



KNOWLEDGE MANAGEMENT BENCHMARKS AND METRICS

APQC 2018 Survey Summary



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ABOUT THIS RESEARCH

- APQC conducted its first Knowledge Management (KM) Benchmarks & Metrics Survey in fall/winter 2017.
- The purpose of the survey was to learn about organizational KM programs, initiatives, & services, including:
 - the scope & structure of KM efforts,
 - resources allocated to KM,
 - tools & approaches used to enable the flow of knowledge, &
 - measures of success.
- This report is intended to communicate trends & show you how your organization's KM program, initiative, or service may compare to others.



319

Valid participants in the survey



16+

Industry groups are represented in the survey

RESEARCH HIGHLIGHTS



52%

of respondents report that their organizations have had a KM program, initiative, or service in place for 7 years or more.



37%

of respondents report that they expect budget approval for their KM programs, initiatives, or services to be somewhat or very difficult next year.



47%

of respondents report that leaders believe their organizations' KM programs, initiatives, or services are effective/very effective at delivering their intended business value.



59%

of respondents report that their organizations use feedback from business leaders whose groups use KM tools and approaches to determine whether KM is worth continued investment.

KEY OPPORTUNITIES FOR KM PROGRAMS

Engage leaders in setting the KM vision and strategy

- Many surveyed KM programs have leaders at the manager/director level and no leadership steering committee. Lack of leadership involvement may be holding these programs back.

Partner with sister functions

- More than two-fifths of surveyed KM programs lack strong partnerships with IT and learning. Partnering can help avoid duplication of effort and ensure optimal technology investments.

Expand KM offerings over time

- Relatively few participants offer a full suite of KM approaches. New programs should limit their focus, but over time programs should expand to address a broad range of knowledge needs.

Invest in change management & communication

- Many participants lack change management strategies and communication plans for KM. These are important enablers for raising awareness, engaging employees, and conveying value.

