

How Mature Is Your KM Program?

Using APQC's KM Capability Assessment Tool

Everybody's heard the phrase: "What gets measured is what gets done." In today's results-driven environment, most organizations that invest in knowledge management (KM) track how many people are participating, how well the tools and approaches are working, and whether KM is generating a positive return on investment (ROI). Such measures reveal weaknesses in the approaches and help justify the costs of KM.

But how do you evaluate your KM program as a whole? And how do you determine which areas to focus on to improve the overall success of your program?

[APQC's KM Capability Assessment Tool \(CAT\)](#) is 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. After completing the assessment, an organization is assigned an overall maturity rating for its KM program as well as scores for 12 different capabilities. By reviewing its relative performance in the different areas and comparing this to what peers are accomplishing, the organization can determine where it falls short and develop a realistic road map to advance to the next level.

APQC's Levels of KM Maturity

It is impossible to explain how the CAT works without introducing APQC's Levels of Knowledge Management MaturitySM framework (Figure 1), which forms the basis of the assessment.

This five-step maturity model, which was developed in 2007 as part of an APQC KM Advanced Working Group project, describes the status of an organization's KM program. Each level of the framework is associated with characteristics and results you would expect to see in a program operating at that level of maturity. The levels range from Level 1, at which an organization is just starting to recognize the need to improve knowledge flow, to Level 5, at which KM processes and behaviors are fully embedded in enterprise strategy and culture. When an organization participates in the CAT, APQC identifies the level of maturity that best characterizes its KM program and provides suggestions on how it can advance to the next level.

APQC's Levels of Knowledge Management Maturity

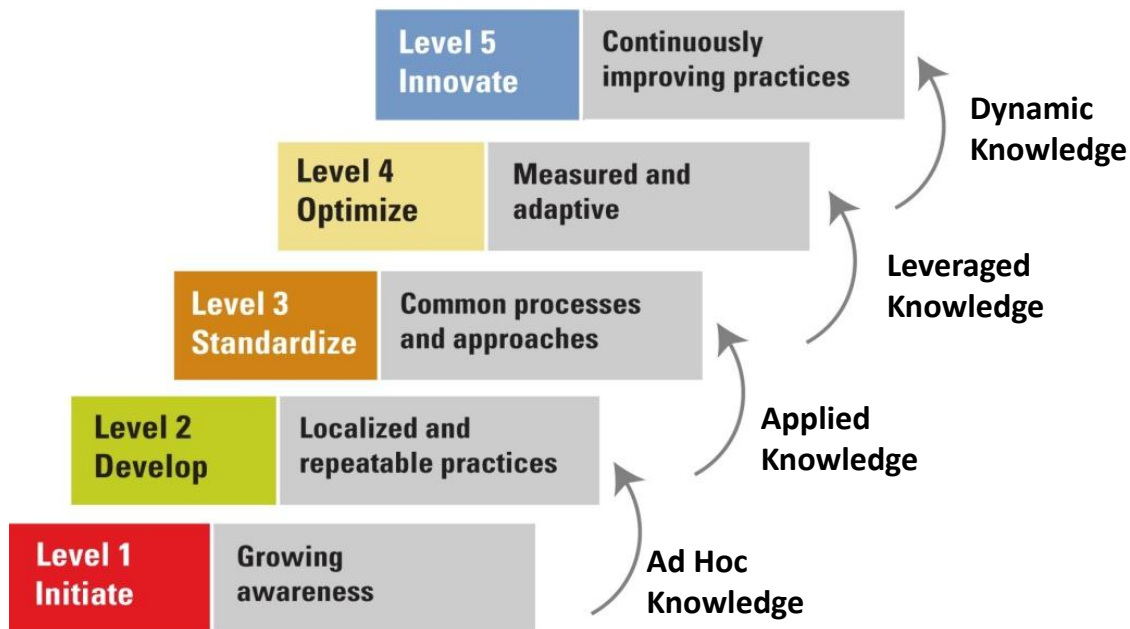


Figure 1

According to APQC KM Senior Advisor Jim Lee, Level 3 is the most important milestone in an organization’s journey toward KM maturity because it denotes standardization. When organizations are below Level 3 on the maturity scale, their knowledge processes are primarily ad hoc and localized. A manager, team, or function may create an approach or tool to address a specific knowledge need, but no enterprise strategy supports these efforts. However, once an organization reaches Level 3, it starts to integrate knowledge sharing and collaboration into the way it does business. Senior leadership allocates resources to KM, and employees use consistent approaches and technologies to capture, transfer, access, and reuse institutional knowledge.

