Knowledge and Productivity Improvement

Delivering on the promise of learning and use of information to create a change-ready workforce

A TP3 White Paper

In a boardroom high above the city, an executive meeting is just ending. During the meeting, the CEO's interrogation of business results was more rigorous than ever as he focussed doggedly on ensuring the company's PE ratio remains strong even as sales continue to fall behind budget in difficult trading conditions. For the support function heads in the meeting, it has been a particularly challenging afternoon.

Later, at the team dinner, the company's HR Director and CIO quietly share their concerns that their individual plans to improve business performance are at risk.

For the HRD, the culture change program she devised with the CEO to bring his market leadership vision to life is seemingly losing support—despite her firm belief that it remains absolutely pivotal to the company's turnaround and sustained future success.

To the CIO, his key metric of improving business operation efficiency appears at risk. Even in the face of a solid business case at the executive meeting, the cost associated with improving the organisation's existing information assets and increasing collaborative knowledge sharing throughout the enterprise received only a lukewarm response.

With big ambitions for improvement but seemingly little support for either the HRD's cultural change journey or the investment required for the CIO's knowledge sharing program, the two senior managers are searching for ways to keep their initiatives alive for the good of the business and its people.

"Maybe we should look at these things together," says the HRD. "After all, we're really talking about the same thing, aren't we?"

"That's right," agrees the CIO. "It's all about increasing capability to improve the business."

"We're just coming at it from different perspectives, but the goal's the same."

What is Knowledge and Productivity Improvement? Does it differ from the 'traditional' L&D approach?

Knowledge and Productivity Improvement (KPI) *noun* the process of improving organisational performance by concurrently applying principles from the disciplines of change management, learning and development (L&D) and information management.

Knowledge and Productivity Improvement, or KPI, is the emerging discipline that brings together the previously discrete disciplines of change management, learning and information management to maximise the effectiveness of human capital, processes and organisations.

Based on the proven principles that people work best when they have the right information, skills and expertise, and that systems work best when based on information people need that's accurate and accessible, KPI integrates (a) development of people, (b) streamlining of systems and (c) adoption of change to drive lasting value in the form of motivated employees, enhanced workforce performance and improved organisational competitiveness.

Traditionally, the improvement of *knowledge,* and subsequently productivity, has been addressed by human resource departments and learning functions through training and education programs that seek to influence knowledge, skills, attitudes and behaviours.

People attended training to acquire new knowledge, practice new skills, adjust their attitudes and behaviours to meet the expectations of the business. As a result, it is hoped they may work faster, in a more informed way, and/or in a new way that is harmonious with others. They may set expectations more clearly, inspire others more regularly, communicate more effectively, or perform tasks more productively.

Yet, in many if not most cases, the person returns from the training intervention to a workplace that has not changed—it remains as it was before, with systems that are not quite fit for purpose, organisational procedures that are more like historical artefacts than best (or even current) practice, and employees who struggle to locate and retrieve the information they need to do their jobs well.

Likewise, across the organisation and in departments ranging from IT and compliance to individual lines of business, various functions seek to address knowledge and *productivity improvement*. Disciplines such as performance support, information architecture and information management all seek to provide easy access to accurate, current information for workers in their moment of need.

The recent knowledge management (KM) phenomenon is evidence of the increasing focus on knowledge to in turn drive increases in productivity, stemming perhaps to Peter Drucker's now famous quote in *The Post Capitalist Society* (1993) that "The basic economic resource—the means of production—is no longer capital, nor natural resources, nor labour. It is and will be knowledge."

KM, the protocol that members of an organisation adhere to that is based on the information-gathering process, has evolved to include management of not only any knowledge that is gathered but also that information gathered must then be distributed throughout an organisation, and done so in a time-efficient manner. Technology played more and more a central part in this proliferation of information gathering and subsequent knowledge management.

Yet customers and organisations do not operate neatly within the confines of performance support, information architecture or even information/knowledge management. Their expectations change constantly, and rapidly, as the digital age increasingly turns information and the application of knowledge into the key differentiator for many businesses.

Indeed, fast access to accurate, reliable information is essential in virtually every business today, large and small, private and public. That access can increase customer satisfaction as queries are professionally handled and accurately addressed in the least-possible time.
It ensures ongoing compliance, mitigating risks from having many hands undertake the same, often highly regulated work.