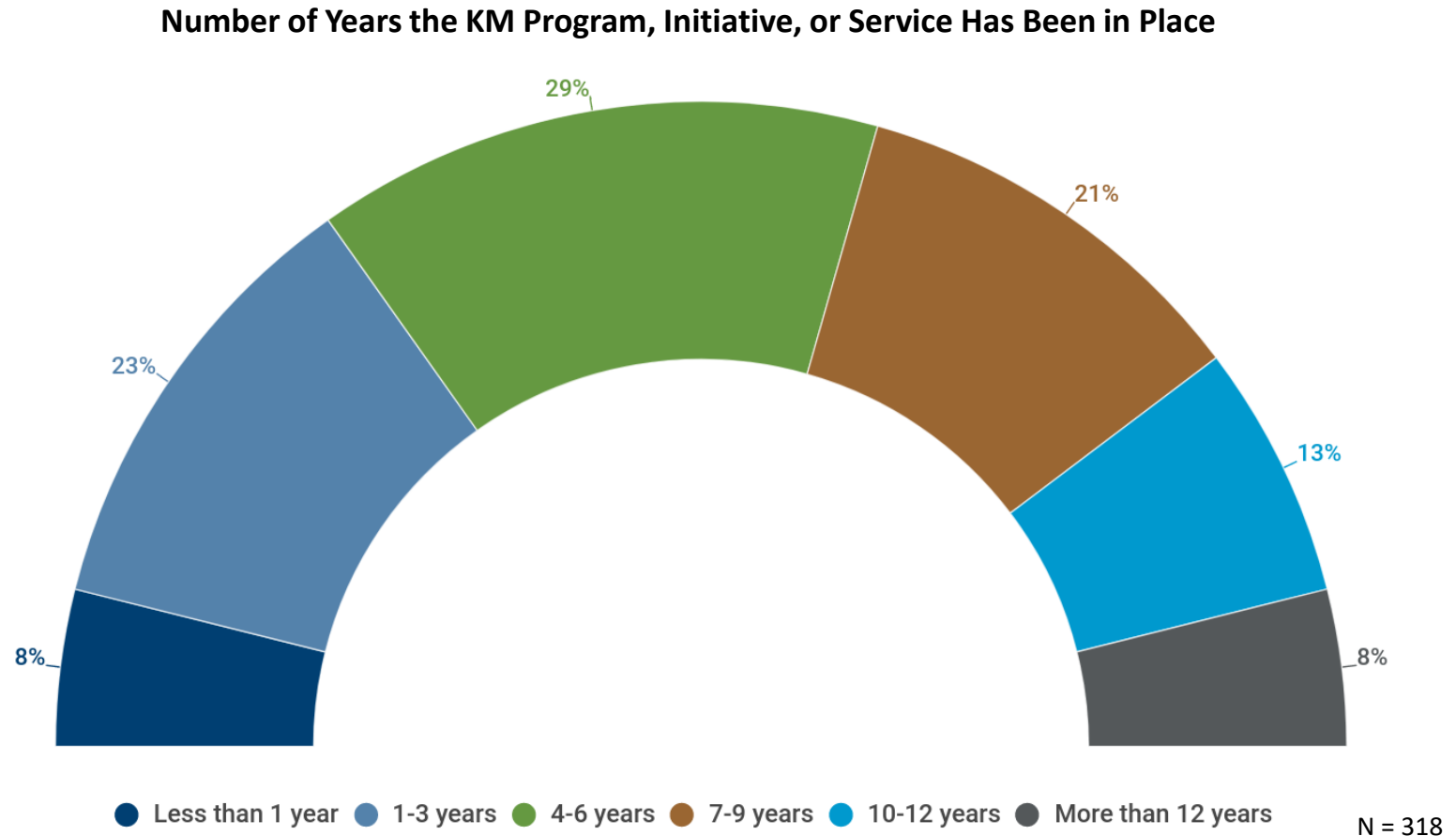
Directly measure the impact of KM

- Most participants assess KM via soft measures like success stories and feedback. These are important, but direct measures of KM's business value tend to be more compelling.

KM PROGRAM GOVERNANCE & REPORTING

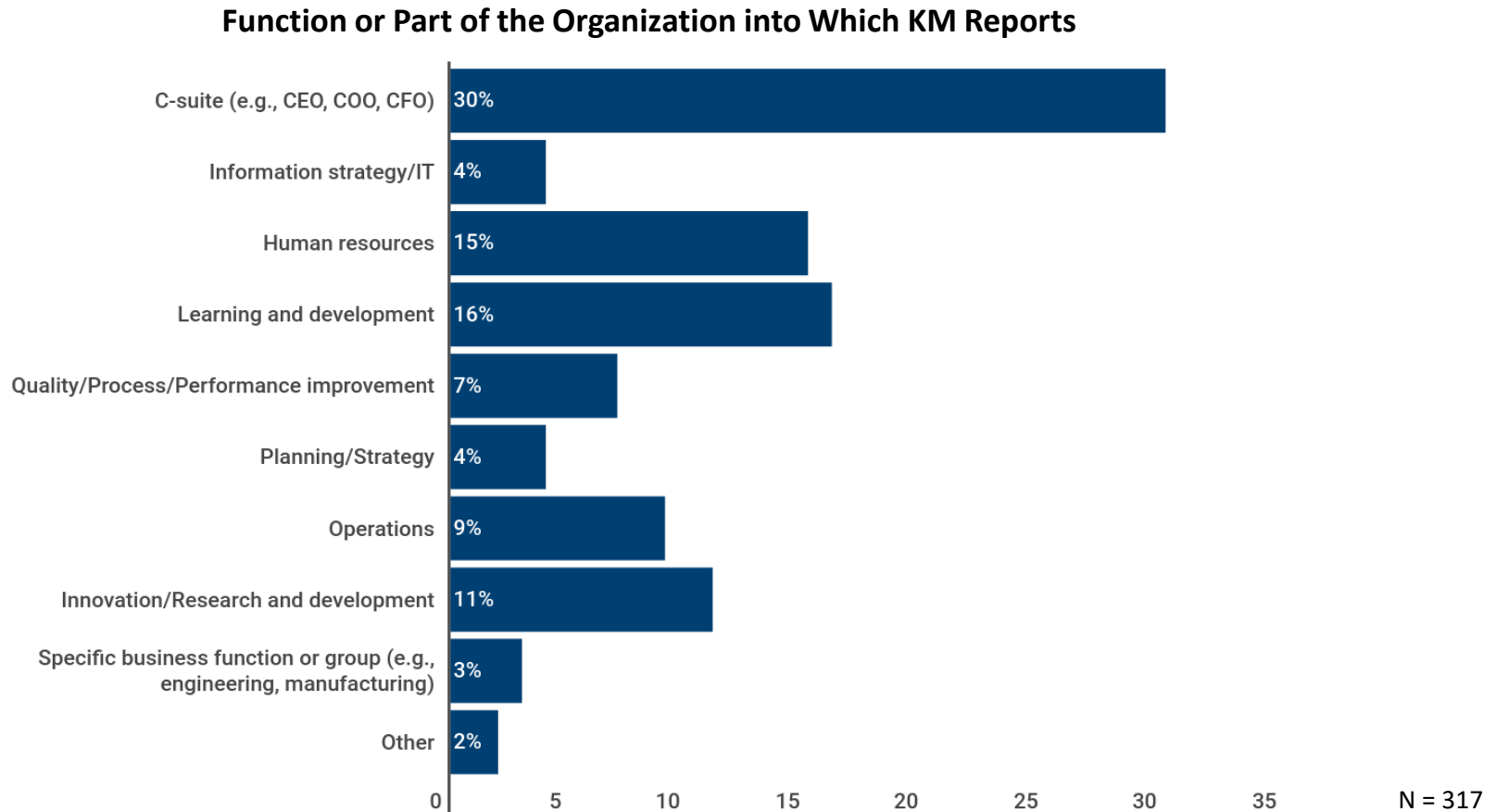
KM PROGRAM TENURE

The participants in the survey represent a relatively even distribution of new, developing, and long-standing KM programs.