The other level that Lee cites as particularly significant is Level 5. Organizations that reach Level 5 have fully embedded KM into their processes and operations. Instead of seeing KM as something separate from their core job responsibilities, employees recognize the role that knowledge sharing and collaboration play in individual and organizational performance. Fully integrated into the flow of work, KM activities support innovation and drive significant competitive advantage. In fact, the collaboration strategies at Level 5 organizations often encompass the entire value chain, including suppliers and customers.

However, not all organizations aspire to reach levels 4 and 5. At Level 3, an organization has uniform, reliable processes for enabling the flow of knowledge, and this may suffice to fulfill the objectives of the KM program. Level 3 organizations should aim to advance to Levels 4 and 5 only if their leaders believe that higher maturity will provide competitive advantage.

For additional information on the Levels of KM Maturity and the characteristics expected at each level, see [Using APQC's Levels of Knowledge Management Maturity](#).

APQC's KM Capability Assessment Tool

After developing the Levels of KM Maturity, APQC spent two years creating and testing a comprehensive assessment that organizations could use to measure themselves against the framework and identify strengths and weaknesses in their KM programs. This effort culminated in the launch of the Capability Assessment Tool in early 2010. To date, more than 70 entities¹ have completed the CAT, gaining insight into the current state of their programs and where they should focus their KM strategies moving forward.

The CAT uses a series of behavioral statements to evaluate KM programs in four broad categories:

- ▶ strategy,
- ▶ people,
- ▶ process, and
- ▶ content/IT.

However, when developing the CAT, APQC determined that participants would need more granular feedback in order to act on the assessment results and use them to incite change. As a result, the four categories are further subdivided into 12 capabilities that, together, represent the building blocks of effective KM programs. Below is a brief description of each capability and how expectations around it change as an organization moves up the levels of KM maturity.

STRATEGY

Objectives

One of the first steps in establishing a KM program is to identify objectives. Why does the organization want to improve the flow of knowledge, and what does it hope to achieve? At lower maturity levels, objectives may not be clearly defined, but the organization is generally aware of KM and the business needs it addresses. As the organization's maturity level increases, it documents its objectives and—ultimately—aligns them to broader business goals.

Business Case

To receive ongoing support and funding, a KM program must be founded on a solid business case. Less mature organizations start by determining the rationale for their efforts and initial focus areas. As maturity increases, the organization creates a formal business case outlining the

¹ Some knowledge managers assess their KM programs at the enterprise level, but others complete the CAT based on KM activities in a specific business unit, function, geographic region, or other subgroup.

impact of KM and the anticipated ROI. At the highest maturity levels, enterprise knowledge processes become marketable assets in and of themselves.

Budget

No organization can pursue KM without funding. At the lower maturity levels, resource allocations are localized and limited to specific projects, although some central funding may be provided for enterprise collaboration applications and other enablers. More mature KM programs have line item budgets that are integrated into annual budgeting cycles and fluctuate based on the knowledge needs of the business.

PEOPLE

Resources

In addition to funding, an organization must allow employees to dedicate time and energy to KM. Typically, this begins with support from specific areas of the business and the establishment of a group to design the initial strategy. More mature KM programs have active champions, facilitators, and administrators spread throughout the organization. At the highest maturity levels, KM is aligned with core competencies, and employees are encouraged to participate as part of their job responsibilities and professional development.

Governance and Leadership

Usually, when a new KM program launches, senior leaders agree to test a proof-of-concept and charter a cross-functional team to lead the effort. As maturity increases, a formal steering committee is established, and leaders work to link KM to broader organizational strategy. Standardization usually involves the formation of a KM core team, which is responsible for developing the KM strategy, selecting and deploying KM enablers, and handling change management. The most mature programs boast senior leadership sponsorship and alignment at the highest level; sometimes, there is even a senior executive who has specific KM responsibilities incorporated into his/her role.

Change Management

Engaging employees in KM often involves a full-scale change management effort. Less mature programs start by assessing cultural readiness for KM, identifying potential barriers, and developing a strategy to support proposed changes. As the KM program progresses and barriers become more apparent, the organization systematically addresses each obstacle and establishes formal training, rewards, and accountability. To increase the speed at which a knowledge sharing culture is established, the highest maturity organizations align or integrate KM activities with existing improvement programs (such as Six Sigma) and human capital management strategies.