It reduces on-boarding costs, since new employees today can quickly get up to speed on products, processes and the workings of their new employer's organisation without month-long workshop and shadowing programs. Instead, they can begin producing output quickly with reduced risk of errors.

It allows business continuity plans to quickly fall into place during a time of crisis or emergency by ensuring robust risk management and predetermined responses are in place for those who need them.

In short, information and access to knowledge remain the key drivers of competitive advantage for businesses today.

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The benefits of KPI

A Knowledge and Productivity Improvement-based approach simultaneously tackles the employee's knowledge capital and effort, along with their work context and the tools they use to apply it.

We know from the work of management thinkers like Peter Drucker and Paul Strassman that leveraging knowledge capital is pivotal to securing organisational success and competitive advantage. To secure such improvements, we must first examine the workers' performance *holistically*—what they know, what they need to know, the knowledge they apply, how they work, how they learn, how they are led, the many nuances inherent within environment in which they work, and much more—and push just enough of each of the levers that impact, both directly and indirectly, employees motivation, engagement and behaviour in order to optimise performance.

Knowledge and Productivity Improvement is successful because it takes this holistic view of the entire work experience. It incorporates key elements of a range of important disciplines, including continuous improvement, capability development, change management, process mapping, knowledge management, technical writing, adult learning and much more to put people, processes, knowledge, information and technology all in the same column on the same page. And working in *unison* towards the same results:

- Higher quality and more accessible corporate knowledge
- Greater worker productivity
- Better people performance.

When viewed together, these disciplines combine to drive toward business improvement from the perspective of the employee, the person upon whom the organisation's hopes of competitive advantage almost certainly likely rest.

What research, theories and practitioners talk about KPI?

The KPI approach is guided by the work of a selection of leading lights in the study of management and organisational capability. Below is an overview of the key influences on the KPI approach:

Drucker on knowledge worker productivity

Any discussion of the theoretical basis of KPI must include the work of Peter Drucker, who coined the term "knowledge worker" in the 1950s and wrote prolifically about the practice of management, the art of leadership and the challenges and opportunities presented by an information society.

As previously mentioned, Drucker identified knowledge worker productivity as the biggest challenge awaiting 21st-century organisations, articulating on six factors that shape productivity for knowledge workers:

- Task clarity and/or identification
- Autonomy and self-management of productivity and output quality
- Ongoing innovation
- Both continuous learning and continuous teaching
- Quality is as important as quantity, if not more-so
- Desire or willingness to work for this company over all others

These six factors advocate a focus on learning, information, process improvement, knowledge sharing and employee engagement in order to secure knowledge and productivity improvement amongst workers.

For Drucker, improving knowledge worker productivity centres on increasing work quality by providing 'clear air' to complete key activities. Productivity can be improved rapidly by clearing ephemera, he says, and by allowing workers *to focus on the activities and tasks core to their role's purpose.*

Treating workers respectfully, nurturing their intellectual capability and engaging their willingness to acquire and share knowledge are each essential in Drucker's view to securing a comparative advantage. And when we speak of KPI, we lean upon these foundations that Peter Drucker set down.

Hass & Hansen on knowledge sharing and employee performance

Hass & Hansen's work informs KPI by illustrating the importance of considering all aspects of knowledge management and learning when seeking to improve performance quality or efficiency—the KPI approach.

Their research found that improvements in work quality and efficiency occurred when knowledge was shared in different ways. The researchers focused on performing a knowledge-based task against three dimensions of performance:

1. Time saving
2. Quality of work output
3. Perceived competence or professional reputation *(Haas & Hansen, 2007, 1137).*

Comparing documented information and personal advice as knowledge sources, Hass & Hansen's research found that (a) using high-quality documents saved time but did not improve output quality or perceived competence; (b) relying on a colleague's verbal advice improved quality and perceived competence but not efficiency *(H&H, 1149)*, and (c) high-quality electronic documentation was no substitute for high-quality personal advice, and vice versa.

Knowledge management practitioners would describe receiving subject matter expert (SME) advice as informal knowledge sharing. However, a learning practitioner would likely describe it as on-the-job learning. Yet both practitioners would probably describe process documentation as a knowledge or information management activity.