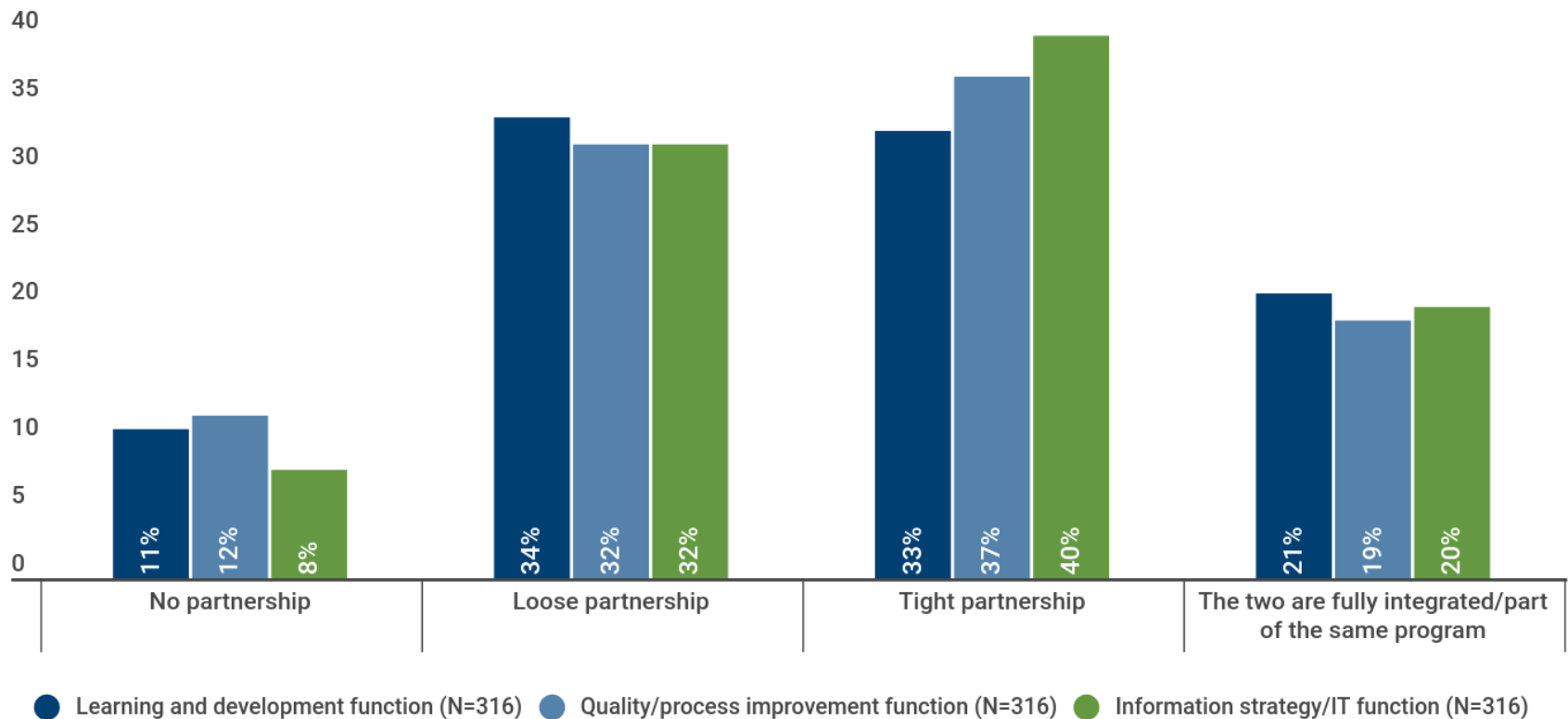
KM REPORTING STRUCTURE

Almost a third of surveyed KM programs report into the c-suite, and an additional third report into HR or learning & development. Surprisingly few report into IT or information strategy.



PARTNERSHIP BETWEEN KM & RELATED FUNCTIONS

Although few participating KM programs report into IT, three-fifths are fully integrated or have tight partnerships with IT. A majority are fully integrated or have tight partnerships with learning and development and quality/process improvement.



KM PROGRAM ELEMENTS IN PLACE

Many surveyed KM programs still lack critical enablers, especially when it comes to change management and communication.



