



TenStep Supplemental Paper

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Knowledge Management Utilization Examples

Everyone has heard the phrase "knowledge management," but what does the term mean? Generally speaking, knowledge management refers to the collection, organization, dissemination and utilization of information within a company. However, in practice, the term is applied differently in different industries. Also, by its nature, knowledge management is complex and evolving and companies become more sophisticated in its use.

Knowledge management also refers to connecting the intellectual assets within an organization. For instance, the information that one person possesses may be a key ingredient in a second person's customer interaction – if the information can flow from one to the other. Knowledge management helps to leverage an institution's collective wisdom to increase responsiveness to customers and innovation in the marketplace.

The financial services industry, and banking in particular, provides many opportunities for the application of knowledge management. It may be the base from which these companies prosper in the 21st century. The challenge is to determine how to disseminate and leverage internal knowledge by implementing knowledge management systems. Many banks will face a sink-or-swim challenge in the coming years. Those that swim will do so with knowledge management as their life jackets.

Create Value from Intangible Knowledge Assets

It may be hard to believe that a concept like knowledge management can determine the fate of an institution. However, consider the possibilities created by knowledge management. Any company's knowledge base is among its greatest assets. (Along with the people that possess much of this knowledge.) But how is value best created from intellectual capital? The answers are found in the practice of knowledge management. Look at the following examples and collecting and managing knowledge in the banking industry,

- **Extract information from customers.** Every personal encounter or interaction with a customer can be documented from various perspectives. As the data is collected, organize it into a database. The way it is analyzed depends on the purpose for which it will be used. One company may choose to use it for mass customization of existing products, while another may use it to support call center staff in answering customer calls.
- **Share the knowledge with customers.** Based on information extracted from customer interaction, determine how to match their needs and interests with your company's products and services. This approach lends to a more proactive style of banking and managing a customer's portfolio.
- **Use existing knowledge to create new revenue sources.** Knowledge management enables a company to compare successful product lines against those that have failed. Products that fail can be evaluated to determine how to make them more relevant to



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the market. Products that succeed can be emulated in new ways to offer more variety and customizations to your customers.

- **Store the collective wisdom of the company.** Employee turnover is a fact of life. However, companies should use knowledge management techniques to capture the knowledge and wisdom of employees so that it can be saved and shared with other employees. This helps get new employees up to speed quickly in the company's processes and procedures. It also helps minimize the impact on individual customers if the prior history and interaction is available for a new employee to review.

Leveraging Knowledge is the Goal

Leveraging the existing information of a given company starts with channeling the data into a centralized repository so that it eventually becomes accessible to everyone with a need to know. In turn, the company benefits by avoiding duplication of efforts and saving people the time associated with re-learning new things over and over again. Like everything else, knowledge has a life cycle. Although it varies depending upon the industry in which it is applied, knowledge is perishable. Its shelf life is limited by the development of new technologies, products and services. Customer information is also perishable. The opportunities you have based on current interactions are much more actionable than the same information when it is five years old.

Implementing Knowledge Management is Hard

Companies react to change the same way as most organizations - reluctantly. This tendency is especially true when the scale of change is as overwhelming as the one that comes from implementing a knowledge management system. Typically, the level of resistance felt throughout an institution, and the company's ability to overcome the resistance, dictate the ultimate success of the system.

As the value of a knowledge management system makes its way through the company's board of directors, executive managers and middle managers, it may be presented to employees in a form completely different from its genesis. What's important, however, is that the crucial message of how knowledge management can help the customer and the company must not get lost.