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## Who's in Charge?

Choosing the right leader for knowledge initiatives is a crucial first step

By Wayne Rash

When the concept of knowledge management was new, it was common for an advocate or two--often employees associated with information technology--to introduce it into the enterprise. But now, as ideas about knowledge energize business strategies, companies are giving more forethought to who should direct their KM efforts. The general result is a shift of responsibility for knowledge initiatives away from technologists to business executives or collaborative teams.

How should an enterprise decide who leads its KM initiatives? There appears to be no single right answer, although it is clear that the person(s) must be empowered to lead and be supported in their decisions. Observers agree, for example, that regardless of who heads it, a KM project should be sponsored at the highest level--by the chief executive officer or the board of directors. Further, any knowledge leader must possess some common capabilities. Whatever title appears on that person's business card, he or she must be able to

- build and maintain support from top executives
- have authority to command sufficient resources for the project's success
- take a strategic business perspective rather than a narrow departmental focus
- enlist broad acceptance and cooperation from employees
- avoid or nullify the negative impacts of corporate politics.

Research reveals several slots in the org chart where KM leadership often resides. One source of this information is a survey conducted by Knowledge Management and IDC of Framingham, Mass.; for details, see the sidebar "KM Leaders by Function."

In trying to assign KM responsibility for your organization, keep in mind corporate politics, which analysts see as the wild card in determining how an initiative should be designed and implemented and whether it will succeed. Some find it so important a variable that they argue for making the CEO the head of KM as a way to remove politics from the equation as much as possible.

### Room at the top?

If rising above politics and competition for resources is the most important factor in deciding where authority for the knowledge management initiative should lie, the company CEO's office is the logical place. "You need to have the CEO be the champion," says Verna Allee, president of Integral Performance Group in Walnut Creek, Calif.

Although the attraction for this choice is obvious, piling the responsibility on an already burdened leader may not be practical. "It's easy to say that the CEO should be the leader, but there are a lot of details that the CEO can't attend to, so if you create a position, it should report directly to the CEO," Allee adds.

## Pros and Cons

There are two sides to every choice for who should lead a KM initiative.

### Chief executive officer

#### Pros

Can spur implementation and ensure cooperation, resources and funding. Surmounts politics.

#### Cons

May not have time to pay close attention.

### Chief knowledge officer

#### Pros

May be free of political baggage. Has knowledge of the discipline.

#### Cons

May lack sufficient authority or be controlled by a unit without sufficient vision.

### IS group

#### Pros

Has resources, funding and access to tools.

#### Cons

Usually is limited to technology solutions. May not recognize business needs.

### Cross-functional team

#### Pros

Avoids politics by soliciting broad input. Will focus on business needs. Usually has high-level support.

#### Cons

May have trouble resolving internal issues. May not be able to accept accountability.

Mark W. McElroy, president of Macroinnovation Associates LLC in Windsor, Vt., envisions a similar reporting structure. He points out that "the CEO is responsible for strategy." Therefore, McElroy says, the executive handling knowledge management "should be independent of the CEO" to gather and provide the information and context on which corporate strategy is based.

In any case, getting the CEO involved from the beginning is crucial for success. "It makes a big difference if the CEO introduces KM into an organization," says Joe Firestone, chief knowledge officer of Executive Information Systems Inc. in Wilmington, Del. Firestone doubts that a CEO would have time to be the knowledge manager on a day-to-day basis. Rather, the CEO should appoint someone for that purpose and have that person report to him or her.

After ruling out the top boss for practical reasons, three primary candidates remain for the job of knowledge leader: the chief knowledge officer, the IS department and the cross-functional team. Here's a look at the pluses and minuses for each.

### **The CKO**

The chief knowledge officer function has grown in direct response to knowledge management's popularity. But controversy exists even among KM consultants as to the necessity of this executive management position.

On the one hand, if your company has a CKO, that person will naturally assume knowledge leadership. "Knowledge should be managed by the CKO, who should be high in the organization," Firestone advises.

Carla O'Dell, president of the American Productivity & Quality Center (APQC) in Houston, takes the opposite view. "The CKO title is going away because it was faddish," she says. "Knowledge management is now being run by business leaders."

Allee of Integral Performance Group sees risk in creating this position. "If you name a CKO, knowledge gets narrowly defined," she says. "Companies should focus on knowledge as a strategic capability. This allows you to move fluidly between issues without encountering a turf war over and over again."