In a typical organisation, the learning and KM functions operate separately. As a result, there may be some overlap of activity relating to personal knowledge networks or SME information sharing, while procedure documentation would likely be the sole domain of KM.

But to *the employee* both are ways in which they acquire (and hopefully also share) knowledge.

A coordinated approach to both will ensure the employee improves their performance against all three dimensions Hass & Hansen describes.

Grant on the organisational benefits of a knowledge sharing culture

Grant's work examines the organisational benefits that result from a culture in which knowledge is shared openly, where support for colleagues is readily given, and little is expected in return.

It is another example of the interrelationship of knowledge, learning, and culture—and another incontrovertible source of support for adopting a KPI mindset to simultaneously tackle knowledge, productivity and performance.

In summarising research in this area, Grant asserts that a supportive, 'helper' work environment is a predictor of key business metrics including sales revenues, profits, costs, customer service, and productivity.

Coincidentally, coaching, teaching, consulting and sharing information with colleagues were components of the 'helper' environments Harvard researchers discovered were accurate predictors of the effectiveness of US intelligence units.

Tackling an organisation's knowledge systems and learning opportunities together, as advocated by KPI, can assist in developing a 'helper' environment in the workplace, which in turn invariably improves results against key business metrics.

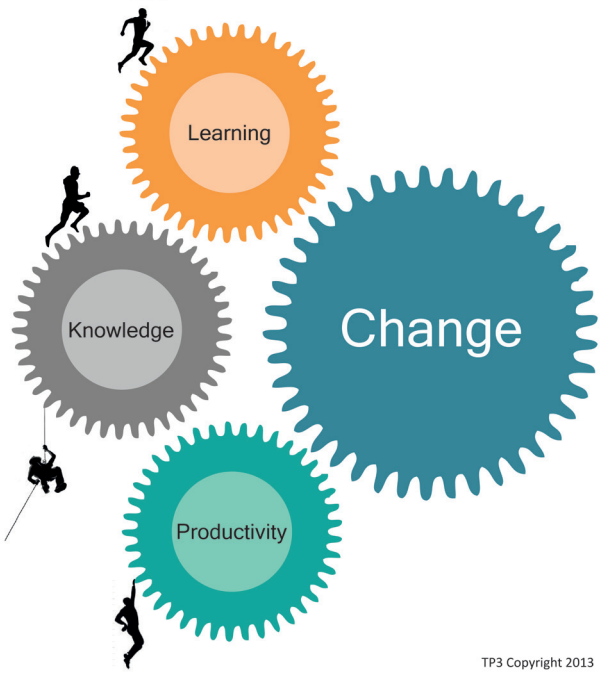
How does the manipulation of learning, process and information management together create knowledge and productivity improvement?

In many ways, learning, process improvement and information management already occur in concert. Take the example of a regulatory change that requires an adjustment to the data you collect and report on.

To accommodate the new requirements, the process for data interpretation and reporting is adjusted. Communications occur regarding the change, a webinar is offered to ensure all affected personnel understand the new steps, and a quick reference guide is created and disseminated to all users.

The above initiative improves knowledge, reduces risk and ensures compliance. Often these cross-functional initiatives are disguised within a change program. As a result, however, their value is not embedded into the business-as-usual practices of people when the reasons for change lose their immediacy and personal relevance as emphasis on the change diminishes.

Addressing learning, process and information management together ensures that you design smart, *lasting* initiatives that holistically address workers' knowledge networks, learning opportunities and work environments to generate knowledge and productivity improvement and effect and embed personal and procedural change.



Combining learning, process and information management also focuses practitioners on the broader picture of capability development, knowledge retention and knowledge transfer—a broader, more encompassing view in which ongoing learning on-the-job is considered alongside both formal change management initiatives and structured learning programs.

We have seen from the success of Electronic Performance Support Systems (EPSSs) that the concurrent manipulation of learning, process and knowledge management can generate improvement against key metrics. EPSSs have been around for over 20 years and seem to have returned to prominence in the last five years as improvements in technology have resulted in increased accessibility and lowered cost.

An EPSS is a system that provides information to a worker about a task at the moment of need for them to perform that task, whether or not they have performed it before. Essentially, it facilitates self-directed just-in-time learning while employees are completing the task, without the need to ask a colleague for guidance.