58%

Cross-functional steering or advisory committee to oversee knowledge



58%

Knowledge maps to identify knowledge gaps and/or needs



51%

Formal business case for knowledge management



44%

Change management strategy to support knowledge management



37%

KM communication plan to raise awareness and convey value

N = 303

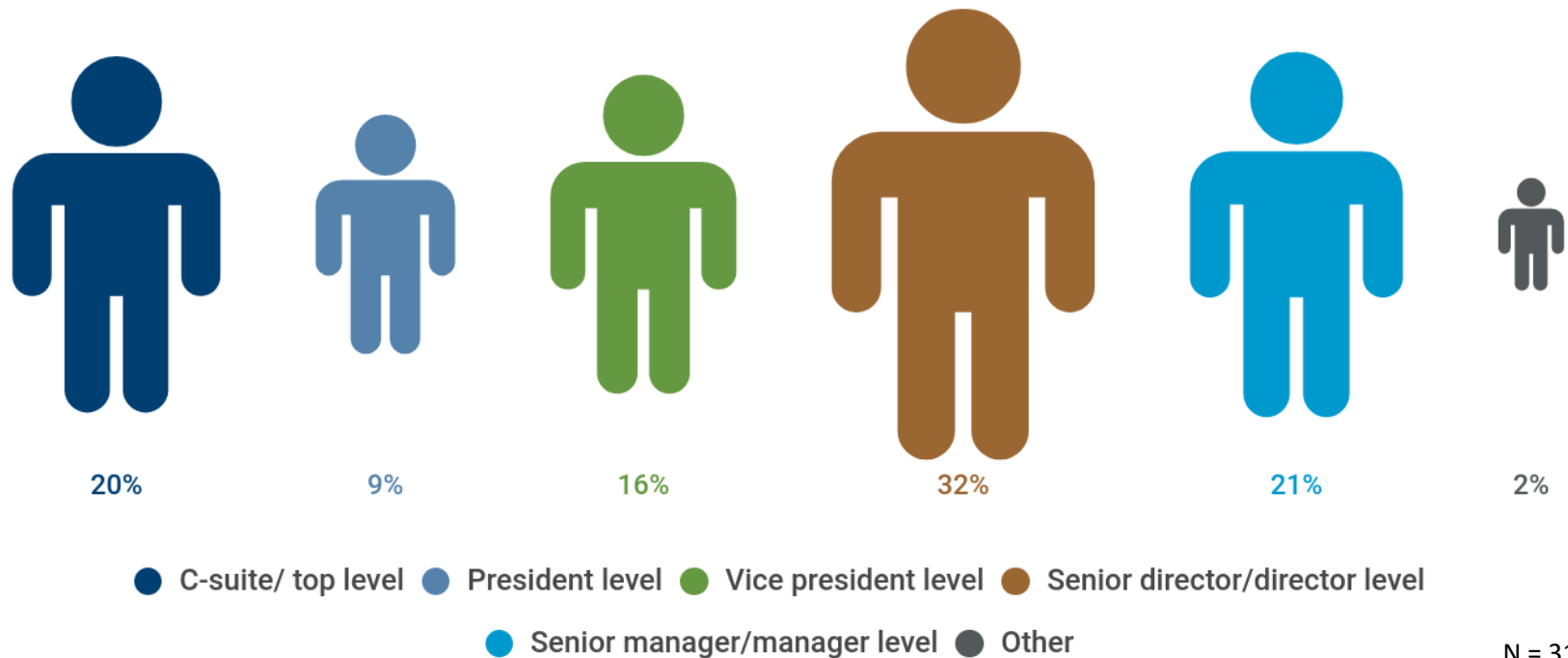
Note: The values in the above graphic do not add up to 100 percent because it was a select all that apply question.

KM STAFFING & ROLES

KM PROGRAM LEADERSHIP

More than half of participating KM programs are led by individuals at the manager or director level. Most of the remainder are led by individuals at the c-suite, president, or vice presidential level.

Level of Leadership Primarily Accountable for KM Within the Organization

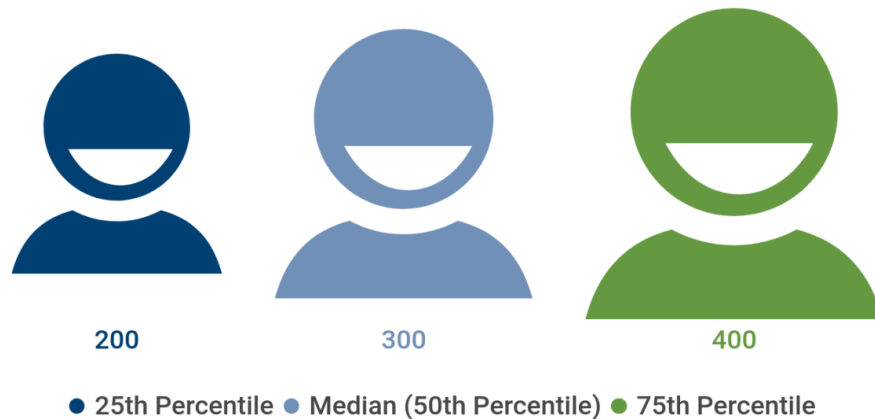


N = 317

STAFFING LEVELS ON THE KM CORE TEAM

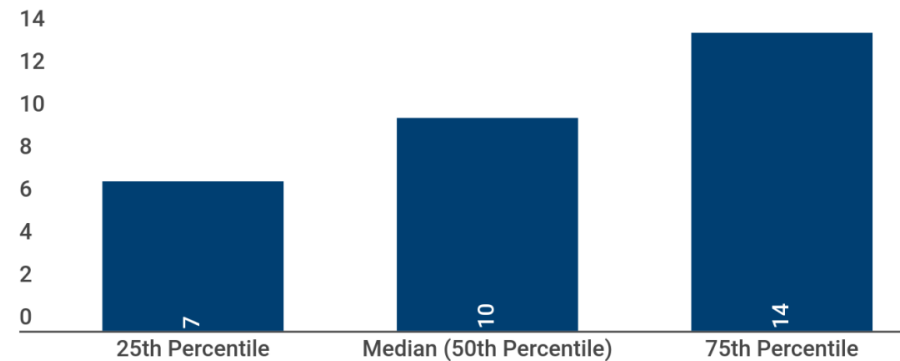
At the median level, participating KM programs have one full-time staff member directly supporting KM for every 300 business entity employees, or for every \$100 million in business entity revenue/budget.

