

Peak Performance

CKOs contribute to organizational success through effective knowledge leadership

by Katherine C. Adams

As companies transform themselves into learning organizations, chief knowledge officers (CKOs) are becoming new features of the senior executive landscape. CKOs are responsible for driving a company's knowledge management (KM) strategy. For many organizations, hiring a CKO is good way to initiate a KM program. One of the biggest challenges currently facing organizations is identifying and utilizing the complex array of knowledge available within their own four walls. CKOs build programs that help businesses capture and reuse organizational knowledge.

Just as the CFO manages a company's fiscal resources, and the CTO manages desktop computers, databases, and networking, the CKO is responsible for developing processes that facilitate knowledge transfer. They must possess "hard" technical skills and "soft" interpersonal skills; that is, CKOs have two main duties:

- Designing enterprise information portals or other IT knowledge infrastructure
- Championing an internal culture of knowledge sharing.

The CKO is a new and controversial job. The CKO job title has excited a good deal of skepticism. Critics charge that KM is a passing management fad, and CKOs perform insignificant work. In light of this controversy, this article examines what CKOs do and how their responsibilities affect organizational resources.

THE BOTTOM LINE

CKOs fight against the ambiguities of a new, ill-defined corporate role by carefully linking KM projects to a company's bottom line. Successful CKOs are fully aware that KM is not an end in itself. CKOs argue that KM must be deployed in the interest of business models and overall corporate strategy.

For example, Kent Greenes, Science Applications International Corp.'s CKO and former knowledge manager at British Petroleum PLC (BP), develops KM programs that explicitly drive corporate profit and market share. Greenes gained fame as a CKO because he saved BP \$260 million in 1998. CKOs justify their presence within an organization by pointing to just this kind of cost savings and increased productivity. Job security for a CKO depends on the ability to show measurable results.

CREATING CONVERSATIONS

CKOs are designers and architects. They develop comprehensive knowledge-sharing systems that stretch across an enterprise. They establish procedures that coordinate and integrate diverse communities throughout a corporation. CKOs design routines that knit together the information in databases, legacy applications,

Know Your CKO

Executives charged with facilitating knowledge transfer and organization learning assume a variety of different titles--CKO, CIO (Chief Information Officer), CLO (Chief Learning Officer) and CCO (Chief Collaboration Officer). Currently, there's no clear differentiation between these positions. They all involve harnessing the intellectual resources of an enterprise to support business goals.

In fact, this merging of job titles reflects a larger movement within business management: KM and organizational learning are blending together. They are complementary activities that occur simultaneously within an organization. Organizational learning is a by-product of a properly implemented KM program. Knowledge sharing becomes a key means of enhancing enterprise-wide learning. As KM and organizational learning mature, there's little in terms of intellectual content to separate one from the other.

file cabinets, intranets, and employees' informal knowledge.

CKOs change the way work is done in an organization. They embed KM strategies into the day-to-day life of an enterprise. For example, to further the exchange of tacit knowledge, CKOs design spaces that facilitate conversations and chance encounters between workers, including physical and virtual spaces. CKOs create learning centers, furnish relaxation areas, and establish electronic workspaces that allow employees to mingle and share ideas.

In addition, CKOs are agents of cultural transformation. In many workplaces, information is power. Status goes to the knowledge owners, not the knowledge sharers. CKOs work against this mindset and foster an environment of trust. Workers must be able to trust that the information they receive is accurate and the information they give will be used in an appropriate manner.

KM projects involve networking, collaborative technology and information retrieval tools. Such initiatives typically involve creating knowledge directories, developing knowledge-sharing groupware, or building an enterprise portal. CKOs focus on creating a technical infrastructure that encourages individual development and corporate sharing.

Gordon Larson, CKO of CNA Financial Corp., argues that KM is quite dependent on IT. "Addressing the cultural issues without the systems and processes required to collaborate and share knowledge is only half the solution," Larson said. One important goal of a KM initiative is creating an online collection of documents such as former project proposals, best practices, meeting transcripts, and so on that are useful to future projects or aid with employee training.

MANAGING KNOWLEDGE CAPITAL

CKOs emerged in response to a variety of internal and external business pressures, including the demands imposed by financial goals, increased globalization, and accelerated business cycles. From a financial standpoint, knowledge is a chief source of capital. Stock shares trade at many times the material value of the issuing organization. This is especially true of so-called new economy companies. For example, Oracle's Price-to-Book Ratio - the comparison of a company's stock market value to its total assets minus liabilities - is 17 to 1. This disparity between market and book values illustrates that the perceived value of a company lies in its knowledge capital.

KM is a business philosophy that manages intellectual capital with the same attention 19th century industrialists paid to material capital. CKOs are charged with managing valuable organizational knowledge in a rapidly changing environment. Factors contributing to this faster pace are:

Increased globalization and accelerated business cycles. Globalization and faster cycles are two important results of the economy moving from the Industrial Age to the Information Age. The current business era is characterized by rapid change and increased competition. Successful companies respond to these challenges by consistently creating new knowledge, circulating information throughout the enterprise, and quickly updating products and services. CKOs create the conditions that speed the rate of innovation and spur products to market.

