USING APQC’S LEVELS OF KM MATURITY℠

A road map for moving from immature, inconsistent knowledge management activities to mature, disciplined approaches

As the practice of knowledge management (KM) continues to mature, organizations are increasingly focused on measuring the impact of their KM efforts and calculating the return on their financial investments. But before an organization can determine how successful its KM program is, it must decide on a framework against which it can measure progress and achievements. APQC’s Levels of Knowledge Management Maturity℠ is designed to help organizations determine the degree of sophistication of their KM programs and the ROI from their KM efforts. Figure 1 depicts this five-phased model.

**APQC’s Levels of Knowledge Management Maturity**

- **Level 1 Initiate**
  - Growing awareness
- **Level 2 Develop**
  - Localized and repeatable practices
- **Level 3 Standardize**
  - Common processes and approaches
- **Level 4 Optimize**
  - Measured and adaptive
- **Level 5 Innovate**
  - Continuously improving practices

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APQC’s Levels of KM Maturity are based on criteria developed from best practices in knowledge management. It maps the current state of KM and internal knowledge flow processes in order for an organization to:
• assess the maturity of the enablers and infrastructures employed,
• evaluate knowledge flow processes and supporting approaches,
• set business process improvement goals through the flow of knowledge,
• direct organizational change, and
• benchmark similar efforts among internal units or with external organizations.

With this information, organizations gain a clear sense of strengths, gaps, opportunities for improvement, and the appropriate steps to enhance knowledge sharing and reuse capabilities.

WHAT YOU CAN EXPECT AT EACH LEVEL

APQC’s Levels of Knowledge Management Maturity defines what an organization would expect to see at each of the five maturity levels, both in terms of the activities underway and the capabilities and results gained. Below are short descriptions of the maturity levels and their defining characteristics.

LEVEL 1

At maturity level 1, an organization is aware that it has a problem retaining and sharing knowledge.

The organization has identified a need to assess its situation, and senior leaders support testing a KM proof of concept. It works to assess its:
• current state in knowledge sharing,
• potential barriers to sharing knowledge and competing issues, and
• existing technologies and tools that can be leveraged as needed.

LEVEL 2

At maturity level 2, initial knowledge approaches are in place. The focus is on helping localized knowledge flow and adding value.

The organization has identified improvement opportunities, and a cross-functional group has been assigned responsibility for establishing a strategic direction. The group works to:
• conduct a needs assessment with IT and other relevant user groups,
• develop key performance indicators for initial KM efforts, and
• provide knowledge maps to address knowledge needs/gaps.
LEVEL 3

At maturity level 3, the knowledge flow processes are standardized and the focus is on meeting business requirements, achieving results, and developing a supporting infrastructure.

The organization has standard knowledge flow processes, replicable KM approaches, and supporting tools. It has begun to see measurable results from its initial KM efforts, which have strategic ownership and a core KM group with defined roles and responsibilities. The organization’s infrastructure supports enterprise KM efforts, and a balanced scorecard monitors the health and effectiveness of KM efforts.

LEVEL 4

At maturity level 4, the KM efforts align with the organization’s business objectives and the focus is on leveraging core knowledge assets across the enterprise.

KM capabilities enable the organization to leverage knowledge in support of its mission. KM is treated as a core business function. The KM strategy integrates with enterprise strategy, and KM reporting processes align with enterprise reporting. KM responsibilities factor into individual performance assessments and are part of talent management and leader development programs.

LEVEL 5

At maturity level 5, KM practices are embedded in key business processes and the focus is on the competency of the business.

The organization’s knowledge flows support innovation and continuous improvement. KM is part of an enterprise excellence framework, and standard budgeting processes help directors obtain the funding they need to continually improve their efforts. The KM group works with vendors and internal groups responsible for talent management, leader development, process improvement, and organizational learning to develop new uses for KM output that will improve enterprise effectiveness.
PRACTITIONER CASE STUDY

THE PROBLEM

A multi-billion dollar aerospace organization wanted to achieve a deeper understanding of the value it was gaining from its knowledge management efforts and to create a road map for future efforts. To provide senior leadership with a clear view of where the program stood, the organization’s KM team also needed benchmarks for organizations of similar size, revenue, and global reach.

APQC worked with this organization’s leadership and KM team to plan and conduct a project that established the distance it had gone toward KM excellence, compared that to similar organizations, and included a phased plan to proceed.

THE METHODOLOGY

In order to understand the current state of KM at the organization, APQC advisers conducted a three-part diagnostic assessment. APQC customized its data collection tools to gather information that addressed the organization’s particular needs.

- **Stage One**—As part of its diagnostic assessment, APQC first interviewed members of the KM strategy project team and business stakeholders concerning their perspectives on the value of KM. APQC identified business opportunities where specific solutions would improve knowledge flow.