Bersin & Associates describe its essential characteristics as:

- Providing access to the specific, discrete information needed to undertake a task
- For use on the job while engaged in the activity
- Accessible by the user whenever the need arises

TP3 has had a great deal of success with EPSS with the Commonwealth Bank of Australia (CBA), and an internal CBA system which improved customer service in line with the organisation's strategic objectives.

Previously, because information was often hard to find and, once found, often out of date, the bank's existing product-information system resulted in a poor user experience for staff and a less-than-optimum customer service experience.

TP3 identified the need for a product-information system that would enable CBA staff to easily and quickly access work instructions for products and their associated workflows.

TP3's information management system met its goal of better managed customer expectations, while also facilitating the development of a more confident, sustainable sales environment, by dramatically improving customer service and reducing call-waiting times. Indeed, during the system's pilot phase, 99% of bank participants surveyed preferred the new system, and, importantly, three months after its implementation only 3% (down from 97%) of site users were using the search function. This outcome significantly reduced the risk of human error when finding information[1].

EPSSs, however, only go part of the way to fulfilling the aspirations and demands of the KPI approach. The above case study shows clearly the direct benefits that a well-designed EPSS can deliver, by jointly adjusting the levers of learning, process and knowledge management, but what the KPI approach advocates is the *business-wide adoption* of a viewpoint about what people know and how they learn. Additionally, the KPI approach involves a commitment from both learning and information-management practitioners to focus on building skills and knowledge across both the service delivery and personal performance results areas—and in a way that allows people to benefit from the many and varied ways to acquire and share knowledge that exist today.

How does the application of KPI improve how people work?

Knowledge and Productivity Improvement enhances how people work because it addresses their work context in its entirety, and from their perspective. It doesn't fall back on traditional, structurally convenient silos that focus on making them work better. Rather, a KPI approach examines their role, core tasks, knowledge networks and their individual knowledge capital alongside their personal motivation, interests, engagement with the business and career goals to provide sufficient support *for both the present and the future* to ensure their sustained success.

By following the cross-discipline approach of KPI, people performance is improved in the following ways:

Clarity about priorities – by simplifying procedures and clearing away inefficiencies and roadblocks, KPI allows people to clearly understand the focus and key performance indicators of their role

Improved knowledge sharing – with recognition and emphasis given to the intellectual contribution of workers and the value of their knowledge capital, KPI encourages people to share what they know and to 'pay it forward' to unknown colleagues because they are confident in receiving the same rewards in return

Easier access to corporate knowledge – when people recognise their colleagues know valuable information that can enhance their own performance they use and contribute to corporate knowledge sources more readily. This provides more of the workforce with access to ever better information to perform effectively

> "It doesn't fall back on traditional, structurally convenient silos that focus on making them work better"

[1] The full case study of this project is available at the TP3 website, www.tp3.com.au

Learning is more widely understood and more readily recognised – by recognising the learning that occurs everywhere in the workplace (rather than just in a formal 'program') people become more aware of the learning opportunities and experiences that surround them day to day and they take advantage of them

Learning occurs organically – because the definition of learning has been expanded by the adoption of the KPI mindset, new skills and knowledge can be developed more quickly as, instead of waiting for the next course, people seek to learn on-the-job first and progress to more formal learning initiatives later in the learning cycle

"Change readiness" is increased – with clear priorities set alongside recognition of the importance of knowledge sharing and learning, people are more "change ready" because they have a more thorough understanding of the need for improvement, both incremental and radical. This does not mean that change will occur smoothly and with little resistance from then on, but the foundations are far more likely to be laid for the need for change to at least be understood and anticipated on some level.

Implications for practitioners in learning, organisational development and knowledge management

The implications of adopting a KPI mindset for knowledge, change, and learning professionals are many. To begin with, educating your workforce in how to learn within your organisation's knowledge structures and systems is critically important.

The ability to locate, navigate and contribute to corporate knowledge sources should be on every competency framework. Likewise, the ability to discern the reliability and relevance of information must be a priority. Digitisation, along with the monolithic, pervasive influence of online content, means that people are increasingly more comfortable with the concept of search. However, our skills at sifting through information (both written and verbal) and determining what best suits our needs is a skill that requires constant refinement. As a result, there is a need to support workers as they act as both sharers and receivers of information in the business in order to enable them to work both smarter and to a higher standard.