Although he advocates the position, Firestone sees trouble if the CKO is a new hire who has relatively few resources. "The CKO's authority is very limited" in such cases, he notes. He recommends creating a cross-functional committee to back up an underempowered CKO. "If you have a CKO chairing the committee and if the committee functions in a healthy way, you can use it to get a lot of buy-in for the KM solution," Firestone explains.

In the end, it may be more important to select someone who will succeed in the company's political environment than to appoint a person who really understands knowledge management. That profile requires both people skills and clout. "It matters less what the title and position happen to be than how closely that function reports to the board," says McElroy of Macroinnovation.

### **The IS group**

Frequently the roots of KM are found in a company's information systems group. Whether responsibility should still reside there is a source of debate, usually shaped by whether one sees KM initiatives as technology- or business-based processes.

When an organization chooses to base knowledge management projects in the IS department, the senior knowledge executive (the CKO, for example) may report to the CIO. This structure assures technical support, but the risk is that non-IS employees will dismiss KM as a purely technical pursuit. "Knowledge management gets most narrowly defined when it is put under the CIO or the IS function," says Allee. "It becomes just a document management system, a best practices database or a portal."

According to Susan Hanley, executive director for enterprise collaboration and content management at Plural Inc. in Bethesda, Md., identifying knowledge management with IS can be a problem for some companies. "You get enamored with technology and forget about the process, but every solution is at best 20 percent technology," she says. "People think that the first thing you need is a place to work together online. Actually, you need a relationship and a business reason first."

But not everyone thinks it's a mistake to place KM responsibility in the technology establishment. "In terms of who is accountable or gets things done, it's not bad for the IS function to be in charge," says O'Dell of the APQC. "You've got to have a center of excellence somewhere, and if you don't have it in IS, you're going to struggle for IS budgets."

Even so, O'Dell stresses that knowledge management should not be left solely to IS. "If there's not a cross-functional steering committee, it will not be seen as a business solution," she adds.

### **The team**

This category scored highest in the KMM/IDC survey, which bodes well for the spread of knowledge sharing across the enterprise, according to Brian McDonough, one of the IDC research managers who conducted the survey. "It means that the decision to go forward on a KM initiative is more beneficial to the whole company than if the CIO or HR manager does it," he says.

Other experts agree that such a group is strategically important to implementing knowledge management as a formal process. The value of the cross-functional team is that it avoids resistance to having any one part of the company in charge of knowledge management. To remain independent from domination by any single influence, the team must be sponsored at the highest level. Hanley of Plural notes that even a cross-functional team can be subject to organizational politics, but the backing of the CEO can help to reduce or eliminate that problem.

At the same time, the group must agree on the reason for managing knowledge in the first place and keep the organization focused on that objective. "Unless you're starting with a business objective, it doesn't matter who is sponsoring it, because it will fail anyway," Hanley says.

### **The right option**

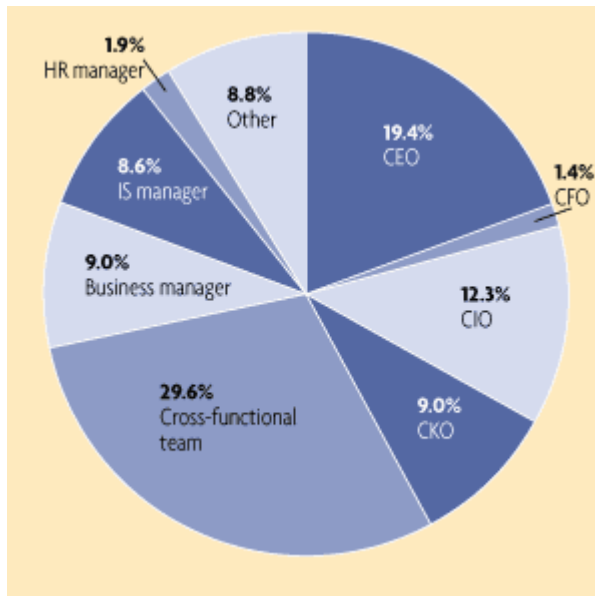
There is no universal answer to the question of who should lead KM. Nor should there be, because each company will encounter a unique set of circumstances when it faces the challenge of sharing and profiting from what it knows. "How these projects are managed depends on the corporate culture," says David Loshin, president of Knowledge Integrity Inc. in Silver Spring, Md. "Cooperative efforts sometimes fail because individuals compete for the rewards, making for less incentive to cooperate."

