

Seven Steps to Build a Business Case for Knowledge Management

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Introduction

You've probably heard about all of the benefits of knowledge management – faster, more accurate calls, lower costs, and happier customers. Knowledge management can improve the speed, quality, consistency and agility of your contact center. You'd love to see those benefits at your organization, but how can you get your project funded? In the midst of competing priorities and slimming budgets, how can you convince key stakeholders of the benefits of such an investment? In this paper, you'll learn seven key steps to build a business case for a knowledge management project and to calculate the improvements knowledge management can help you achieve.

Define Your Start and End Goals

There are many reasons to embark on a knowledge management project. Many organizations seek to improve employee efficiency, but others are looking to improve accuracy, compliance, customer experience, or other metrics. You must have a clear understanding of what your specific goals are so that you will know if the project has been successful. Clearly define these goals and ensure that your goals aim to solve business problems that are relevant to your key stakeholders.

Once you have established your goals, the next step is to set a baseline. Before beginning to measure your targets for improvement, you must first have a clear understanding of where you are today. The following sections will highlight the primary metrics to measure for most knowledge management projects. Choose the metrics that match your project goals and track their current state.

Once you begin, you may find that some of these metrics are quite difficult to pin down. Take the time to put a tracking mechanism in place to gather this data, as it will bear fruit down the road when you need to measure improvement. It is also beneficial to track your metrics by call type. For example, while your average handle time across the contact center may be seven minutes, address change calls may take three minutes while technical support calls take 20. It's important to understand the changes your KM program creates across all of these metrics.



Tracking Efficiency

Knowledge management can have a tremendous impact on employee efficiency. When the most up-to-date, accurate information is delivered in real time in the course of an interaction, employees no longer have to search through files, browse online or ask a neighbor. In fact, Gartner studies have shown that “improved delivery of contextual knowledge to an employee or customer reduces a provider's time to answer by 20% to 80%, raising competency and satisfaction.”¹



When tracking employee efficiency, it is actually more accurate to measure productivity. Employee productivity is a measure of efficiency combined with effectiveness. If your employees sacrifice quality for speed, you won't truly achieve your goals. Solutions, such as knowledge management, allow employees to complete tasks more quickly while still providing the quality your customers demand.

Regardless of what your ultimate goals are, efficiency and productivity gains will be a critical component of your business case. Employee efficiency gains are some of the easiest to measure, and should see a marked improvement with a knowledge management program. Even if employee efficiency is not your primary goal, some of these metrics should be included in your business case to provide a more concrete return on investment (ROI) that is often more difficult to ascertain from softer metrics.

Employee efficiency can be measured in a number of ways and includes a number of factors. As mentioned previously, try to also break these metrics down by call type as available. Some key metrics to measure include:

- Average handle time
- Hold time
- Time to answer
- Transfers
- Escalations
- Tier 1 cost per minute
- Tier 2 cost per minute
- Cost per call
- Total number of calls
- First contact resolution

In addition to these call-based metrics, if you are planning to deploy knowledge management to non-voice channels, such as email and live chat, you'll want to gather similar efficiency metrics, such as resolution time and cost per agent, for those channels as well.

When estimating your efficiency gains due to knowledge management, consider these two factors:

- Percentage of calls that require knowledge: When analyzing your top call drivers, identify which call types would benefit from knowledge management and which do not require it. This will help you predict which call types will show the most gains.
- Time spent looking for answers: In any given call, only a portion of the call time is spent looking for information. Conduct time and motion studies with live agents to determine how many seconds are currently spent looking for information that can be improved with knowledge management.

Tracking Additional Metrics

As mentioned previously, not all knowledge management projects are purely about efficiency. Knowledge management can provide a number of other benefits that you may want to factor into your business case.

Training

When leveraging a knowledge base, you no longer need to train employees on all the information they need to know to answer customer questions. Instead, training can be focused on key messages and soft

skills, and employees can rely on the knowledge base to deliver specific answers. Some Verint customers have seen training times decrease by up to 50 percent after deploying knowledge management. Additionally, because employee retention is also likely to rise when employees are empowered with a high functioning knowledge base, turnover should decrease, causing less of a need to train new staff.

Knowledge management can also decrease the need to retrain staff over time. As products and procedures change, many organizations must spend valuable time retraining agents on new information. With knowledge management, these costs will be reduced by simply authoring new content and publishing it in real time.

Compliance

Compliance improvements can be one of the most valuable benefits of knowledge management. Process adherence and consistency are critical elements of a successful user experience. A central knowledge base can help ensure that all employees are delivering the same consistent information to customers, and features, such as decision trees, can help ensure even the most complex processes are followed precisely. These capabilities can have implications across efficiency and customer satisfaction. In many industries, there can even be legal implications for a mismanaged process.

When building a business case around compliance improvements, you should track the number of mistakes and costs or penalties associated with those mistakes. First contact resolution (FCR) is another metric that can be used to measure compliance, as calls with inaccurate information often require follow-up from the customer.

