



# Why Knowledge Management Should Be A Top Budget Priority

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**Abstract:** Companies that operationalize their knowledge and organizational expertise are not only achieving their strategic objectives but their financial goals as well. Only a few initiatives are able to truly transform how an organization operates, and knowledge management is one of them. We look at leading enterprises who have invested in new knowledge networks in the areas of sales, customer support, consulting, IT, and enterprise-wide solutions, and they are delivering strong returns on investment while expanding discretionary budgets moving forward.

As companies plan 2020 budgets this summer, there will, as always, be difficult decisions to make. Finance, operational and customer-facing teams will focus on the strategic priorities of the CEO, mission-critical activities, and an array of investments centered on growth, innovation, and efficiency. Initiatives will be scrutinized by their ability to help expand the business, the expected return on investment, and if they can wait a year (or more).<sup>1</sup>

In evaluating these business priorities, companies are increasingly focused on empowering employees with organizational knowledge that will drive program success. Why? Because organizational expertise is the lifeblood of any business, and immediate access allows employees to execute and differentiate. Per the Harvard Business Review, we're seeing a shift in the way leading companies look at knowledge and training: "Scalable learning [...] for the first time offers the potential to shift to an increasing returns model where the more people who join together to learn faster, the more rapidly value gets created."<sup>2</sup> By investing in knowledge networks that deliver organizational expertise to users where they work, businesses are achieving considerable returns on investment.

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1 Because of different priorities at different levels of the business, budgeting can also be an asymmetrical exercise. "While budgets are developed bottom up, managers must strive to meet top-down business goals (e.g., "Annual growth in after-tax profits of 39 percent.>"). Because performance is measured based on meeting or exceeding positive projections (of sales, returns, and profits) and meeting or coming in below negative projections (fixed and variable costs and capital expenditures) managers have strong incentives for projecting the lowest possible "positive" and the highest possible "negative" results. The more successful they are in understating sales and profits and overestimating costs, the higher the likelihood of "meeting the budget." Top management's incentives, by contrast, are to do the opposite. Therefore the budgeting process is inherently marked by potential conflict." ("Budgets And Budgeting". 2008. <https://www.inc.com/encyclopedia/budgetsandbudgeting.html>.)

2 Hagel III, John, and John Seely Brown. 2017. "Great Businesses Scale Their Learning, Not Just Their Operations". Harvard Business Review. <https://hbr.org/2017/06/great-businesses-scale-their-learning-not-just-their-operations>.

## Previous knowledge management solutions didn't resolve existing inefficiencies

An IDC and McKinsey study found that interaction workers spend 19% of their time searching for and gathering information.<sup>3</sup> Most companies have invested in wikis and shared drives to address this inefficient use of time, but these solutions have not delivered the financial returns that companies had hoped to achieve. The failure of these systems to address the challenges of outdated knowledge, poor document version control, and inefficient search are still hindering businesses; employees have developed workarounds such as reverting back to asking colleagues for information and storing files locally. This is a problem that is exacerbated by organizational scale and rapid innovation, and it offers a considerable competitive and financial advantage to companies that are able to address it.

## Why is the current generation of knowledge management solutions different?

"Shopify's 1,000+ support agents now use AI-suggested knowledge in 60% of requests."

In 2015, business analytics expert Thomas Davenport explained the challenge that companies had with knowledge management systems, saying, "Everything devolved to technology. KM is a complex idea, but most organizations just wanted to put in a system to manage knowledge, and that wasn't enough to make knowledge flow and be applied. [...] Even in organizations where a lot of knowledge was contributed to KM systems—consulting firms like Deloitte and Accenture come to mind—there was often too much knowledge to sort through. Many people didn't have the patience or time to find everything they needed. Ironically, the greater the amount of knowledge, the more difficult it was to find and use."<sup>4</sup>

The current generation of knowledge management systems address these usage problems head-on, allowing companies to realize significant financial returns by giving employees immediate access to the knowledge they need. The biggest change is that leading solutions are now designed as knowledge networks that promote dynamic engagement between subject matter experts, the knowledge itself, and the employees who need it.

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<sup>3</sup> Chui, Michael, James Manyika, Jacques Bughin, Richard Dobbs, Charles Roxburgh, Hugo Sarrazin, Geoffrey Sands, and Magdalena Westergren. 2012. "The Social Economy: Unlocking Value And Productivity Through Social Technologies". McKinsey & Company. <https://www.mckinsey.com/industries/high-tech/our-insights/the-social-economy>.

<sup>4</sup> Davenport, Thomas. 2015. "Whatever Happened To Knowledge Management?". WSJ. <https://blogs.wsj.com/cio/2015/06/24/whatever-happened-to-knowledge-management>.

Knowledge is available wherever employees work, with browser extensions and integration into collaboration platforms, they provide knowledge to employees in-task, rather than asking them to navigate elsewhere to find information. By adding AI to the network, these current systems even push knowledge to employees when it's needed in the context of their work. That 19% of time spent searching for and gathering information is cut down dramatically.

