

# APQC's Levels of Knowledge Management Maturity

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This article provides an overview of APQC's Levels of Knowledge Management Maturity, which are designed to be used in conjunction with APQC's Road Map to KM Results: Stages of Implementation™.

## Can You Measure the Value of Knowledge Management?

Knowledge management (KM) has become a widely adopted business practice, yet many organizations still struggle to measure the gains it promises to offer. Executives are rightly asking, "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. We found that firms can and are measuring the impact of KM. In fact, those who 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 across the Stages of Implementation are paying off?

APQC's Levels of Knowledge Management Maturity provide a road map for moving from immature, inconsistent knowledge management activities to mature, disciplined approaches aligned with strategic business imperatives. The Levels of Knowledge Management Maturity are integrated with APQC's Stages of Implementation™ so that implementation at each stage provides a foundation for success and a launching pad to the next stage.

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 road map 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.

## The Five Levels of KM Maturity

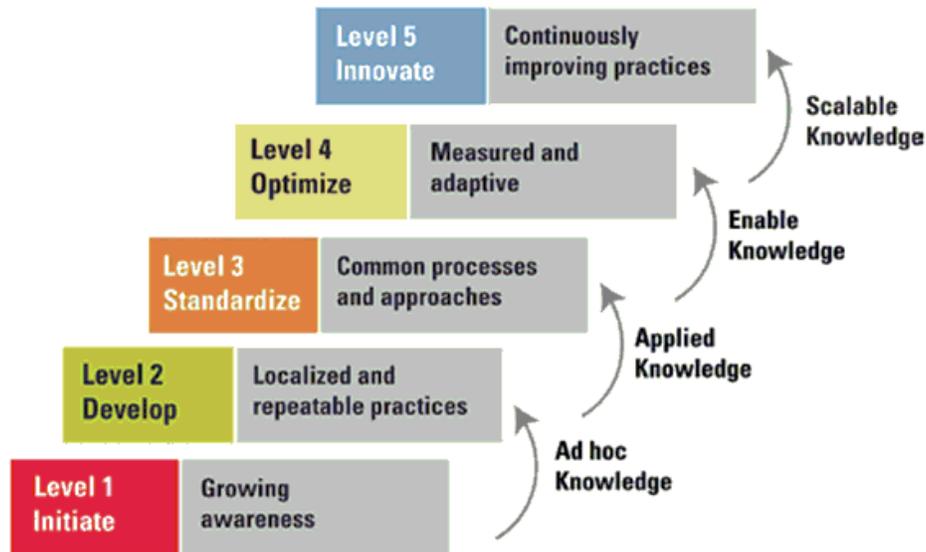


Figure 1

### LEVEL 1: INITIATE

This is the most basic level of maturity at which 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 people 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 and senior leaders; and
4. look for areas of the enterprise that will benefit from 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 enterprise's business strategies and 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 provide the calculation of an ROI that includes 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 KM 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 will be 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 will 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 leveraging the standardized KM processes and approaches. Tangentially, the organization will also need to manage the growth resulting from that expansion.

Key activities for Level 4 include:

1. develop an expansion strategy, leveraging standard KM methodologies across the organization and expanding to new divisions or functional areas;
2. manage the growth and control the confusion that may come from leveraging these methodologies across the organization; and
3. continue to communicate and market the KM methodologies.

#### 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 performance evaluation and recognition with KM strategy,
4. balance an organizational KM framework with local control, and
5. continue the journey!

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 contact us at [apqcinfo@apqc.org](mailto:apqcinfo@apqc.org)

## ABOUT APQC

For more than 30 years, APQC has been on the leading edge of improving performance and fostering innovation around the world. APQC works with organizations across all industries to find practical, cost-effective solutions to drive productivity and quality improvement. We are a member-based nonprofit currently serving more than 500 organizations in all sectors of business, education, and government.

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