APQC’S LEVELS OF KNOWLEDGE MANAGEMENT MATURITY

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APQC’s Levels of Knowledge Management (KM) Maturity™ is a framework for describing the status of an organization’s KM program. The Levels of KM Maturity form the basis for APQC’s Knowledge Management Capability Assessment Tool, a diagnostic that lets KM practitioners measure every aspect of their KM programs, from strategy and business case development to specific processes and technologies, and find out how they stack up against the competition.

This article explains the methodology and purpose behind the Levels of KM maturity as well as the defining characteristics of each maturity level.

CAN YOU MEASURE THE VALUE OF KNOWLEDGE MANAGEMENT?

Knowledge management has become a widely adopted business practice, yet many organizations still struggle to measure the gains it promises to offer. Executives rightly ask, “What investment are we making in KM? Is it enough? Too much? What are we getting for our money?” The intangible nature of knowledge itself caused some KM practitioners to assume that the impact of KM would also be intangible. APQC has not found that to be the case. Our research shows that firms can and are measuring the impact of KM. In fact, those that invest the most and measure most rigorously are achieving a financial return on investment (ROI) of two dollars for every dollar spent per participating employee—a healthy ROI by any standard.

WHY IDENTIFYING LEVELS OF MATURITY MATTERS

If the impact of KM is measurable, then how do organizations know that their efforts are paying off? APQC’s Levels of Knowledge Management Maturity provide a roadmap for moving from immature, inconsistent knowledge management activities to mature, disciplined approaches aligned with strategic business imperatives.
Regardless of whether an organization is just getting started, conducting the first implementations of KM pilot projects, or preparing to revitalize or leverage successful KM approaches and tools to other areas in the enterprise, it should have a roadmap with milestones and checkpoints to guide its efforts.

Figure 1 illustrates the five levels. The remainder of the article describes each level in detail and lists key activities that organizations should undertake to move to the next level of maturity.

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

![APQC's Levels of Knowledge Management Maturity](image)

**THE FIVE LEVELS OF KM MATURITY**

**Level 1: Initiate**
This is the most basic level of maturity and the place where most organizations begin their knowledge management journeys. At this level, the organization lacks consistent processes or practices for successfully identifying, capturing, sharing, transferring, and applying its core knowledge. The key characteristic of a Level 1 organization is random and informal knowledge sharing and transfer that, in turn, yields no impact to the business.
In order to move quickly through this level of KM maturity, the following objectives should be communicated and acted on.

1. Explain knowledge management in a way that leaders and others in your organization can relate to.
2. Create a compelling picture of what is possible to achieve in terms of business outcomes.
3. Expand interest and understanding among key stakeholders.
4. Look for areas of the enterprise that will benefit most from improving the flow of knowledge.

LEVEL 2: DEVELOP

The primary focus during this second level is to establish the first iteration of a KM strategy. The strategy for KM should link tightly to the organization’s broader strategic objectives and should identify business opportunities to apply knowledge sharing and transfer approaches. The opportunities and value of those opportunities should be assessed and clearly documented in a business case. The business case should articulate expected ROI and secondary impacts, including investments and valuation of assumed benefits that can be measured by undertaking KM projects focused on the work of the business.

The objectives to create a Level 2 KM capability include:

1. develop KM thought leadership and generate buy-in;
2. create and build support for the integrated KM strategy;
3. select and secure buy-in for business opportunities to test KM approaches and tools; and
4. find resources to support the initial KM initiatives.

Governance and sponsorship are critical success factors for ensuring successful movement through Level 2 activities. Senior-level support is important for establishing executive accountability for performance of the organization’s knowledge management activities and for sponsorship of the KM strategy and program to improve the organization’s processes.

LEVEL 3: STANDARDIZE

The primary focus at Level 3 is to manage the KM strategy, processes, and approaches identified and defined in Level 2. During this third level, the KM team often evolves into a shared resource or center of excellence with oversight responsibilities for the KM approaches and processes. Oversight includes:

- identifying opportunities to apply select KM approaches and processes;
- securing funding and resources for the pilots;
- marketing and communicating the strategy;
- implementing a change management strategy; and
- refining the KM approaches and processes into standard, replicable methodologies.
Why is standardization important? Using standard (and replicable) approaches and processes allows the organization to gain economies of scale. Standardization is achieved by integrating best practices from the KM approaches and processes already in use and enhancing the results with external best practices to fill in any gaps.

In addition, embedding the standard KM approaches and processes into the daily workflow allows the organization to develop proof of concept. Implementation of standard approaches and processes allows the organization to learn from its experiences by establishing common measures (at the process or approach level), capturing/sharing lessons learned, and developing competencies related to the approaches and processes. Developing competencies and capturing/sharing lessons learned enables the organization to adapt or customize the standard processes and approaches to “fit” business needs while maintaining the integrity of each approach and process. In addition, standardizing and implementing these KM approaches and processes helps build the foundation for a knowledge-sharing culture.

Key activities during this third level include:

1. manage the KM approaches and processes so that they are standardized and replicable;
2. design and implement pilot opportunities;
3. capture lessons learned to facilitate continuous improvement of the methodologies; and
4. communicate and market the KM methodologies.

**LEVEL 4: OPTIMIZE**

By Level 4, the foundations for KM have been established and standardized. Level 4 involves expanding KM initiatives throughout the organization by leveraging the standardized KM approaches and processes (aligned with the KM strategy). At this level, the organization’s KM approaches and processes should work together to create a powerful organizational capability. The primary objective at this level is to develop and market an expansion strategy that leverages the standardized KM processes and approaches. Tangentially, the organization also needs to manage the growth resulting from that expansion.

Key activities for Level 4 include:

1. develop an expansion strategy that includes leveraging standard KM methodologies across the organization and expanding to new divisions or functional areas;
2. manage the expansion effort and control any concerns or confusion that result from leveraging the established KM methodologies across the organization; and
3. continue to communicate and market the KM methodologies to a broader, more diverse audience within the organization.
LEVEL 5: INNOVATE

When an organization reaches Level 5, leaders are beginning to count on KM capabilities to support the business strategy and business model. However, while the organization leverages standard KM approaches and processes as part of its expansion strategy in Level 4, it may not be capable of achieving desired business outcomes through the KM processes and approaches alone. The primary objective at this fifth level of maturity is to improve core business processes by optimizing standard KM approaches and processes and embedding them, end-to-end, within those business processes in order to achieve desired business outcomes and breakthrough innovation.

In order to optimize the approaches and processes, leadership needs to deploy proactive continuous improvement activities to close the gaps between current KM capabilities and desired business outcomes. Continuous improvement should be institutionalized so that it occurs at the individual, departmental/functional, and organizational levels. At the same time, it should also re-align performance assessments with the KM strategy.

Key activities for Level 5 include:

1. embed standard KM methodologies in the business model,
2. monitor the health of the KM methodologies,
3. align employee performance evaluation and recognition processes with actions and behaviors needed to support KM strategy,
4. balance an enterprise-wide KM framework with flexibility needed to meet unique needs and circumstances in different parts of the organization, and
5. continue the journey!

CONCLUSION

APQC believes that the framework described in this article can help any organization evaluate and improve the maturity of its knowledge management program. For more information about the Levels of Knowledge Management Maturity and related tools that can help you assess your current status, please visit the webpage for APQC’s Knowledge Management Capability Assessment Tool or contact us at apqcinfo@apqc.org.

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
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