

## Knowledge Management: La Résistance de La Résistance

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Who among us has not been impacted by the departure (voluntary or involuntary) of fellow employees; co-workers, subordinates and supervisors? What we lose is both the explicit and tacit knowledge of business as usual activities as well as the vision for future growth and the relationships that foster team-based efficiency.

Meradia surveyed financial services professionals in the front, middle and back offices and what we heard was generally consistent; firms suffer when employees leave. Consolidation in the financial services industry along with significant projects to improve operational efficiency and move work to lower cost locations have increased employee turnover. Some of these efforts had negative results because their internal knowledge assets were not proactively tapped prior to, or as a consequence of, major change initiatives.

**Is being unprepared inevitable? Or are there steps a firm can take to virtually eliminate loss due to employee departure?**

Knowledge Management (KM) is a broad term that 'comprises of a range of strategies and practices used in an organization to identify, create, represent, distribute and enable adoption of insights and experiences.'<sup>1</sup>

The objective of these strategies include minimizing operational risk, improving efficiency, reduced operating costs and enhanced client service, which should lead to increased client retention rates.

When employees depart, firms suffer. Client service may be impeded, operations may become less efficient and costly errors are more likely to occur as new employees are trained.

The current state of KM at financial institutions varies, while many firms have tools (ex. SharePoint, Code Red, Atlassian Confluence, etc.) to gather and store data, often those tools are not utilized to consume data and even when data is consumed, it is often not leveraged across the organization.

*"Knowledge management tools have been helpful in knowledge storage and overcoming geographical barriers to communication, but adoption has been weak, primarily due to user experience and lack of organization within the tools."*

*'While analysts made sure to post e-mails to [the tool], no one entered the system through the front end to utilize the knowledge.'*

Other firms have no KM strategy or tools in place.

*"Our current firm has no knowledge management system so it is very unprepared."*

Many of the financial services professionals that we surveyed stated that knowledge management projects which were considered high priority before the recession were the initiatives first cut. This was

seen as unfortunate as they were the projects needed most if one expects a firm to run at full capacity with a reduced workforce.

Lack of proper knowledge management has led to specific problems, including the **loss of clients** and the **loss of in-process developments** where significant investment had already been made.

One operations manager who had several key employees unexpectedly cut from his staff also mentioned the **stress caused by being unprepared** if there are production breaks.

A well-built and utilized KM tool could have prevented all of the above issues.

### **Proper Knowledge Management Can Mitigate These Issues**

Knowledge Management is not just software, it is also structure, policy and oversight to ensure that knowledge and information is stored and accessible in a way that adds value to an organization. Having a division document standard operating procedures using document management software may be a start, but ensuring that those policies are systematically reviewed and maintained is just as important. In addition, while having documents is important, it is only valuable if those documents can easily be found when needed and even more valuable if it leads to duplicate work being eliminated.

There is no single structure for every firm, but a solution that allows for multiple types of users to enter, find and utilize multiple types of data is a start. An executive may want an easily accessible overview of the hierarchy of their organization, IT professionals may want an architecture diagram of all systems at the firm, while a department head may want a more granular diagram of a specific system or process that occurs within that system and the investment staff many want a single location to store analysis to be available to other department. Each user has unique needs, but in an ideal world all of these pieces can be available on the same platform and structured in ways that make the most sense to each user and/or team.

There are tools to meet these needs, including document management, wiki capabilities, calendars, group tasks, forums, surveys, etc., but more often than not they are not implemented in a way that is leveragable by multiple users.

From Meradia's experience, even if designed properly, the resistance to use new tools has been significant. Many people are not comfortable with change and it takes an entire team to modify their workflow to get the full benefits that are available.

*"Although we espouse communication and knowledge transfer as a goal, we do not live up to our aspirations. And it's not entirely our knowledge management tools that fall short. Improved knowledge management can be had through increased management, and by defining a clear knowledge management process and expectations. I do think tools that encourage and organize interaction would improve adoption, but ultimately cultural aspects of transparency and employee engagement need to be addressed"*

So, how do we overcome the resistance? La Résistance de La Résistance

### **Key Components to Improving Knowledge Management**

- Tools must be made available and their benefits explained.
- Executive buy-in and management support with teams being encouraged to work together and departments heads being held accountable to KM systems they have designed and built, how well they have integrated with other departments and how they maintain their systems on an ongoing basis.
- Individual data items should be 'owned'. Ownership should be known to the viewer and employees should be judged by the quality of their work. Public ownership fosters responsibility.

### **Benefits of Functioning Knowledge Management**

The benefits of easily accessible information may be hard to quantify day one, but only because the gains are too large and the savings too great. Who can quantify improved service leading to better client retention and better word of mouth recommendations? Who can quantify the savings of not losing a beat when a key employee has departed? And, who can quantify the improved scalability of an organization?

Benefits include:

- Improved client service and retention
- Reduce costs (over the long term)
- Leverage expertise across the organization
- Reduced dependence on key employees
- Ability for key employees within an organization to switch roles (move up, or around, to help other parts of the organization)
- Ease of audits

Knowledge Management isn't something an organization appears to 'need', it is that hidden strength of an organization that allows a firm to survive and even lead through troubled waters.

Please contact Meradia Group to learn more about how implementing KM best practices can benefit your firm, your department or your own personal workflow.

<sup>1</sup> Definition of Knowledge Management taken from Wikipedia.org