Communication

Communication plays a major role in raising awareness of the KM program and driving participation. At lower maturity levels, organizations work to convey the basic concepts and

benefits of KM to key stakeholders and early adopters. More mature KM programs have formal communication plans to publicize success stories and ensure that employees understand available tools and approaches. The most mature programs have defined KM “brands” that they use to consciously drive communication with employees, job candidates, partners, suppliers, and customers.

PROCESS

Knowledge Flow Process

The knowledge flow process defines how an organization’s content is created, identified, collected, reviewed, shared, adapted, and used. In less mature organizations, knowledge flow is handled through informal, one-on-one exchanges. As maturity increases, knowledge flow processes become stabilized, standardized, and embedded in core business processes. At the highest levels of maturity, knowledge sharing simply becomes “the way work gets done.”

KM Approaches and Tools

At the lowest level of KM maturity, knowledge transfer is ad hoc and occurs through one-on-one exchanges. Organizations with more mature KM programs have standardized processes, tools, and enablers to facilitate the flow of knowledge. At the highest maturity levels, tools and approaches are consistently implemented across the organization and fully supported by the corporate infrastructure. KM becomes an organizational core competency, and participation is considered mandatory.

Measurement

Organizations must measure their KM capabilities, approaches, and outcomes in order to justify the cost of investment and drive continuous improvement. Less mature KM programs focus on developing a value proposition, identifying key performance indicators, and collecting activity metrics. As maturity increases, organizations standardize their measures and start calculating ROI. At the highest maturity levels, organizations correlate KM measures with HR and business outcomes, reporting them side-by-side with other business-imperative measures.

CONTENT AND IT

Content Management Process

When an organization is just getting started with KM, content management processes focus on basic document management. More mature programs have standardized taxonomies and workflows. At the highest maturity levels, content management processes can be used to facilitate collaboration and uncover innovations occurring within the business.

Information Technology

Although technology is not a “magic bullet” for KM, it’s almost impossible to manage organizational knowledge without the appropriate underlying IT infrastructure. At organizations

with less mature KM programs, employees use basic communication tools such as telephones, e-mail, and instant messaging to share knowledge. Some may also experiment with low-cost, Web 2.0 applications. As maturity increases, standardized KM tools are implemented as part of the enterprise IT strategy. The most mature organizations link KM tools and repositories together, enabling single search and one-stop shopping for knowledge resources. They also extend knowledge-sharing and collaboration capabilities to suppliers and partners where appropriate.

Applying CAT Results to Improve Your KM Program

Knowledge managers who have completed the CAT describe it as a useful instrument for understanding:

- ▶ how far their KM programs have come,
- ▶ how far they still have to go to reach maximum efficacy, and
- ▶ what capabilities they need to focus on moving forward.

After completing the assessment and reviewing the results, organizations are better positioned to assess current opportunities and make strategic decisions about the future of their programs. APQC has found that KM practitioners often get sidetracked by focusing intently on one or two categories and assuming that other capabilities will follow naturally. To reach the higher levels of maturity, an organization's KM strategy must effectively distribute resources across all 12 capabilities; usually, this is the only way to engage employees in KM approaches and results. The assessment tool points out areas that could be holding the program back.

For example, consider the sample CAT results in Figure 2. The KM program featured is noteworthy for the relatively high maturity of its IT infrastructure in comparison to its change management and measurement practices. Despite significant technology investments, the KM leadership team has not sufficiently measured and communicated the gains from existing knowledge-related initiatives. In other words, the KM program may be generating great results, but these results are invisible to decision makers and the broader work force. If the organization works on those gaps in change management and measurement, it could reap significant benefits.

