

LEVERAGING KNOWLEDGE MANAGEMENT PRACTICES TO DRIVE COST REDUCTION: UNLEASHING ORGANIZATIONAL EFFICIENCY

CYNTHIA J. YOUNG

Knowledge management is knowing what to do with the information you have.

In the fiercely competitive business landscape, organizations are relentlessly seeking ways to optimize operations and reduce costs while maintaining exceptional productivity and quality standards. Often overlooked, but highly effective, is the strategic application of knowledge management practices such as knowledge capture, sharing, and transfer, as well as storage and findability, as part of an organization's culture.

Knowledge management is knowing what to do with the information you have. When implemented strategically, knowledge management practices can significantly contribute to cost reduction efforts. When these practices become part of the organizational culture, and the personnel from the C-suite to the most junior employee incorporates knowledge management into daily habits, then knowledge management can get past being a "new effort" and become simply how the organization does business.

CYNTHIA J. YOUNG, DBA, is the founder/CEO of CJ Young Consulting, LLC, a knowledge management consulting firm and the Theater Mission Planning Center Certification and Training Lead with Leidos in Virginia Beach, VA. She writes for Harvard Business Review, Industrial Systems Engineering at Work (ISE) Magazine, and The Lean Mag. In September 2020, she gave a TEDx Talk called "A Knowledge Mindset: What You Know Comes from Where You Sit," which provides actions organizations can take to improve trust and retention using knowledge management practices. In February 2023, her book The Knowledge Management Memory Jogger was published by Goal/QPC.

This article provides some insight into how knowledge management practices can support cost reduction to unlock the full capability of organizations.

Enhancing Efficiency

Knowledge sharing, a conversation or exchange of knowledge between two or more people, lies at the core of knowledge management practices.¹ By facilitating the exchange of insights, expertise, and best practices among employees, organizations can enhance operational efficiency. As various departments in an organization work to reduce costs, knowledge sharing becomes necessary to prevent rework since sharing knowledge includes sharing experiences and insight in addition to the required processes.

When employees have access to relevant knowledge and insights, they can make more informed decisions, avoid redundant efforts, and streamline processes. In turn, this also leads to reduced costs associated with errors and inefficiencies. Additionally, knowledge sharing promotes a learning culture within the organization, where employees continually build upon each other's knowledge and experiences, driving efficiency gains and cost reductions across the board.

EXHIBIT 1

Lesson Learned for Timely Data Analytic Reporting

Issue	Weekly data analytic reporting is not being completed on time.
Discussion	Data collection is hindered due to access to a system that requires the customer to send the data to the contractor to analyze. The contractor cannot gain access to the system. This delay restricts the time the contractor has to perform the data analysis.
Recommendation	Standardize a timeframe to gather data that will allow the contractor to perform data analysis and submit required reports on time.

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Implementing Lessons Learned Practices

When organizations face challenges and identify successful methods of overcoming those challenges, costs can be avoided by the implementation of lessons learned practices. By sharing lessons learned between project managers and teams, rather than just passing them to the C-suite and other senior leadership, it supports the adoption of the lessons learned to make better decisions.

Lessons learned can be structured in an issue-discussion-recommendation format as follows:

- Define the issue using one sentence to convey the problem.
- Discuss the background and why the problem was or is a problem in one paragraph of three to five sentences.
- Make a recommendation to solve the problem or share how the problem was solved.²

An example of a lesson learned is provided in Exhibit 1.

Accelerating Learning and Innovation

Knowledge management practices foster a culture of continuous learning and innovation within organizations. Like using lessons learned practices, by capturing and disseminating knowledge gained from past experiences, organizations can avoid repeating mistakes, identify successful strategies, and leverage existing knowledge to

drive innovation. This proactive approach not only reduces costs associated with trial and error but also enables organizations to stay ahead of the competition by quickly adapting to changing market dynamics. Through effective knowledge management, organizations can tap into their collective intelligence, promoting knowledge-driven innovation that drives cost reduction and enhances organizational performance.

Mitigating Knowledge Loss When Faced with Employee Turnover

One significant challenge organizations face is the loss of valuable knowledge due to employee turnover, retirement, or other factors. Effective knowledge management practices play a crucial role in mitigating this risk. By capturing and organizing critical knowledge, organizations can minimize disruptions caused by the departure of key employees.

Knowledge repositories, mentorship programs, and collaboration platforms can help preserve institutional knowledge, allowing organizations to avoid the costs of retraining new employees, maintaining productivity during transitions, and reinventing the wheel.

Organizations can implement knowledge mapping into their onboarding process once the paperwork and initial briefings are completed. Whether it is by using an organizational chart or an actual map of offices spaces are used, the intent of knowledge mapping is to identify where

¹ Young, C.J., *The Knowledge Management Memory Jogger*. (Waltham, MA: GOAL/QPC, 2023).

