

# Chief Knowledge Officers

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## INTRODUCTION

A chief knowledge officer (CKO) is a senior executive who is responsible for ensuring that an organization maximizes the value it achieves through one of its most important assets—knowledge. Knowledge is often defined as information exercised for problem solving, understanding, and benefit. By adopting a CKO, firms formally recognize that knowledge is an asset that needs to be captured, disseminated, and shared to enhance firm performance and value creation. And most of all, they realize it is an asset that must be managed. Knowledge management is seen as essential, because firms today are valued in part on market perceptions of expertise as expressed through their processes, products and services (Choo, 1998).

The “intangibles” that add value to most products and services are knowledge-based — for example, technical know-how, product design, marketing presentation, understanding the customer, personal creativity, and innovation. Critical success factors for organizations today — the need for speed, management of complexity, a sense of history and context, effective judgment, and organizational flexibility — are all related to and dependent upon organizational knowledge (Herschel & Nemati, 2001).

Hence, the fundamental objective of a CKO-driven knowledge management program is to maximize return of investment of intellectual capital expended in the creation and delivery of the firm's products and services. To ensure continuous improvement, knowledge management programs must continuously pursue ongoing organizational learning so as to repeat successes, minimize repeating past failures, and to instill best practices and improve innovation. David Skyrme (2003) reports that the benefits of these programs can be quite significant. He cites the following examples:

- Dow Chemical has realized \$125 million through better exploitation of its patent portfolio.
- Texas Instruments has saved investment in a new plant by sharing knowledge of best practice from its existing plants.
- Knowledge management at BP Amoco delivered \$260 million to their bottom line in 1998.
- From 1997-2000, Ford Motor Company saved \$914 million, mainly due to knowledge management programs.

- Chevron's knowledge management practices have enabled it to save \$650 million since 1991.

## BACKGROUND

The role of a CKO is to develop the firm's knowledge infrastructure, to promote knowledge capture, storage, and distribution, and to act as a symbol that employees look to for guidance in a knowledge management culture. Bontis (2002) states that a CKO can help a firm to leverage its intellectual capital by:

- promoting stability in a turbulent business environment,
- enabling the speedy delivery of products and services,
- creating high efficiency in the knowledge value chain by sharing of resources and realization of synergies, and
- enabling the separation of work so that specialization is feasible.

The CKO job description can encompass a number of responsibilities. For example, the CKO might be responsible for leading executive management to develop an enterprise knowledge strategy, validating this strategy across the enterprise, and then ensuring that its evolution complements and integrates with business strategy. The CKO may also be charged with setting priorities and securing funding for knowledge management (KM) programs as well as defining policies for security, usage, and maintenance of intellectual capital. Depending on the organizational culture, the CKO may also act as the chief advocate for KM as a discipline — walking and talking the program throughout the enterprise and assisting executives and senior management in building and communicating personal commitment and advocacy for KM (Davenport & Prusak, 1998).

In any scenario, the CKO must at least be responsible for managing and administering the day-to-day activities of the KM program and the KM infrastructure. This means overseeing the development of KM technology and information exchange architecture and assessing specific knowledge needs of business processes. Moreover, the CKO must ensure the integration of KM into employees'

job activities, into key processes, and across communities of practice. They should also lead the development of formal programs that foster knowledge sharing and innovation, define expectations for individual and community participation in the KM program, and ensure participation and knowledge contribution by all levels of experts (including executive management). In addition, they should create a process to measure benefits and progress against program goals including competitive advancements, knowledge created, innovations, cost savings, speed of response, development of experts, sharing and participation, and then communicate achievements and shortcomings of the program. Finally, the CKO should manage relationships with external providers of information and knowledge and negotiate contracts with them (Harris, 1998).

While CKO job descriptions vary among firms, David Skyrme (2003) states that most CKO responsibilities include:

- developing an overall framework that guides knowledge management,
- actively promoting the firm's knowledge agenda within and beyond the company,
- overseeing the development of a knowledge infrastructure for the firm (e.g., via procedures and technology), and
- facilitating connections, coordination, and communication to enable knowledge exchange.

In a White Paper published at its Web site, DestinationKM (2000) states that identifying the need for a knowledge management officer or CKO and choosing that person may be among the most difficult endeavors a company undertakes. They argue that one way to approach these decisions is to ask at what stage in the corporate evolution a company recognizes the need for a knowledge management officer. Often, they claim, this realization comes after failures that affect the viability of a company. For example, companies that rely exclusively on paper trails and file cabinets to retain customer information could lose information, fail to note valuable customer characteristics and misrepresent the financial activity of the business. In many cases, they assert, company owners and top executives have been unaware of problems until they begin to lose customers and suffer dramatic losses in revenue. Other companies report implementing knowledge management and/or establishing a CKO position after competitors have hired away key employees who take the company's product knowledge, customer knowledge and confidential information with them.

DestinationKM states that identifying candidates for the CKO position can happen in a number of ways. In some

cases, the potential CKO may already be part of the organization that utilizes knowledge management to improve business processes, but the CKO title or official position does not exist. For example, if a chief financial officer or senior business executive is already on board, the knowledge management role may become part of that individual's title and responsibility. Because business leaders tend to look in the direction of higher-ranking personnel and forward-thinking company officials to fill the CKO post, Destination KM asserts that it is not unusual for a member of the top management team to be sought for this role because these individuals have extensive knowledge of the company and already hold significant responsibilities.

Davenport (1994) claims that to be successful, certain personal characteristics are critical for the CKO. These characteristics include:

- deep experience in some aspect of knowledge management, including its creation, dissemination, or application,
- familiarity with knowledge-oriented companies and technologies, such as libraries and groupware, and
- the ability to set a good example by displaying a high level of knowledgeable ability and success.

In a study of CKOs, TFPL (1998) finds that the majority of CKOs tend to possess these attributes. Their research shows that most CKOs emerge from planning teams and that they possess one of three main backgrounds – information technology (IT), human resources, or a core business function. But, TFPL notes, their common strength is their understanding of the organization and its business drivers, combined with an ability to take a holistic view of the company, and to understand the mix of hard and soft skills necessary to create, sustain and utilize the knowledge base.

## **MANAGING DIFFERENT FORMS OF KNOWLEDGE**

A CKO's implementation of knowledge management programs often depends on his or her attitudes about explicit knowledge and implicit knowledge.

Explicit knowledge is defined as knowledge that can be expressed formally using a system of symbols, and can therefore be easily communicated or diffused. It is either object-based or rule-based. It is object-based when the knowledge is codified in strings of symbols (e.g., words, numbers, formulas) or in physical objects (e.g., equipment, documents, models). Object-based knowledge may be found in examples such as product specifications, patents, software code, computer databases, technical

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