Sample Results from APQC's KM Capability Assessment Tool

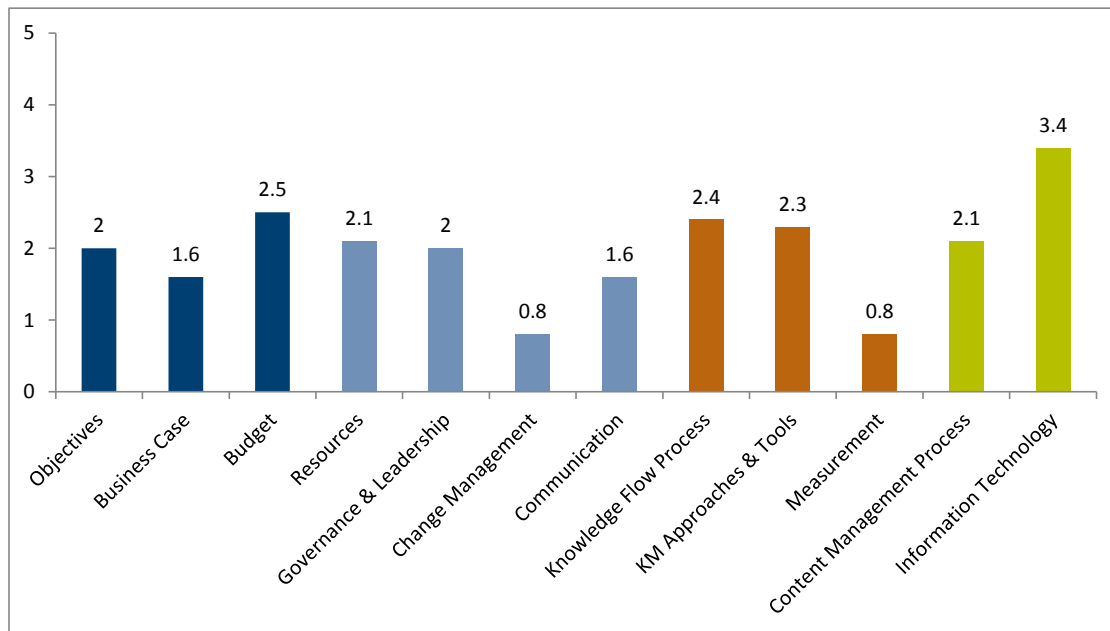


Figure 2

Once knowledge managers are aware of the gaps in their KM programs, they can use the CAT results to steer conversations with senior leaders and develop business cases for further investment. Findings and benchmarks from an impartial third-party and can help knowledge managers articulate the current standing of the KM program, the business benefits of increased KM maturity, and the need for enhanced resources and leadership support. The assessment results can also increase leadership awareness of specific shortfalls within the KM portfolio and how they negatively impact the overall maturity and impact of the program.

If an organization makes a commitment to increase its KM maturity, either overall or in specific areas, it can retake the assessment at appropriate intervals to measure its progress.

Conclusion

Regardless of an organization's KM goals, APQC's Capability Assessment Tool can help the KM team evaluate its current position and pinpoint areas for improvement. The assessment results also drive KM road map development by identifying gaps between current and aspirational maturity. Understanding where your organization falls on the Levels of KM Maturity is the key to understanding which targeted improvements will take you to the next level.

Note: Participation in the CAT is included as a member benefit with APQC's KM and all-inclusive memberships. Nonmembers can purchase assessments at a nominal cost. [Contact us](#) to get started with your assessment.

ABOUT APQC

APQC is a member-based nonprofit and one of the leading proponents of benchmarking and best practice business research. Working with more than 500 organizations worldwide in all industries, APQC focuses on providing organizations with the information they need to work smarter, faster, and with confidence. Every day we uncover the processes and practices that push organizations from good to great. Visit us at www.apqc.org and learn how you can make best practices your practices.

ABOUT APQC'S LEVELS OF KM MATURITY

APQC designed its Levels of Knowledge Management MaturitySM in 2007 as part of an Advanced Working Group collaborative research effort. Over the course of the project, KM and maturity model experts worked with leading KM practitioners to articulate the capabilities, actions, and behaviors associated with ascending levels of organizational KM maturity. Ultimately, these insights were compiled into a five-level model that organizations can use to assess the current state of their KM programs and establish milestones on the journey to increased maturity.

The following organizations sponsored the Advanced Working Group research and provided valuable feedback over the course of the project:

- ▶ Baker Hughes,
- ▶ Marathon Oil,
- ▶ Petrobras,
- ▶ SAP,
- ▶ State Farm Insurance, and
- ▶ U.S. Navy Carrier Team One.

Subject matter expertise for the project was provided by Dr. Carla O'Dell, president of APQC, and Dr. Bill Curtis, who led the team that published the Software Engineering Institute's Capability Maturity Model (SEI-CMMI).