

A STUDY REPORT

Improving performance through an integrated approach to people, information and technology

Knowledge Management bridging the gap between HR and ICT

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Introduction

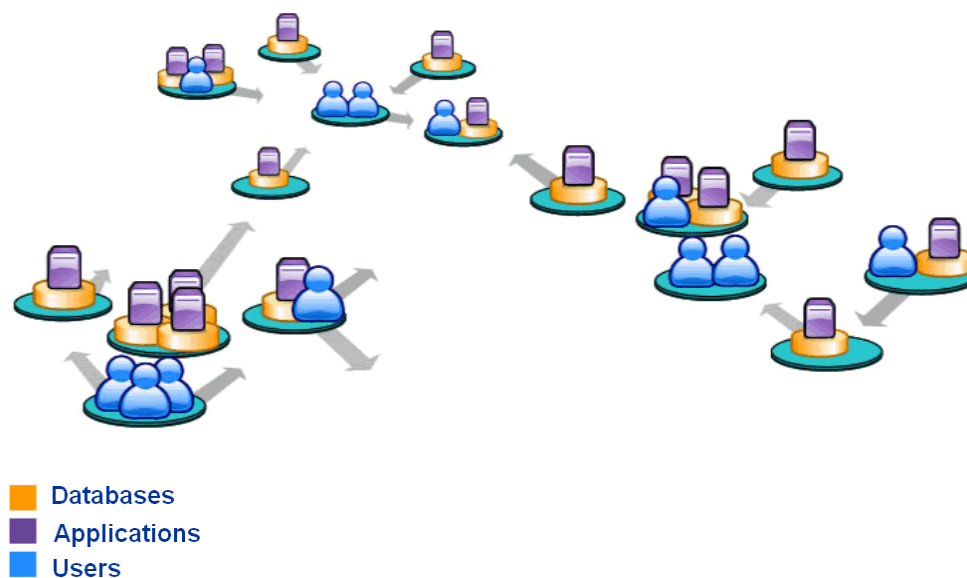
In today's knowledge economy perhaps the most important differentiator in the success of an organisation is the effort and capability (the performance) of its people, which in turn is greatly impacted by their ability to access and use the information they need to do their jobs. Accordingly, information is often described as the lifeblood of an organisation. Traditionally, people and IT management have been segregated domains, but new approaches in HR and information management, enabled by technology, are revolutionising the way in which organisations manage and deliver information to support the performance of their people.

Developments in the HR and ICT (Information and Communications Technology) worlds have led progressively thinking organisations to consider these previously quite separate disciplines as more integrated or closely aligned than ever before. In almost every high-performing company, HR strategy now encompasses the use of technologies and information management as standard, for example in providing online training and learning management, in delivering personalised self-service HR information, and by facilitating collaboration between dispersed workforces. In parallel, trends in IT, information management and communications have increasingly leaned towards a user-centred approach, putting people and performance support at the heart of technical solutions.

The fall and rise of Knowledge Management

Technology evangelists at the height of the nineties boom proclaimed that IT made it possible for businesses to deliver anything, anytime and anywhere to their customers by connecting people and capabilities across geographic and organisational barriers. Knowledge Management grew up on the back of this technology boom that declared it imperative that organisations store, manage and exploit the increasing volumes of information being created by their newly technology-savvy workforces. But Knowledge Management and the increased prevalence of IT did not deliver on its promises.

Figure 1 Disparate information systems supporting disparate business units



Far from heralding a golden age of championing innovation and organisational collaboration, in most cases Knowledge Management systems actually had comparatively limited impact on people or business performance, and organisations got locked into proprietary systems. These systems were not focused on the real needs of the people they were supposed to be liberating, but rather were relentlessly driving to provide greater, faster, more complex functionality. Far from IT and HR functions working more closely together, they became entrenched in their own systems and approaches, sometimes fighting over contradictory strategies and duplicating effort and initiatives on a frightening scale.