- **Stage Two**—APQC assessed the organization’s KM capabilities using the Levels of KM Maturity. This framework clarified the current state of KM and the knowledge flow processes within the organization. In this case, it also helped create a shared picture of the organization’s KM journey.

- **Stage Three**—APQC collaborated with the KM strategy project team to gather data on current KM activities and measures used in each of the business sectors and at the corporate level.

With this knowledge and APQC’s expertise, the organization’s KM team gained an accurate overview of where the organization stood. APQC recommended near-term actions to reach the next level of performance and results.

THE RESULTS

Based on the diagnostics, APQC assessed the overall maturity of the organization’s KM efforts across the sectors and corporate to be at level 2. With the KM team, APQC built a road map to get from level 2 to level 5 of the Levels of KM Maturity. By conducting the assessments within every division of the enterprise and at a number of levels within the organization, APQC and the organization were able to create a holistic, integrated approach to achieving level 5 maturity.
And by examining the knowledge flow needs of the organization as a whole, the most important gaps were identified and plans were put in place to avoid future gaps and misapplied resources.

Figure 2 depicts a sample three-phased road map for moving from maturity level 2 to maturity level 5.

**Road Map from Maturity Level 2 to Maturity Level 5**

<table>
<thead>
<tr>
<th>Work stream</th>
<th>Phase 1: Lay foundation to show value for enterprise KM</th>
<th>Phase 2: Facilitate the use of KM as an enterprise resource</th>
<th>Phase 3: Optimize KM for the enterprise</th>
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<tr>
<td><strong>ROI and business value</strong></td>
<td>Determine cost savings from migrating to new systems.</td>
<td>Determine cost savings and value by using standard KM approaches on key business issues.</td>
<td>Implement projects to increase the enterprise capability as a competitive advantage.</td>
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<tr>
<td><strong>Governance</strong></td>
<td>Use a partner model for selected projects.</td>
<td>Determine enterprise standard processes, approaches, and message.</td>
<td>Set in place an enterprise KM governance model.</td>
</tr>
<tr>
<td><strong>Measurement</strong></td>
<td>Determine the number of projects and value created.</td>
<td>Collect standard measures for KM approaches (e.g., CoPs, lessons learned, and expert locator systems).</td>
<td>Determine ROI based on business cases.</td>
</tr>
<tr>
<td><strong>IT tools</strong></td>
<td>Avoid or leverage duplicate IT investments.</td>
<td>Develop requirements for enterprise KM tools to support standard KM processes.</td>
<td>Standard enterprise applications drive business need for collaboration and knowledge creation, transfer, and reuse.</td>
</tr>
<tr>
<td><strong>Standard KM processes and approaches</strong></td>
<td>Develop a business case approach with a funding model.</td>
<td>Leverage internal and external best practices.</td>
<td>Exercise approach to knowledge sharing and use.</td>
</tr>
<tr>
<td><strong>Communication and change management</strong></td>
<td>Explain KM strategy to key stakeholder groups.</td>
<td>Develop an enterprise change management plan, and collaborate with key stakeholders.</td>
<td>Leverage KM to create customer value.</td>
</tr>
</tbody>
</table>

In summary, APQC’s Levels of KM Maturity provided this organization with:
- a way to articulate a vision of what was possible for the KM program,
- an agreed-upon and validated assessment of the gap between the current state and what was desired,
- a specific framework and activities to attain the desired KM maturity level for the organization, and
- specific measures to continually assess KM program contributions to business value.
Through the use of APQC’s Levels of KM Maturity in several business units, the organization was able to identify the value of KM to the enterprise and incorporate knowledge considerations into its overall strategy.

CONCLUSION

Regardless of whether an organization is just getting started or is already leveraging successful KM approaches, it should have a road map with milestones and checkpoints to guide its efforts. APQC’s Levels of KM Maturity can provide a clear picture of where an organization stands and what it can do to improve. This framework is associated with APQC’s Knowledge Management Capability Assessment Tool, which allows organizations to rigorously measure the capability and maturity of their KM efforts. Visit APQC’s Web site or contact us to learn more about assessing your organization’s KM program and developing a game plan to reach the highest level of performance.

ABOUT APQC

APQC helps organizations work smarter, faster, and with greater confidence. It is the world’s foremost authority in benchmarking, best practices, process and performance improvement, and knowledge management. APQC’s unique structure as a member-based nonprofit makes it a differentiator in the marketplace. APQC partners with more than 500 member organizations worldwide in all industries. With more than 40 years of experience, APQC remains the world’s leader in transforming organizations. Visit us at www.apqc.org, and learn how you can make best practices your practices.

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