



Chapter XXIV

Chief Knowledge Officers: Managing Knowledge for Organizational Effectiveness

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The Chief Knowledge Officer (CKO) is often portrayed as a catalyst for knowledge management programs. However, this organizational entity is new, often not well understood and frequently not without controversy. In this chapter, the CKO function, the rationale for its existence and the challenge people in this role face are examined. The theoretical underpinnings for such a position and the importance of the implicit-to-explicit knowledge conversion process to a CKO's knowledge management program are explored, as is the potential for knowledge exchange protocols to facilitate this process. Finally, arguments for potentially not implementing a CKO function are discussed.

INTRODUCTION: WHY HAVE A CKO?

The development of the Chief Knowledge Officer (CKO) function suggests a growing recognition for many an organization: intellectual capital—the knowledge, experience and ideas of people at every level of the firm—impacts a firm's products, services, processes and customers. Moreover, as Stuller (1998) notes, these positions send an important signal to the organization that knowledge is an asset to be managed and shared.

The need to manage knowledge more effectively is necessitated by a changing competitive environment. When functioning in a global economy, companies can no longer expect that the products and services that made them successful in the past will keep them viable in the future. Instead, companies will differentiate themselves on the basis of what they know and their ability to know how to do new things well and

quickly. Hence, the changes and pressures of a rapidly changing global, information-based economy make knowledge vital to organizations.

Davenport and Prusak (1998) note that the “intangibles” that add value to most products and services are knowledge-based: technical knowhow, product design, marketing presentation, understanding the customer, personal creativity and innovation. They believe that the critical success factors for organizations today—need for speed, management of complexity, a sense of history and context, effective judgment, organizational flexibility—are all related to and dependent upon organizational knowledge.

Earl and Scott (1998) suggest that these critical success factors lead firms to create structured knowledge management programs with executive leadership. Their research identifies five reasons why CKO positions are created:

1. Corporate knowledge capital (the sum of human, customer and structural capital) is neither being explicitly or effectively managed.
2. Corporate resources are seen as a key to corporate growth and profitability.
3. There is a realization that long-term prosperity depends upon management’s ability to leverage the hidden value of corporate knowledge.
4. There is a clear appreciation that people in the organization are ignoring past mistakes, making the same mistakes over and over, and wasting time that could be saved by making better use of the collective knowledge that exists in the organization.
5. Having recognized the value of employee empowerment, the organization now realizes that they are not making good use of employee knowledge.

Driven by the need to better capture, retain and share knowledge, Davenport and Prusak (1998) suggest that organizations need a CKO function to:

- Advocate knowledge and learning from it. They contend that given the important role for knowledge in the strategies and processes of many firms today, CKOs can champion changes in organizational cultures and individual behaviors relative to knowledge.
- Design, implement and oversee a firm’s knowledge infrastructure, including its libraries, knowledge bases, human and computer knowledge networks, research centers and knowledge-oriented organizational structure.
- Manage relationships with external providers of information and knowledge and negotiate contracts with them. This is already a major expense for many companies, and efficient and effective management is important.
- Provide critical input to the process of knowledge creation and use around the firm and facilitate efforts to improve such processes if necessary.
- Design and implement a firm’s knowledge codification process. The goal is to specify key categories of information or knowledge that the organization would address, and entails mapping both the current knowledge inventory and future knowledge models.
- Measure and manage the value of knowledge, either by conventional financial analysis or by anecdotal management.
- Manage the organization’s professional knowledge managers, giving them a sense of community, establishing professional standards and managing their careers.

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