A huge disconnect emerged between the cost and perceived value of IT. More recently, however, technologists have become far more adept at managing the expectations of their executive teams, and systems have increasingly become more people-centred as organisations have begun to realise the value of aligning HR and ICT strategies. A resurgence in Knowledge Management, with lessons learned, is enabling organisations to exploit the knowledge inherent in their workforce more effectively, to support and enhance the performance of their people through better use of information and technology, and to facilitate or streamline the flows of information around their organisation.

"The growing pervasiveness of Knowledge Management in worldwide industries, organizations, and institutions marks a watershed event for what was called a fad just a few years ago. Knowledge Management is also expected to help save \$31 billion in annual re-invention costs at Fortune 500 companies." - Dr Yogesh Malhotra, Faculty of MIS Syracuse University, from 'Integrating Knowledge Management Technologies in Organizational Business Processes', 2004.

Given its history, it may be that the term Knowledge Management is itself a barrier, and a new language or currency for these principles may lead to more open and productive thinking. This paper highlights some emerging trends that indicate a move among the most successful organisations to a more harmonious and sustainable approach to supporting people and driving better performance through technology-enabled processes and management of business information.

Challenges and business drivers

Just as the experiences of the technology boom and bust era manifest themselves in more cautious approaches to using technology, so the pressures of the market demand quicker returns and ever more sophisticated techniques for increasing productivity, reducing cost, supporting growth and getting to market faster.

The volume of information flowing around every large organisation continues to grow exponentially. Harnessing this information more effectively and getting it to the people who need it, just when they need it, can be one of the most powerful means for organisations to drive business performance.

Some of the most common challenges of large organisations today, and indeed the measures by which the success of integrated HR, ICT and Knowledge Management strategies will be judged, include:

- Growth. Increasing revenues and market share without increasing the cost base at the same ratio, through improved productivity and efficiency
- Increased quality of service
- Enhanced brand value
- Greater engagement with and retention of employees, customers and other stakeholders
- Identifying, developing and deploying talent
- Joining-up thinking and working to common strategic goals from the top down
- Sharing practices and ideas among dispersed teams, and stopping the reinvention of wheels
- Taking cost out of the business, through strategic partnerships, outsourcing and other means
- Improving market and competitive intelligence
- Balancing the benefit and burden of technology, including reducing cost of ownership

Barriers

The barriers to organisations successfully addressing these challenges broadly fall into two areas. The obvious and tangible barriers, such as lack of investment capital or insufficiently compelling ROI cases, are usually clear and relatively easy to negotiate. It is the intangible, but very real, barriers that often provide the greatest challenge:

- Traditional, 'old-school' board or executive team styles and thinking processes
- Generation gaps, without enough appreciation of the benefits of e-enablement
- Getting the balance right between entrepreneurialism and collaboration ("don't hold me back")
- Silo mentalities between teams, regions or business units
- Fundamentally different thinking between functional areas (HR and ICT people think differently)



- Risk aversion resulting from past technology failures and poor management of expectations

When faced with implementing new technologies or a major change programme of any kind, one mistake that many companies make is not engaging with their employees and other stakeholders well enough throughout the process. By bringing HR strategy and the question of people engagement closer to the ICT strategy then much of the potential for conflict and apathy is removed as people are involved, empowered and bought-in to the objectives and reasons for change. In the 'new world' approach to Knowledge Management, where collaboration and sharing of information is people-focused and technology-enabled rather than technology-driven, this integration of thinking is far more achievable than ever before.

People-centred solution design

When it is applied well, an integrated approach to implementing HR and ICT strategy can provide a much greater coherence in delivering projects, initiatives and business or IT systems that in turn lead to improved performance and returns. Systems that are conceived or already in place take on a whole new life and meaning when considered in a user-centred or performance support context (focusing on the information or functionality that users actually need to do their jobs, and not what is redundant) rather than being driven by technologies (often focused on all singing and dancing systems with functionality that is irrelevant or distracting). Companies that have taken a User-Centred Design (UCD) approach to revamping existing information systems typically find that they streamline 40% of the content and functionality out, as a result of user testing and analysis.