² Young, C.J., Twelve tools to integrate with knowledge management practices for better customer practices, RealkM (Sept 2022). Available at: <https://realkm.com/2022/09/05/twelve-tools-to-integrate-with-knowledge-management-practices-for-better-customer-experiences/>.

³ Pitkänen, A., "Knowledge management during onboarding process in a mid-sized SaaS company," Aalto University (2020) (master's thesis). Available at: <https://aaltodoc.aalto.fi/handle/123456789/47175>.

⁴ Kunath, J., "Knowledge management strategies in support of succession planning," Walden Dissertations and Doctoral Studies (2020). Available at: <https://scholarworks.waldenu.edu/dissertations/12430>.

knowledge is located whether by individual coworkers or in a safe, filing cabinet, warehouse, or online. As the new hire meets each person, with or without a buddy or sponsor, equip them with a handful of questions to ask each person.³ This process not only breaks the ice for the new hire but it gives them a face to a name and helps imprint in their memories what knowledge each person holds in the organization, which is then written down for their future reference needs.

In addition to onboarding, knowledge management processes support succession planning.⁴ One aspect of knowledge capture to support reduction of knowledge loss and reduction of associated costs comes from purposefully gathering the experiential knowledge or know-how. Another aspect is gathering the codified knowledge or written processes and procedures. When an organization opens the aperture to supporting an extended turnover to capture the tacit and explicit knowledge of the departing individual, these practices set the organization up for success in knowledge retention.

Purposeful documentation, or knowledge capture, through knowledge documentation, such as knowledge mapping, can help identify more than what is in the job description and truly identify what knowledge should be managed prior to employee turnovers and not just captured in a last-minute panic. Other than knowledge mapping, a simple checklist can help to organize knowledge to gather for each customer, so the transition pe-

by providing a desk guide so new employees start off with clear guidance on what decisions they are allowed to make.

Desk guides reduce the risk of costly errors, facilitate better resource allocation, and enable organizations to optimize their strategies for maximum cost reduction while giving the workforce the autonomy they crave. Autonomy in decision-making, in combination with desk guides, can lead to growth and encourage employee retention, reducing costs in training new hires. By leveraging knowledge management practices with autonomy, organizations improve access to real-time data, harnessing the power of analytics and business intelligence to drive cost-saving initiatives through informed and timely decision-making.

Empowering Employees and Fostering Collaboration

Knowledge management practices empower employees by providing them with accessibility and findability of relevant information and resources. This enables them to perform their tasks more efficiently and effectively, leading to cost reduction. Fostering a collaborative environment through knowledge sharing platforms encourages employees to work together, leverage each other's expertise, and find innovative solutions collectively. The autonomy previously mentioned supports a collaborative environment since there are guidelines in place that support employees' empowerment. Ultimately, collaborative employees eliminate silos, improve communication between departments, and enhance organizational agility reinforcing cost reduction through knowledge management practices while promoting collaborative problem-solving.

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riod is seamless from the customer's point of view. By actively managing knowledge, organizations create a culture that values and incentivizes knowledge retention, further driving cost reduction efforts.

Enabling Informed Decision-making

Knowledge management practices provide organizations with valuable insights and data that support effective decision-making. By consolidating information from various sources, organizations gain access to comprehensive and accurate data, empowering them to make informed decisions. One option to empower employees is

Leveraging Technology for Effective Knowledge Management

Technology, such as artificial intelligence, machine learning, and robotic process automation, plays a crucial role in supporting knowledge management practices. Organizations can implement knowledge management systems, intranets, and collaboration tools to facilitate the capture, organization, and dissemination of knowledge. In a remote/in-office combined working environment, costs are not just about the reduced overhead, but the ability to communicate as evidenced by the increase in online collaboration tools available that have the same costs related to fuel, travel, and office spaces. These platforms enable efficient

knowledge sharing, seamless collaboration, and easy access to relevant information, fostering a culture of learning and continuous improvement.

Furthermore, technologies can be employed to automate knowledge management processes, enhance data analysis capabilities, and extract actionable insights, further enhancing cost reduction initiatives. Meeting the quality and governance requirements adherence and modifications to support effective knowledge management via technology requires human interaction.⁵ In the end, the human-centric side of the knowledge management practice provides input into and decisions from the outputs of the technological aspects.

Next Steps

In today's cost-conscious business environment, organizations must adopt strategies that optimize

efficiency and drive down expenses. Knowledge management practices offer a powerful solution by harnessing the collective intelligence and expertise of employees. Through effective knowledge sharing, accelerated learning and innovation, knowledge retention, informed decision-making, employee empowerment, and leveraging technology, organizations can unlock their potential and achieve significant cost reduction. Embracing knowledge management as a strategic imperative will enable organizations to thrive amidst competition, maximize their resources, and foster a culture of continuous improvement. By harnessing the power of knowledge, organizations can unlock new levels of efficiency and drive sustainable cost reduction. ■

⁵ *Op. cit.* note 1.