Number of Business Entity Employees per FTE That Directly Supports the Business Entity's KM Program



N = 197

Number of FTEs That Directly Support Business Entity's KM Program per \$1 Billion Revenue



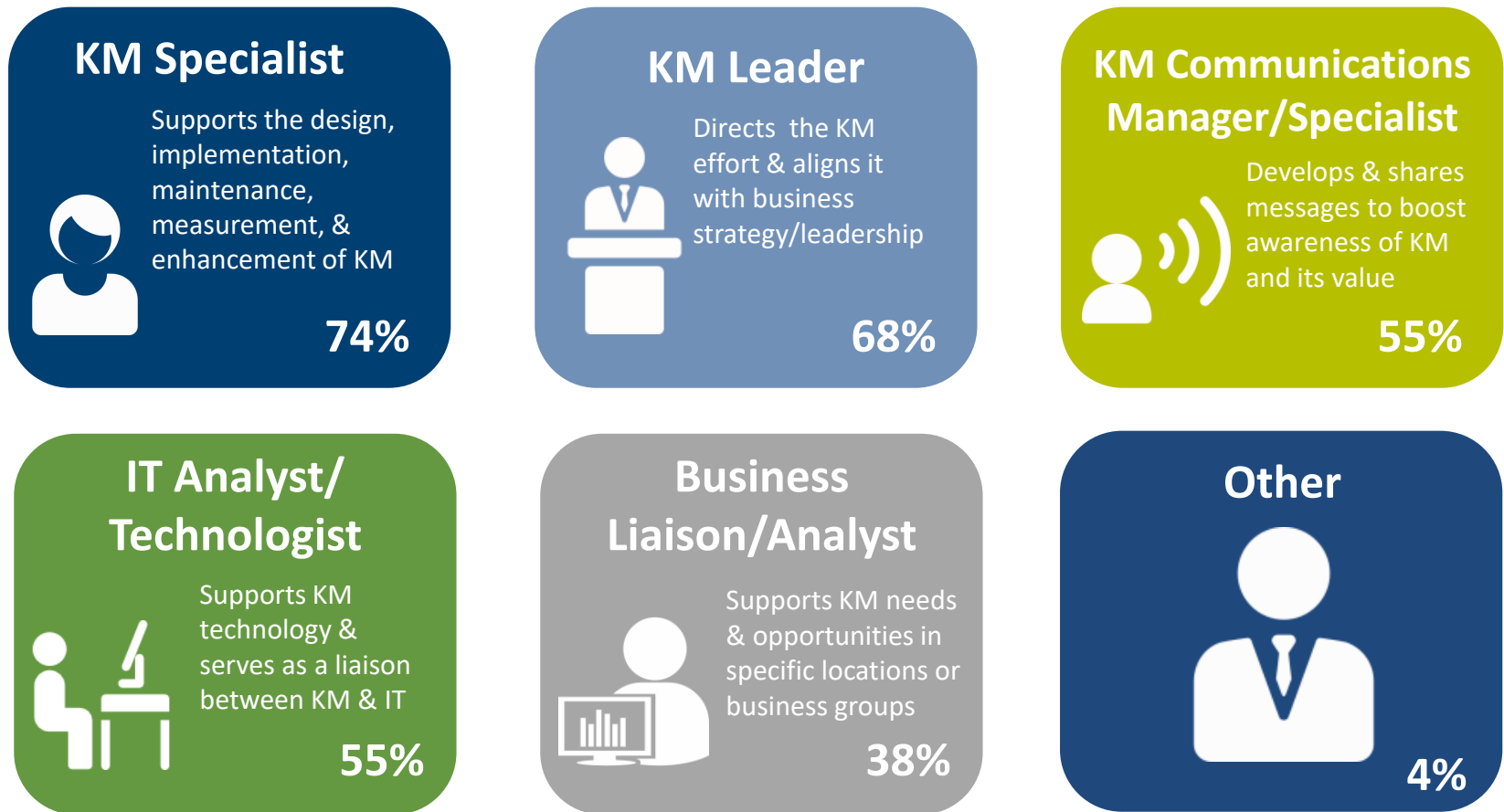
N = 183

Note: In this context, the business entity is the part of the organization that the KM program, initiative, or service supports. In the case of enterprise KM programs, the business entity is equivalent to the entire organization.

Note: Full-time equivalent (FTE) is a unit of measure used to indicate the workload of an individual employed full time (40 hours per week). An employee working 40 hours per week would equal an FTE of 1.0, whereas an employee working 20 hours per week would equal an FTE of 0.5.

COMMON KM CORE TEAM ROLES

Most KM teams include a leader and specialist, and a majority also have dedicated roles focused on KM communications and technology.



N = 317

Note: The values in the graphic above do not add up to 100 percent because it was a "select all that apply" question.

COMMON KM ROLES IN THE BUSINESS

A majority of participating KM programs rely on experts, sponsors, and liaisons who reside out in the business.