But if it is true to say that ICT teams need to consider user-centred approaches and greater engagement with people, it is equally true to say that HR teams and other business areas need to appreciate that carefully adopted ICT can drive significant improvements in business performance.

A new take on well-established approaches, solutions and systems (such as intranets), with a greater focus on people, can therefore:

- Provide valuable knowledge and information sharing mediums
- Engage employees and bridge the gap between organisational or geographic boundaries
- Foster collaboration and togetherness, drawing disparate or global teams closer together
- Support job performance and learning
- Improve efficiency and productivity, and reduce costs

Web platforms

Organisations are faced with creating, managing and publishing increasing volumes of information to support their internal business processes, their customer services and their products. However, many remain swamped in legacy documentation from disparate sources, published in different formats and most have multiple creation teams and varied publishing mechanisms, making the whole task of information management extremely daunting. Organisations use a variety of web platforms to push this information out to the people who they believe need it. Most often, the corporate intranet provides a natural home for this legacy information, but if the intranet is used as a dumping ground then it will quickly fail.

For an intranet to carry real value, to realise worthwhile return on investment and to support the performance of its users, the system must form an integral part of the way people do their jobs. This is a common stumbling block to achieving the objectives of the system, and to make that successful shift takes planning and often some degree of cultural change. This planning and cultural shift is required whether you opt for a single, organisation-wide system or take a community-based approach. The former can lead to expensive, corporate behemoths that prescribe rather than describe working practices, they can be seen as dictatorial, they are often two steps removed from reality and in the worst cases, they are viewed as a barrier to productivity. The latter, departmental approach, where lots of mini sites proliferate for different business units or territories, can lead to a disparate, fragmented approaches to delivering information, lack of collaboration or shared learning, and limited reinforcement or focus on corporate or global branding.

Taking a technology-led approach to the design of corporate web platforms (including portals, extranets and so on) is fraught with danger. Although today's content management systems allow

sharper control and provide publishing facilities, technology alone does not solve the problem. It is the quality and relevance of the information delivered by these systems that is the real key to success. Taking a humanistic approach to designing the system, deciding what information is provided, how it is delivered, and to whom, is crucial to providing a system that truly meets the needs and expectations of its users. IT and Management Information Systems (MIS) teams should therefore consider involving the HR team, and through them representative user groups, in the design process at the earliest opportunity.

There are a few golden rules when designing or migrating content to a new web platform:

- Take a holistic view of the development. Content creation should be thought of as being equally important to the architecture or technology selection, but it is often overlooked or left until the last moment. An intranet or web site is nothing without useful, targeted content. If the users can access the information quickly and intuitively, but they cannot understand or disseminate the information equally as efficiently, then the system will fail
- Do not treat the system as a repository for legacy material. Linear documents that have been used offline are often not suitable for online viewing and don't have any added value being on the intranet. They may be inconsistent, poorly structured for online usability and ultimately they will not be used unless they are suitably adapted. Online content should be modular, concise, direct and use the richness of the medium (links, rollovers and so on)
- Make usability and accessibility your bywords - they are not a 'nice to have' but a necessary condition for the survival of a web platform. If a user cannot find the information they need easily and rapidly, or use that information effectively then they will leave quickly, and they won't come back. Jakob Nielsen, the world's foremost authority on web usability, says *"even the most elementary usability testing will lead to a significant increase in the quality of the user experience"*
- One of the most important drivers for web site or intranet development is increased efficiency and productivity, so the content must be meaningful to the user and easy to maintain. It is therefore crucial that clear editorial standards, processes and authoring guidelines are defined so that the content on the site can be maintained quickly and consistently, it is clear, and above all it is focused on the end user

Knowledge Communities

Traditional approaches to managing and sharing information have focused on the use of information systems (such as websites or intranets) to capture, store and publish information that organisations decide is relevant to their customers and staff. However, increasingly many progressively thinking companies are discovering that the real value of Knowledge Management is not in the sharing of information or documents but in the sharing of insights and ideas. Knowledge Communities, or Communities of Practice as they are sometimes known, provide a less-structured and often very valuable means of bringing together like-minded individuals to share and collaborate on reaching common goals.