Internal Operations

Internal costs should not be ignored when calculating your return on investment. If your investment in knowledge management is eliminating or reducing the need for a variety of existing repositories, effort to maintain those systems should be reduced. Additionally, your knowledge management solution may offer benefits around streamlined content contribution, feedback and workflow.



Soft Metrics

Thus far, the business benefits of knowledge management and the associated metrics to track those benefits have been fairly straightforward. But, what if your project goals include softer metrics? Some of those could include:

- Improve employee engagement
- Improve customer satisfaction
- Improve customer retention
- Reduce customer effort
- Reduce employee effort

While these benefits may be more challenging to quantify, they are still extremely valuable to your business and should be included in your business case. In addition, you should consider the Value on



Investment (VOI) benefits along with the more standard ROI to account for the more intangible benefits of a solution.

Further, these soft metrics are not impossible to measure. Customer and employee surveys can be a valuable tool to gauge metrics, such as satisfaction, effort, and engagement. As with standard metrics, set a baseline with a survey before the project and follow up afterward to measure any changes.

Self-Service Knowledge

The benefits and metrics listed above assume that your employees are the sole users of the knowledge management solution. However, including self-service knowledge delivered directly to customers through a web or mobile device can boost your business case dramatically. When customers can find their own answers, a call to the contact center can be avoided entirely, deflecting an inbound contact. Additionally, offering a self-service option to your customers can boost customer satisfaction and loyalty. Self-service has surpassed the voice channel to become the most widely used communication channel for customer service, so providing this option offers customers the opportunity to get help in the way they prefer.

To calculate the benefits of self-service, it is probably insufficient to just measure changes in overall call volume. There are simply too many variables that affect the number of calls into the contact center. Instead, organizations should focus on particular frequent and repetitive contact types that are best served through self-service. For example, one Verint customer was able to deflect 40 percent of change of address transactions to self-service.



There is a second important reason to break down metrics by call type. If you are successful in deflecting simpler call types to self-service, the logical outcome is that the calls that come into the contact center will be more complex. You may actually find that the overall handle time of calls increases since you no longer handle so many short, simple calls. By breaking your metrics down by call type, you should find that these complex call types are also improving in efficiency because of knowledge management.

Deployment Considerations

A knowledge management project for a large organization involves more than a simple technology deployment. To best ensure success, the proper processes and governance must be in place as well. For example, it will be impossible to achieve the success targets you have set if your employees do not actually use the knowledge management system. Therefore, programs and processes to encourage knowledge adoption must be included in your plans.

You should also consider how you may want to phase your project, and how that may impact your business case targets. In a large, complex organization, a global deployment across all employees at once may not make sense. In fact, it may be easier to secure funding for a project of such scale by first proving success with a smaller group. Look for a discrete subset of employees with a large knowledge need, and build a smaller business case around that group. You can then prove your business case with this smaller group and extrapolate the benefits for the larger organization.



One final consideration when planning your knowledge management deployment is whether to use on-premises or SaaS software. Installing software in your own data center will require far more upfront cost in purchasing hardware and a license for the software. However, a SaaS option may end up costing more in the long run due to ongoing yearly subscription fees. Be sure to examine the costs of both options to decide what works best for your project.

Calculate Your Costs

Now that you've calculated the savings you can realize from knowledge management, you need to calculate the associated costs to determine your overall benefit. Be sure to include all associated costs with the project so you are creating an accurate picture of your expected value. Costs to consider include:

- Software license or subscription
- Software maintenance fees
- Hardware costs
- Employee cost of maintaining the system
- Training costs



Once you have established these costs, you are ready to build your business case. Taking into account project phases and potential one-time investments in software or hardware, you'll want to establish how the business case changes over time. List out your expected benefits from the solution over several time periods, such as one, two and five years. In some cases, it is also helpful to list ranges in projected benefits, so the stakeholders can see a conservative, moderate, and aggressive view of the potential benefits.

Measure and Adjust

If all goes well, you'll build your business case, gain approval from stakeholders, deploy the solution, and see precisely the benefits you anticipated. However, there are several reasons why this may not be the case. Other technology projects, changes to supported products or procedures, or even events external to your organization may alter the way your customers and employees operate. Alternatively, solution features and capabilities may have different effects on employee behavior than what you anticipated.

It is critical to evaluate your metrics on an ongoing basis during the first several months following deployment to track your progress. If a particular metric is not moving the way you expect, try to find out why. Do you need to adjust your user interface, carry out additional training, or tweak the way a feature is deployed? Or are external events simply causing a disruption out of your control? Assess the reason for the incongruity and adjust accordingly.

Also be aware that your results may not be instantaneous. Anytime a new system is introduced, users must adapt to a new user interface and associated new processes and procedures. Be sure to take the time to communicate the goals of the new system to your employees and let them know why the change has been made. Also provide enough training so the employees are aware of the features and benefits of the system and how to properly take advantage of them.



Conclusion

Gaining funding for a technology project is never easy. However, the potential value in deploying knowledge management is so great that it is absolutely worth the effort. By using the steps above, you can create a compelling business case and secure funding for a knowledge management project.

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¹ Knowledge Management Will Transform CRM Customer Service, Gartner, July 1, 2015