informal knowledge is mentoring programs. These efforts – although not necessarily new in many organizations – play an important role in helping transfer the tacit knowledge associated with operating in a complex environment. Research has shown that mentoring programs not only help junior employees better understand informal organizational rules and guidelines, but can also increase the job satisfaction of senior employees who can be recognized for their experience and insights.

Focusing knowledge management efforts only within organizational boundaries
Most organizations begin with internal knowledge-management efforts designed to share knowledge between employees and across the organization. Although these efforts are often valuable, many organizations stop here and don't consider the potential business opportunities associated with sharing knowledge with suppliers and customers. The Institute's research has discovered that knowledge management programs that focus on the extended enterprise often provide additional avenues for cost savings, revenue enhancement and customer retention.

For example, organizations such as Hallmark, SAP and Hewlett-Packard have begun to focus their knowledge efforts on building communities of customers.[2] Through engaging customers in both online and face-to-face environments, these firms have begun to gain important insights into how customers use their products and services. These companies have also begun to use these insights about customers to create new products and provide better support for existing ones.

> Successful companies recognize that significant learning occurs when employees attempt to jointly solve problems on a day-to-day basis.

Summary

Organizations that apply knowledge management tools and techniques have a real opportunity to impact bottom-line results. By avoiding the pitfalls that frequently befall knowledge management efforts, firms can more effectively apply their knowledge to reduce costs, better serve their customers and gain a distinct competitive advantage in the marketplace.

Insightful questions

Addressing some of the following key questions can help ensure that your knowledge management (KM) efforts remain on the right track:

• Are each of your KM initiatives directly linked to your organization's business strategy? Are measurements in place to evaluate the success and contribution they are making to your bottom line?

• Do you have an overall content management plan to ensure that materials in your repositories are up-to-date, relevant and easy to access? To what extent are resources allocated to ensure that this occurs?

• Have you closely examined the day-to-day work of the employees who are potential targets for knowledge management initiatives? Do you understand the tools they use to perform their jobs and how they currently share knowledge?

• Do you have mentoring programs in place? Are they being used effectively? If not, why not?

• Do you understand the existing networks and communities in your organization? How could they be better supported to share knowledge more effectively?

• How much of the knowledge that your organization needs to be successful exists in the suppliers, alliance partners and customers? What mechanisms do you have in place to share appropriate knowledge with these key stakeholders? How could managing this knowledge more effectively lead to improved business results?

At IBM, we would welcome the opportunity to work with you to discover ways to apply knowledge management tools and techniques effectively to your organization. Contact the authors, or e-mail us at *ibv@us.ibm.com*.

To browse additional resources for business executives, we invite you to visit our Web site at **ibm.com**/services/strategy

About the authors

Michael Fontaine is a Senior Consultant at the IBM Institute for Knowledge-Based Organizations. He is responsible for research on a variety of collaboration and community-related topics. Michael can be contacted at *mfontain@us.ibm.com*.

Eric Lesser is an Executive Consultant at the IBM Institute for Knowledge-Based Organizations. He oversees a number of research topics at the Institute and has consulted in the areas of knowledge strategy, customer knowledge and community development. You can contact Eric at *elesser@us.ibm.com*

Eric and Michael are co-editors of a recent book entitled *Knowledge and Communities* (Butterworth-Heinemann, 2000).

The IBM Institute for Business Value develops fact-based strategic insights for senior business executives around critical industry-specific and cross-industry issues. Clients in the Institute's member programs — the IBM Business Value Alliance and the IBM Institute for Knowledge-Based Organizations — benefit from access to in-depth consulting studies, a community of peers, and dialogue with IBM strategic advisors. These programs help executives realize business value in an environment of rapid, technology-enabled competitive change. You may contact the author or send an e-mail to *bva@us.ibm.com* for more information on these programs.

References

[1] Center for Workforce Development. *The teaching firm. Where productive work and learning converge.* Newton, MA: Education Development Center, Inc., 1998.

[2] IBM Institute for Knowledge-Based Organizations research.

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Communication challenges in managing global virtual teams: the experience of project managers. Aleksandra Smal Elina Jõgeva. Communication in an organization is a complex and often challenging process. Managing a team that is geographically dispersed, adds another level of complexity to project manager's work. Guide to the Project Management Body of Knowledge (hereafter referred to as PMBOK Guide) defines project as followed: "Project is a temporary endeavor undertaken to create a unique product, service, or result" (PMBOK Guide, 2008, 5). Zajac mentions that even if projects are unique, they have "set of project characteristics that are widely accepted as common features of projects" (Zajac, 2013, 92). Challenges with knowledge sharing through information technology seem to protect, even enhance, the autonomy of knowledge workers. Their practical experience and expertise are desired treasures, hidden privately. Scholars have therefore started looking at alternatives for knowledge sharing and development, and recently ideas have emerged from studying the practice and learning of traditional craftsmanship. "In managing and organizations the arbiters of legitimacy are never those who claim authority. Authority is always bestowed by significant others" (Clegg et al., 2015: p. 262). Handbook of Organizational and Managerial Innovation. London: Edgar – Elgar Press. Drucker, P. (1993). Overcoming Challenges in Knowledge Management Systems. In knowledge management, it is about collecting all the raw information and ideas; decoding and structuring it; adding it to a repository, and retrieving that processed knowledge for organizational needs. Management can reduce knowledge stagnation by making changes to the organizational culture and providing an environment that encourages employees to learn constantly, train them and make them share their knowledge with the rest. The organization should establish learning programs for employees to seek the latest information through seminars, meetups, conferences, workshops etc. The management can give employees access to courses and tutorials every month as well.