"Communities of Practice are formed by people who engage in a process of collective learning in a shared domain of human endeavour: a group of engineers working on similar problems or a gathering of first-time managers helping each other cope. Communities are not limited by formal structures: they create connections among people across organizational and geographic boundaries." - Etienne Wenger, Communities of Practice

Knowledge Communities have the potential to deliver exciting benefits to many organisations, particularly those with geographically separated teams, for example bringing together a dispersed R&D team for a particular product to share ideas, or the sales and marketing team to share business opportunities. It could even be as simple as providing an online workspace where a team can review and change a report they are working on together in real time, without having to be in the same room. Members of communities are able to collaborate and hear about new insights in their areas of interest through newsgroups and bulletin boards, online meetings, webcasts, and a host of other forums.

Communities can be an important enabler for joining up an organisation and helping teams, business units or individuals work better together. They can reduce the reinvention of wheels and replication of effort, they can give people a voice and enable them to talk to others in the same situation, and they can enable the sharing and implementation of good practices and common standards. This focus on

ideas management and collaboration can also fuel growth by promoting innovation and enabling organisations to take their products and services to market faster.

Streamlined talent management

Technology can support and enhance every aspect of the HR lifecycle, from recruitment and resourcing, through development and deployment, to reward and compensation. Online talent management also opens the door to greater levels of employee engagement and retention.

Although most organisations now recognise the value of e-enabled talent management, few exploit the full potential of advances in this area, for example:

- eRecruitment providing faster, enhanced selection processes and quicker, easier administration of new recruits (through online forms, approvals and workflow)
- eLearning that delivers:
 - Cost reductions and acceleration in delivery of training as far greater numbers of staff are able to access training online than are possible through workshops or instructor-led training
 - Reduction in travel time and expenses spent sending instructors and trainees around the world for courses
 - The introduction of 'just-in-time' and 'just enough' training for staff to perform their roles when they need it, rather than attending a course which they cannot apply for some weeks
 - Increased togetherness, motivation and retention as employees can be invited on to a programme of learning, working towards achieving something greater than they would in a one-off course
- Learning management including online enrolment, programme administration and accreditation, saving time and enabling tracking of participants
- Enhanced deployment of the right people and skills to projects through online skills matrixes, fully searchable profiles in an HR database, and faster deployment processes
- Improved engagement with the workforce through better, faster delivery of more personalised corporate information, access to every day processes and work instructions, the ability to collaborate with other stakeholders, and so on
- Self-service HR, including online benefits management

Making an integrated approach work

There are many mechanisms and tools that can help to deliver levels of collaboration and sharing of information in an organisation that in turn drive performance improvement. However, the key to making this integrated approach work is establishing a culture and mindset that supports and encourages that collaboration. An organisation must want to improve its communications, must recognise the need and the benefits that such interventions can bring, and must be ready to capitalize on the outcomes and behavioural changes. Making it work requires a clear governance model, carefully thought out and rigorous change management, and above all leadership.

Leadership

Effective leadership and governance of IT and information management strategy is essential to its success. Many organisations spend a great deal of money on technology-driven solutions without clearly thinking through the governance model, or the business improvement objectives they want to achieve. This approach often fails as stakeholders are not engaged, initiatives are not effectively prioritised or measured, and internal politics at lower levels create artificial barriers.

Organisations can make it work by establishing a clear governance model from the top down, with strategic decision-making capability and an active approach to driving through positive business change in the way technologies are exploited and information is managed. ICT strategy should be more closely integrated with HR because success in this area is essentially about supporting people in doing their job more efficiently and effectively.