Of course, immediate access to contextual knowledge is only beneficial when it's current and accurate, which is why these solutions include verification engines that force subject matter experts to periodically re-verify the knowledge they've contributed. By ensuring the re-verification of knowledge at the appropriate intervals, subject matter experts continue its useful life for everyone else who relies on it. By providing analytics on knowledge search and usage, these systems show how specific pieces of knowledge deliver value and highlight knowledge gaps by tracking searches that don't produce results. In effect, this setup automatically informs organization leaders about what kind of information and learnings are needed most to serve customers and drive business forward.

Knowledge management solutions, when they're done right, provide an enterprise knowledge network effect that brings the expertise of an entire organization to the individual employees that need it. All organizations have the building blocks for these networks, they simply need platforms designed to activate them. **However, given the failed promises of previous solutions, can we say with confidence that current generation solutions are delivering meaningful ROI? We looked into companies using Guru as their chosen knowledge management platform for benchmark numbers and found the answer to be an unequivocal yes.**

For instance, one of the largest shipping and logistics companies in the world deployed Guru as their help desk team's knowledge management platform and saw a **12% reduction in handle time, a 35% increase in average calls per hour and an increase in their quality assurance score to their highest level ever, 93%**. In fact, the efficiency gained by implementing this new approach to knowledge management enabled the team to answer the increased number of tickets that come with the holiday season without their standard seasonal 15% increase in headcount.

## You can't be a world-class organization if your knowledge and expertise aren't available to employees when they need it

All of the following companies have activated their knowledge network and realized an undeniable ROI, even if they've only implemented them to serve a single business unit.



**Customer Support** – Shopify, the fastest growing SaaS company in history, deployed Guru's AI-powered KM platform to push recommendations to customer support agents before they even read the support requests. **Shopify's 1,000+ support agents now use AI-suggested knowledge in 60% of requests.** By saving time and giving customers answers immediately, Shopify agents can then spend time giving them additional guidance, building brand trust, and providing an immensely positive interaction. **Shopify credits their knowledge management solution for having a tremendous impact on product upsell, and they now view their customer support organization as a revenue center.**



**Sales Lift** – SalesLoft is the leading engagement platform for sales organizations to deliver better sales experiences to their customers. As the size of their company — and corresponding sales org — grew rapidly, they needed a knowledge management platform that could scale accordingly. Choosing Guru to fill that niche, they gave their sales team a KM solution that ensured they were immediately provided with the most up-to-date knowledge and expertise from across the organization, including the latest product updates, competitive positioning, assets, and all the other information they needed to drive their sales motion.

This KM investment empowered the sales team to have fluid and valuable conversations with prospects that have a direct impact on revenue. **90% of top-performing sales reps use Guru 2.5 times per day leading to a 67% increase in average contract value since implementation.**



**Enterprise-wide** – Slack's 1800+ employees leverage Guru for knowledge management across every one of their business units. All company knowledge is captured in one central location and verified as up-to-date. If an employee (or customer) has a question, they receive an answer in the form of a Guru Card without having to leave their main work environment — Slack. If new information is necessary, they can create a new Guru Card right from their Slack answer, eliminating the time it takes to go into a new portal, log in, and create knowledge that may sit there long past its useful life, while **increasing the efficiency, consistency, and accuracy of their internal and external support operations, reducing both redundancy and cost.**

[Full disclosure: Slack is an investor in Guru]



**Consulting** – Houghton Mifflin Harcourt’s technical consulting services organization deployed a Guru solution that allows every consultant to share their expertise with their peers. This collective expertise is centralized and accessible by all consultants wherever they’re working. The verification engine allows them to keep all of this knowledge current while making it easy for the consultants to maintain. This ensures that every consultant benefits from the collective expertise of the entire organization, extending the competence and value of every consultant. Along with the sales and utilization benefits of having consultants with deeper and broader expertise, **HMH consultants have realized a reduction in time searching for information by 60% when Guru is the first place they search.**



**Customer Success** – Autodesk wanted to drive global adoption of their new Gainsight customer success platform and their customer success best practices. They deployed Guru as their knowledge management platform to contextually coach their CSMs in each step of their Gainsight workflow, and answer user questions in Slack with appropriate, verified knowledge. Since deploying this KM solution, **they’ve realized a 4x increase in Slack channel membership and a 64% increase in Gainsight weekly active users. This adoption has increased return on these business systems and is helping to drive the success of their CSM program.** Per Eraj Siddiqui, Senior Director of Customer Success Operations, Autodesk sees “higher adoption rates, week-on-week, for Gainsight, Guru, and Slack. The three interconnected systems are in tandem propagating adoption across the others, creating content and value in a technology stack that we prefer and are invested in.”



**Enterprise-wide** – Zoom’s CEO Eric Yuan decided to move forward with Guru as a unified knowledge management solution for the company when he learned that organizational knowledge was stored in 67 different destinations across their enterprise. This change reduced their IT and operating costs dramatically, in addition to providing tremendous operational savings realized when employees were able to access the knowledge they needed where they were working, rather than having to spend time searching all of these systems. **The implementation of a single-source-of-truth, in-workflow KM platform has resulted in a tremendous reduction in the number of applications and websites required to support business operations, effectively lowering costs while increasing employee efficiency.**