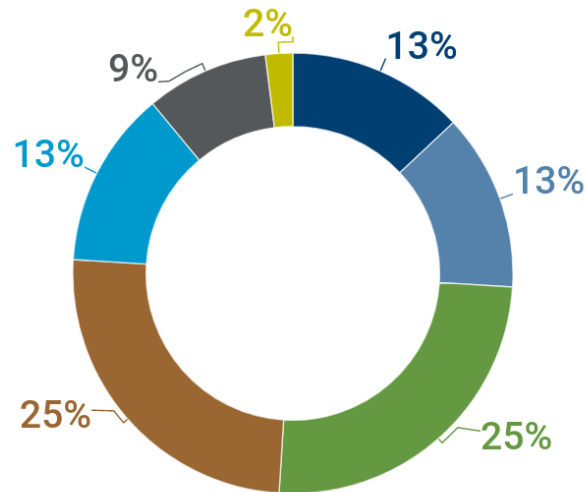
Note: The values in the graphic above do not add up to 100 percent because it was a "select all that apply" question.

N = 312

TIME DEVOTED TO COMMUNITY LEADERSHIP

Among surveyed KM programs with community of practice leader roles, half report that those leaders are expected to devote 6 to 20 percent of their total time to community-related work.

Percentage of Time That Community of Practice Leaders Are Expected to Devote to KM Activities



- No allocated time for role
- 1 to 5 percent
- 6 to 10 percent
- 11 to 25 percent
- 26 to 50 percent
- 51 to 75 percent
- 76 to 100 percent

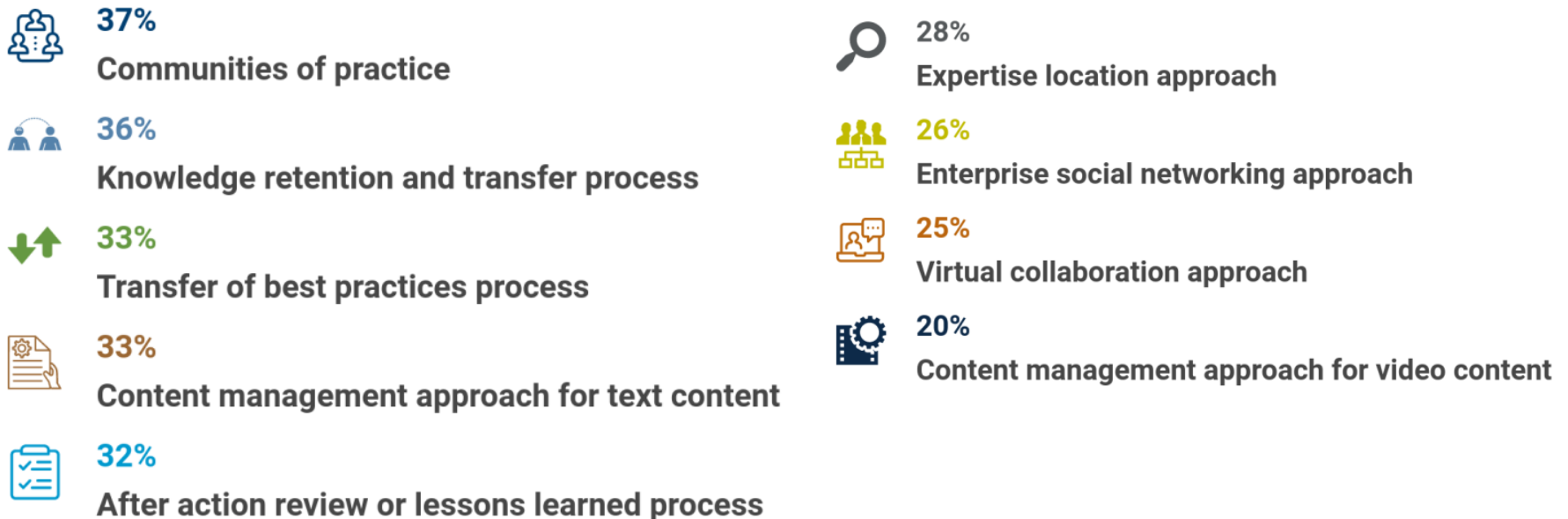
N = 110

KM APPROACHES, TOOLS, AND IT

KM APPROACHES IN PLACE

Participating KM programs support an array of approaches, primarily focused on communities, knowledge transfer, and content management.

Most Common KM Approaches Supported by Participating KM Programs



11% of participating programs are developing KM approaches, but do not currently provide any.