The highest level IT post in most large organisations is the Chief Information Officer (CIO) who is responsible for taking the company forward strategically in its use of information and enabling technologies. Note that the CIO is primarily a business-focussed role rather than a technology-

focussed role. A Chief Technology Officer (CTO), regional or departmental IT heads and other senior technologists are the primary designers and implementers of ICT solutions, but it is the CIO's role to ensure that these solutions are properly grounded in delivering business benefit and supporting the overall business strategy.

This mapping of IT goals and initiatives on to wider business objectives and strategy can be accomplished most effectively by placing the CIO (or equivalent level IT role) at executive level and enabling them to work closely with other top level executives. In this way the collaboration between HR and ICT executives can be nurtured and enhanced such that IT approaches reflect the importance of people to the success of the business and support them in delivering performance improvements.

"Less than 5% of Fortune Global 500 companies have a CIO or equivalent IT Director on their board, but those companies' stocks have outperformed the industry index by 6.4% on average per year since the IT executive was appointed to the board. Getting CIO input into enterprise strategy has proved much more powerful than getting the CIO to execute a fixed strategy." From a Burson-Marsteller Report entitled 'A Missing Competency: Boardroom IT Deficit'.

Although a strong case can be made for the CIO having executive decision making capability, that does not necessarily mean they should have a large team or department around them. Of course, there is no one-size-fits-all approach to IT governance, and clearly the right model for a particular company will depend on a multitude of factors, but there are lessons to be learned from those organisations that have applied integrated IT, HR and information management strategies most successfully, like GE and Hewlett-Packard.

Figure 2 An example of a balanced IT governance model



The most powerful and effective approaches tend to get the balance right between a centrally governed model with accountability and strategy definition at the centre, drawing upon close alignment with other corporate entities at executive level, and the devolvement of solution implementation and development to the territories, departments and business units with greatest business need and / or the greatest capability. The model works best when there is a framework (and culture) in place that makes it easy to share practices and collaborate on initiatives through the centre, and directly with other teams and stakeholders. The win-win aspects of this approach also mean that sharing ideas is encouraged, and regional, departmental, and cross-geographical teams are empowered and engaged such that they can promote positive change on the ground.

Change management

When organisations set, agree and monitor a change plan, which includes a plan for nurturing cultural change in the organisation as well as implementing technologies and initiatives, they have a greater chance of successfully making that change programme work. Achieving maximum benefit from the

approaches discussed in this paper is only possible with a clear commitment from the top and open communications and engagement with the workforce. Key facets of this include:

- Recognise that some degree of cultural change is will be required
- Communicate the change plan, its purpose, objectives and implications with staff at all levels
- Define a 'language' and common framework for effective collaboration
- Don't try to eat the elephant. By adopting a phased approach and by 'chopping up the elephant' into smaller, more digestible pieces, organisations are not only able to visualise the benefits and the means of achieving the goals of the change programme, but are also able to measure their success more easily
- Don't ditch the baby with the bath water. Rarely is there a need to start completely from scratch. Organisations should first seek to adapt and build upon some of the successful technologies and platforms already in use, instilling a culture of joined-up thinking, and governing the implementation of the strategy such that good practices are shared, and effort is not duplicated or wasted
- Use the technology to initiate the change and remove manual options for doing things
- Use recognition and reward tools to enhance the 'stickyness' of new initiatives and systems

Organisations can realise significant improvements in performance through better collaboration between business units and stakeholders, and particularly through a more integrated approach to implementing HR and ICT strategy. Many leading companies are already recognising the benefits of an integrated approach. They are exploiting the knowledge of their workforces, and encouraging them to share ideas and practices, having proved that together they can achieve something greater than the sum of their parts. Knowledge Management approaches and enabling technologies that truly put people and the needs of users at the heart of the solution are key to making this integrated approach work, and to finally delivering the returns that are promised.

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