The networked organization. The Web is breaking up organizational hierarchies by disseminating information more widely. Organizations are moving to team- or project-based models. Such teams are often cross-functional and geographically dispersed. Innovation occurs when interdisciplinary communities of practice work together (the January 1, 2002 issue of *IntelligentKM* will include an article on such communities). CKOs develop strategies that help team-based enterprises communicate and learn from each other. The following discussion highlights key CKO skills.

CKO SKILLS

CKOs have wide-ranging skill sets. They combine IT expertise with a feel for the cultural and interpersonal factors that facilitate knowledge transfer. Furthermore, CKOs unite a pragmatic business sense with a visionary belief in the power of KM. Key CKO skills include:

Business acumen. A keen understanding of business strategy is essential. CKOs typically work with the CEO and the heads of IT, HR, and marketing to align KM with overall corporate strategy. CKOs define KM as systematically deploying organizational knowledge to answer a specific business need. They must understand a company's business model and accurately identify what kinds of knowledge will generate value. CKOs focus on achieving concrete, measurable business results in a specific length of time.

Visionary zeal. Energy for new and potentially risky ventures is important for CKOs. They must have a vision, and the change management skills to move the company toward that vision. CNA's Larson said, "I have had to clearly define and communicate the vision, and help people understand how sharing our collective knowledge can help them individually, as well as help CNA."

Interpersonal skills. CKOs are cheerleaders for KM. They must possess the social skills necessary to forge coalitions among a company's different communities. Managing relationships is an important skill because CKOs operate through influence and persuasion. Larson cites empathy as an important job skill for CKOs. His job is about "listen[ing] to the needs of the people that deliver CNA's products and services."

"We have to address their needs with improved systems and processes that make it to their advantage to collaborate and share knowledge," Larson added. KM cannot be imposed on an organization from above, and most CKOs feel they can accomplish little on their own.

Technical knowledge. IT facilitates KM projects. To design and maintain the necessary digital infrastructure, CKOs need a broad background in technology.

From CTO to CKO? Traditional IT professionals are not well suited to the CKO role. IT managers are not trained in business models and market strategy. In addition, they lack an understanding of the cultural issues associated with KM. IT managers are experts in the acquisition and retrieval of explicit knowledge. In contrast, CKOs concentrate on the strategic aspects of knowledge that are realized through digital tools. While CTOs are focused on storing, benchmarking, and retrieving data, CKOs are focused on organizational learning and knowledge transfer.

THE CKO CHALLENGE

Hiring a CKO is not for every organization. For businesses with a decentralized organizational structure, hiring a CKO could be counterproductive. Companies like 3M and Hewlett-Packard have a laissez-faire culture of relative divisional autonomy, and a centralized knowledge manager would be out of sync with the rest of the company. In addition, companies may decide against hiring a CKO because other managers are already performing these duties. (See the sidebar, "CKO Consequences," at right, for other considerations.)

CKO salaries fall in line with other executives. According to a July 2000 survey in CIO Magazine, CKOs who work for companies with revenues less than 100 million and have MBA, J.D., or Ph.D. degrees typically make from \$125,000 to \$225,000 per year. In companies with revenues greater than \$100 million, CKOs generally have Ph.D.s and salaries that range from \$200,000 to \$350,000. Most CKOs receive company stock in addition to their base salary.

If a company does name a CKO, she or he must have the support of the CEO. CKOs agree that this is an essential factor to their success. Enterprise knowledge and organizational learning have not been actively managed in the past. CEOs and other top executives act as a buffer between a CKO and forces that resist change within an organization. CKOs are charged with translating KM theory into organizational practice, and this requires support at the very top of an enterprise.

CKO Consequences

Keep in mind these consequences when deciding whether to hire or appoint a CKO:

Compensation: KM projects often entail a reexamination of corporate values, which can alter performance measurements. CKOs often advocate breaking down incentives centered on the individual because systems of compensation based on individual merit discourage group work. Some CKOs endorse group rewards in which an entire team gets promoted or receives merit pay. Others encourage the payment of "bounties" for workers who contribute stories, best practices, or other information to a collective database.

There are other ways businesses can tie KM to systems of reward or pay. One example is consulting firms that make sharing knowledge a critical performance attribute. KM observers argue that unless reward systems support KM, the organizational message is that KM does not matter.

New revenue models: KM projects can refigure the revenue model of service professionals such as lawyers, architects, Web designers, or consultants. For these groups the standard measurement of success is billable hours. The more hours a company bills the more successful the firm. KM erodes billable hours when it's properly implemented. KM strategies may result in new billing and revenue models.

CKOs assume a demanding set of tasks, and finding the right person is important. Many CKOs are often internal appointments at the senior management level. Because they design enterprisewide knowledge systems and ask employees to adopt new behaviors, ideal CKO candidates have already achieved credibility within an organization.

KATHERINE C. ADAMS is an information architect for Mohomine. You can reach her at kadams@mohomine.com.

RESOURCES

"The Human Factor," July 23, 2001: www.intelligentkm.com/feature/010723/feat1.shtml

"What's Your Knowledge IQ?" August 18, 2000: www.intelligentkm.com/feature/08/feat1.shtml

"After the Gold Rush," March 1, 2000: www.intelligentkm.com/feature/feat1.shtml