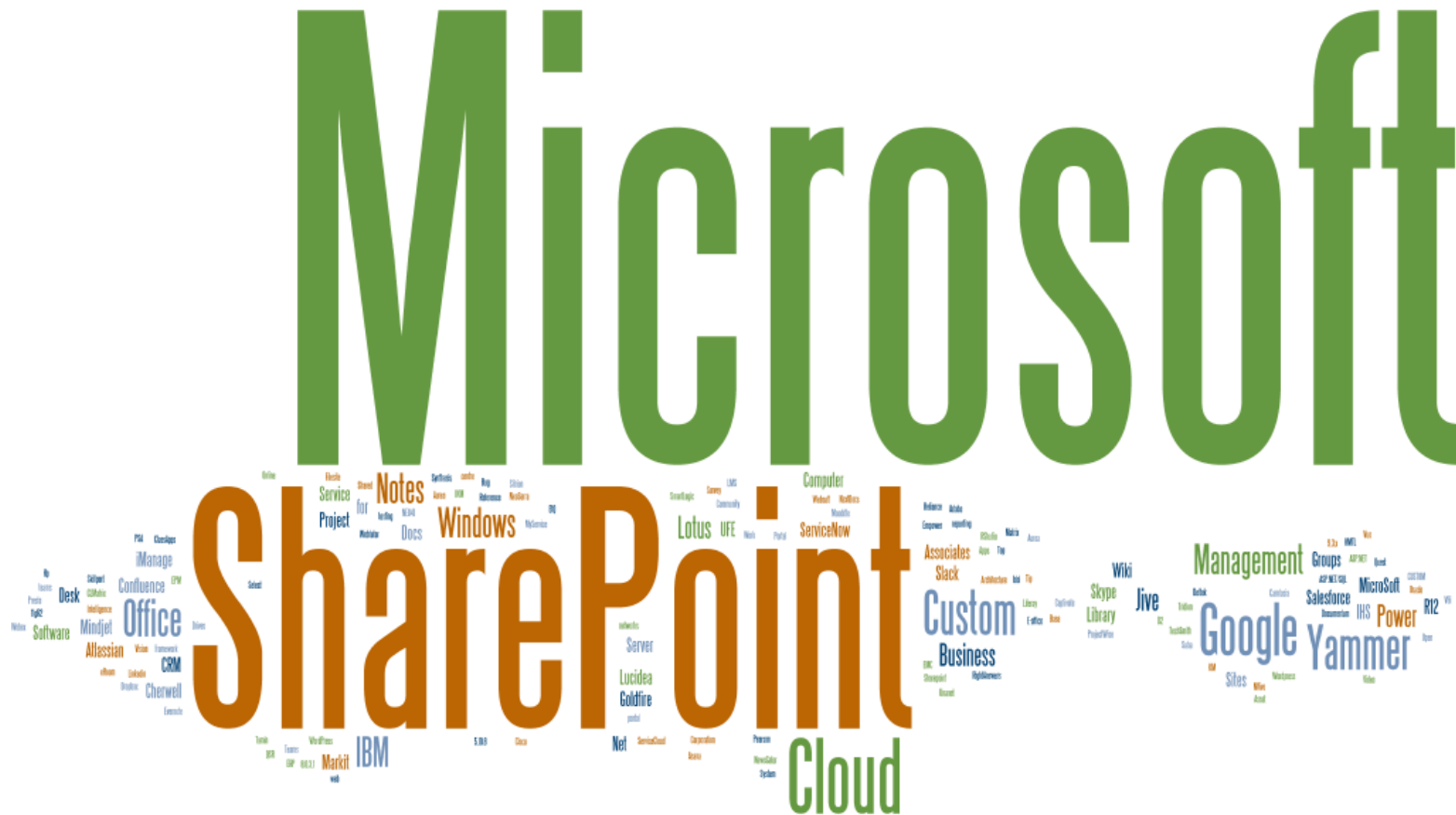
N = 314

Note: The values in the above graphic do not add up to 100 percent because it was a select all that apply question.

SOFTWARE USED

Microsoft applications—especially the on-premises and cloud versions of SharePoint—are the most commonly used for KM by a wide margin.