That knowledge management is increasingly seen as important is evident in the number of senior managers reported to head KM initiatives: More than 40 percent of knowledge management leaders in the KMM/IDC survey were "C level" officers (CEO, CFO, CIO or CKO). "Knowledge management is becoming more prominent in the minds of executives," says McDonough of IDC.

It's true that you won't get more out of an effort than you put into it. More and more companies are realizing that they have to turn some of their best and brightest to the critical task of managing knowledge.

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## KM Leaders By Function



Earlier this year, *Knowledge Management* published the results of a survey it conducted with IDC (see "The State of KM," May 2001 *KMM*). Among other inquiries, it asked respondents to identify the position within the organization of their KM leader. The 566 answers were interesting for both their diversity and the high percentage of senior executives who head up KM in their companies, as the accompanying chart reveals.

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*Following are profiles of three individuals who function as knowledge leaders. None of their positions exactly matches the schematics we have laid out; in the real world, careers and projects often evolve organically. It's also worth repeating that no one manages enterprise knowledge alone.*

## FAA Effort Takes Off

### *Knowledge architect streamlines management structure*

The Federal Aviation Administration in Washington, D.C., doesn't have much budget dedicated to knowledge management. Like other agencies, it is under pressure from the White House and Congress to save money, reduce staff and consolidate operations. The only way to do all this is to share knowledge wherever possible.

"Right now, we're identifying areas of knowledge where sharing is appropriate," says Giora Hadar, the FAA's knowledge architect. As the agency's equivalent of chief knowledge officer, Hadar is in the process of building a structure that will allow the FAA to work more efficiently in the future while pursuing its mission to ensure the safety of aviation in the United States.

"Like in any government agency, there has been some sharing of knowledge because it saves effort and resources," Hadar notes. For knowledge sharing to be effective, though, he says it is necessary to go outside the agency's limited internal practices.

"We're trying to pick anybody's brains," says Hadar's boss, Jerry Lavey, the FAA's executive assistant to the administrator for internal communications. Lavey lists a series of connections with other agencies and companies, ranging from the nonprofit research organization Mitre Corp. to the World Bank, that have made knowledge management practices available to the FAA. In addition, Hadar and Lavey represent the agency at groups such as the federal CIO Council to seek help from others.

Receiving knowledge from outside has helped the organization in some tangible ways, Lavey reports. Using what the agency has learned from other organizations, the FAA has implemented such changes as developing an online employee phone directory and instituting formal storytelling. An FAA knowledge hub will come online this fall. "We believe in reuse," Lavey says.

Hadar is seeking the backing of the most senior executives, in particular the agency's top official, Administrator Jane Garvey. One of his tactics is to bring tangible benefits to management as soon as possible. Doing so, he says, should help to acquaint FAA executives with what's possible and enlist their support for further efforts. "Slowly but surely through the education of management, we make them more aware of the advantages," Hadar says.

He also needs the support of the rest of the people who work at the FAA. "We're purposely not calling it 'knowledge management,' we're calling it 'knowledge sharing,'" Hadar says, explaining that he wants the process to have a grass-roots orientation and not to seem imposed from above.

He knows that success will require a change in culture. Hadar says he wants people to share knowledge with each other because it's the right thing to do and to recognize that it's part of each employee's job. "We're trying to break down the idea that holding onto knowledge brings power," he says. "My dream is to put myself out of a job because it won't be necessary."

--W.R.

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## Insuring Intellectual Capital

### *Sharing helps company to change direction*

Skandia, the Stockholm-based financial services corporation, is known for valuing intangible assets. In fact, knowledge sharing is woven into its corporate structure. "We have a culture that embraces sharing," says Jan Hoffmeister, vice president for intellectual capital management with Skandia Group, the holding company for Skandia Insurance Co. "We don't have a chief knowledge officer or a program focused on knowledge management."

Hoffmeister is charged with finding nonfinancial information to share across the company and with customers to facilitate decision making. Working out of American Skandia Inc. in Shelton, Conn., he also focuses on disclosure of intellectual capital to external sources such as the company's stockholders. He characterizes this material as "everything that you're not required to put into your financial reports but is so important to your organization."