"The KPI approach provides a forum for the cross-functional conversations needed to discuss how to best impart and utilise knowledge, tap into motivation and encourage people to work more productively and more insightfully"

Knowledge and Productivity Improvement provides a terminology that explains the interconnection of learning and knowledge to effect beneficial change. Process improvement is a learning strategy, as is information management is a learning strategy, while training is a knowledge management strategy. The disciplines of learning, organisational development and knowledge management are interconnected, yet many organisations continue to treat them as separate and distinct—and with agendas that may parallel each other but invariably fail to consolidate activities and leverage benefits for lasting improvement.

The KPI approach provides *a forum for the cross-functional conversations needed to discuss how to best impart and utilise knowledge, tap into motivation and encourage people to work more productively and more insightfully.*

Importantly, adopting a KPI mindset allows the organisation to focus on defining and measuring the business impact of capability and knowledge improvement. It encourages practitioners and their supervisors to determine return on investment (ROI), something recent research commissioned by TP3 has found to be sorely lacking in the L&D area in particular *(Philipson, 2013, 15)*. It is critical for organisations to ask, and answer, this simple question: If learning or knowledge management strategies are not having an impact on revenue, margin or return on experience, what are we doing it for? It is not satisfactory to commit substantial amounts each year merely to "keep people happy" with training or professional development, and nor is it acceptable to say measuring L&D's ROI is simply "too hard" in an environment where every organisation expects to see a correlation of L&D activity to top- or bottom-line results.

To this point, we suggest Paul Strassman's formula, developed in the 1990s for measuring information productivity, can provide KPI business leaders with an alternate method of measurement—one that is more accurate than traditional metrics by measuring the value created by information technologies, information management, learning and knowledge-sharing activities to an organisation's bottom line.

As you can see, the principles that underpin Knowledge and Productivity Improvement are not new. Nor are they revolutionary, unproven or even difficult to grasp. To the contrary: KPI has been with us for decades, but as fragments not a unified approach. Taking control of the various elements that impact the performance of a worker or a workforce, a business unit or an enterprise, is the critical next step forewarned by Peter Drucker, Danny Miller and Peter Friesen in the 1960s and 1980s, developed further by the likes of Robert Grant, MD Hopper and Ilkka Tuomi in the 1990s and, among many others this century, Martine Haas and Morten Hansen. TP3, with its 30-year heritage of leadership in learning and information management, understands better than most how KPI can enrich people and enable performance—and how KPI can dramatically impact the bottom-line performance of its clients.

Back above the city eight months later, another executive meeting has closed. And this meeting finished later than usual as the team explored and discussed the progress of several key initiatives.

Three glasses clink together as the CEO, HR Director and CIO survey the view. It has been a tough few months but the effort is beginning to pay dividends. The new-look culture initiative has just passed its first key implementation milestone and the response has been largely positive. Use of key systems is increasing and the 'vibe' around the business feels good. The CEO has been reassured that systems use is making a real difference to the way people are working together—and particularly in the way they sell to and service clients.

More pleasingly, metrics around productivity are increasing.

Both the HRD and CIO are pleased. Their teams have worked hard on applying elements of Knowledge and Productivity Improvement, and together the leaders are building, with support from the CEO, new and critically important capacity within the organisation.

One of the Business Unit GMs joins the group. "I think we've definitely started to get things right," he says. "All this stuff we're doing together is really making a huge difference."

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About TP3

TP3 is the leader in Knowledge and Productivity Improvement (KPI), a term representing the integration of two previously discrete disciplines—learning expertise and information management—to maximise the effectiveness of human capital processes and organisations.

By integrating the development of people and the streamlining of systems, TP3 drives lasting KPI value in the form of motivated employees, enhanced workforce performance and improved organisational competitiveness.

TP3 has an unmatched 30 years of experience in learning and professional services with Australia's largest corporations and government departments. We are a Microsoft Gold Content Management and Silver Learning Partner, a Registered Training Organisation (RTO) and, since 1991, the exclusive Gold Partner of Information Mapping® in Australia.

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