As a company that has absorbed knowledge management practices, Skandia also diffuses responsibility for them. Hoffmeister, who reports to Skandia Group's head of business development, plays a key role in a cross-functional committee made up of the top executives in Skandia Group. "We have a flat organization, open doors and not much of a 'not invented here' problem," he explains.

A strong conviction in the value of knowledge and support for sharing it radiate from the executive team, according to Hoffmeister. "The CEO and the CFO of Skandia Group really sponsor this, and we have an executive management team that endorses these initiatives," he says.

The effect of this structure, he says, is that knowledge management is needed less than encouragement and direction in sharing. The benefit of sharing everything from critical

processes to business intelligence throughout its worldwide organization (which is spread across 25 countries) is that Skandia's operations in one area of the world can learn from lessons or processes developed elsewhere.

Hoffmeister compares the basis for knowledge diffusion in an organization to a pyramid (see below). The culture, leadership and philosophy form the foundation. Next in importance are an organizational structure that supports sharing and a collection of best practices that can be used repeatedly throughout the company.

Tools form only the narrowest part of the pyramid, but Skandia deploys technology where it makes sense. "We have the Skandia Navigator, a balanced scorecard that was developed in-house," Hoffmeister says. He adds that Skandia Group's chief financial officer, Ulf Spang, sponsors another software tool that facilitates knowledge sharing. "It's mandatory to use the Navigator and the software tool in all operations worldwide, and it's now being used to report to headquarters. It embraces all of our nonfinancial capital," Hoffmeister says.

Skandia also provides a Web portal, chat rooms and a global intranet, but Hoffmeister insists that for the various tools to be effective, employees throughout the company must have working relationships. For that reason, management encourages face-to-face visits and site visits companywide. The tools facilitate personal relationships, he says, which in turn reinforce willing communications among key executives globally.

These factors enable Skandia to adapt to rapid shifts in the business climate, according to Hoffmeister. "We have the knowledge to reinvent ourselves and make changes," he says. "We move into at least one or two countries a year. We couldn't do this if we couldn't leverage our people and our knowledge."  
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## Safer Soldiers

### *Mixing tools and practices makes military life safer*

"The cost of death and injury is huge," says Paul Amoroso, a physician, epidemiologist and lieutenant colonel in the U.S. Army. "Disability payments are about \$20 billion a year."

Amoroso's job is to cut down those expenses by keeping people in the Army from getting hurt. He heads the Army's Total Army Injury and Health Outcomes Database (TAIHOD, pronounced "tay hod") project in Natick, Mass. TAIHOD is a mostly autonomous organization within the U.S. Army Research Institute of Environmental Medicine (USARIEM), and Amoroso functions in a way analogous to the general manager of a business unit. He reports to both a civilian boss, Dr. John Patton, and the commander of USARIEM, Col. John Obusek. Amoroso has introduced knowledge management into TAIHOD as a way to formally share the lessons he's learned from his research both within the database project and throughout the Army.

To learn more about the causes of injury, Amoroso collected databases that track injuries, whether intentional, unintentional or caused by hostile action. Originally, the databases were intended just for research, but Amoroso found greater use for the data, sharing it with other research organizations such as the National Institutes of Health (NIH). TAIHOD itself is benefiting from this practice. By making injury data available to outside agencies, Amoroso has been able to secure grants from the NIH that pay about 80 percent of the initiative's expenses.

In the process, he has found new ways to share data while still meeting the

confidentiality requirements of the Army and the U.S. government. Some of those means are as straightforward as presenting the data graphically. For other projects, he has helped agencies that use the data to apply it more effectively. "I've had to become the domain expert for the data that I have," he says.

In reality, Amoroso is more than a domain expert. Because the Army facility for which he works appreciates the benefits of sharing, it has supported him in finding new ways to manage the knowledge and make it useful to others. "They've allowed me a great deal of autonomy and funding," Amoroso says. He adds that he has been allowed to develop knowledge sharing in his own way. "The freedom has allowed me to create a better product. You couldn't do what we're doing five years ago."

By letting this knowledge leader manage the sharing process, the Army has realized big dividends. For example, a single improvement--a new ankle brace that reduces injuries--"saves a couple of million dollars a year," Amoroso claims. The results ultimately go to the Army's key resource: soldiers.

--*W.R.*

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