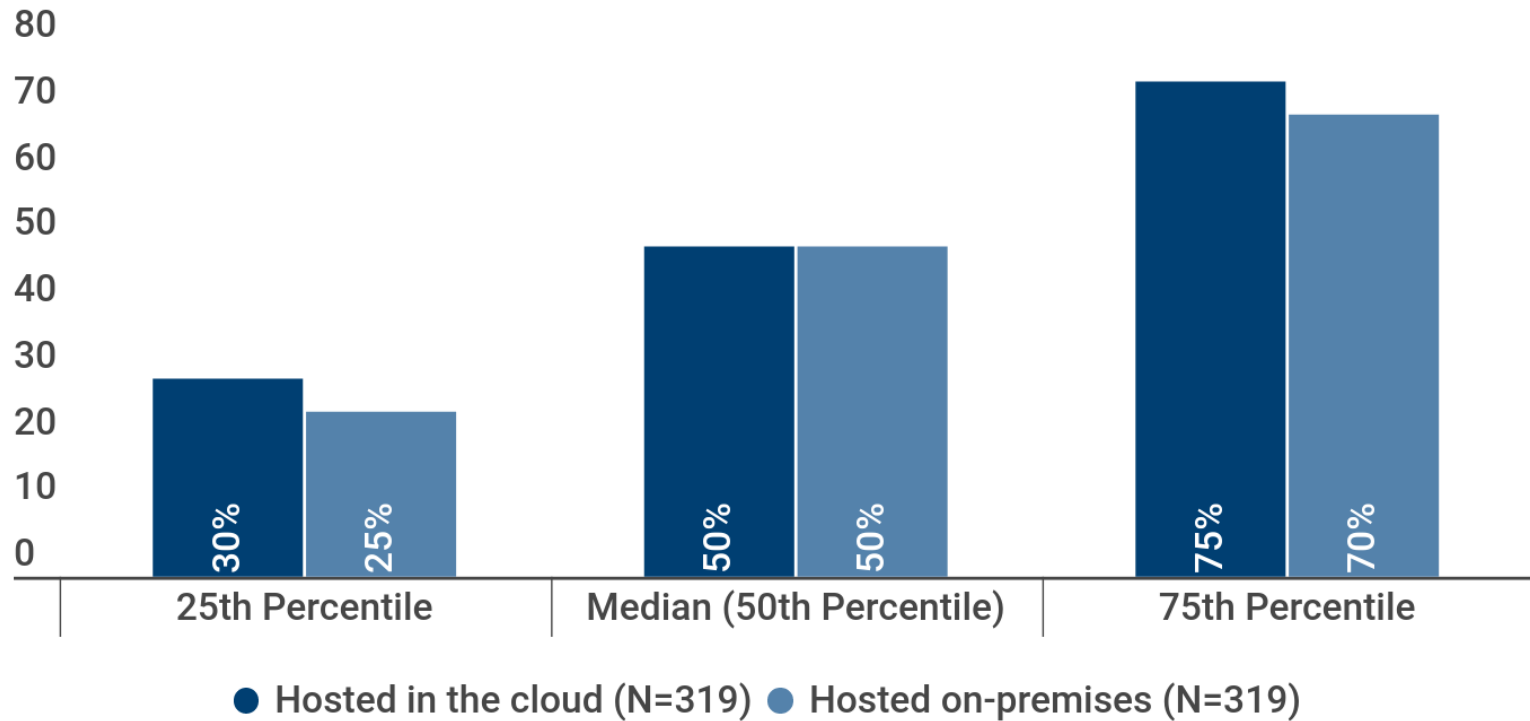
Word Cloud Based on the Prevalence of KM Vendors and Applications Used by Participating KM Programs



ADOPTION OF CLOUD SOLUTIONS FOR KM

At the median level, an equal percentage of KM applications, platforms, or technologies are hosted in the cloud and on-premises.

Percentage of KM Applications, Platforms, or Technologies Hosted in the Cloud vs. on Premises

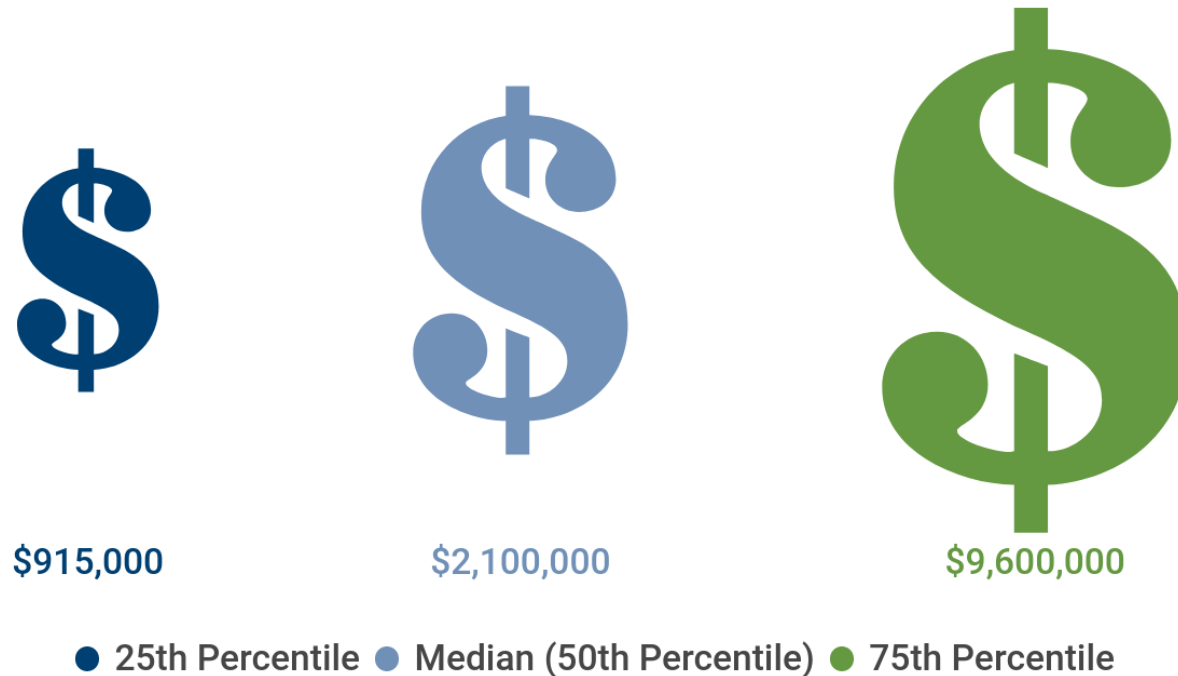


KM PROGRAM COSTS & FUNDING SOURCES

TOTAL COST OF KM

The median total cost for survey participants' KM programs is \$2.1 million. But total cost varies widely, likely driven by the size of the supported business entity and the suite of KM tools and approaches offered.

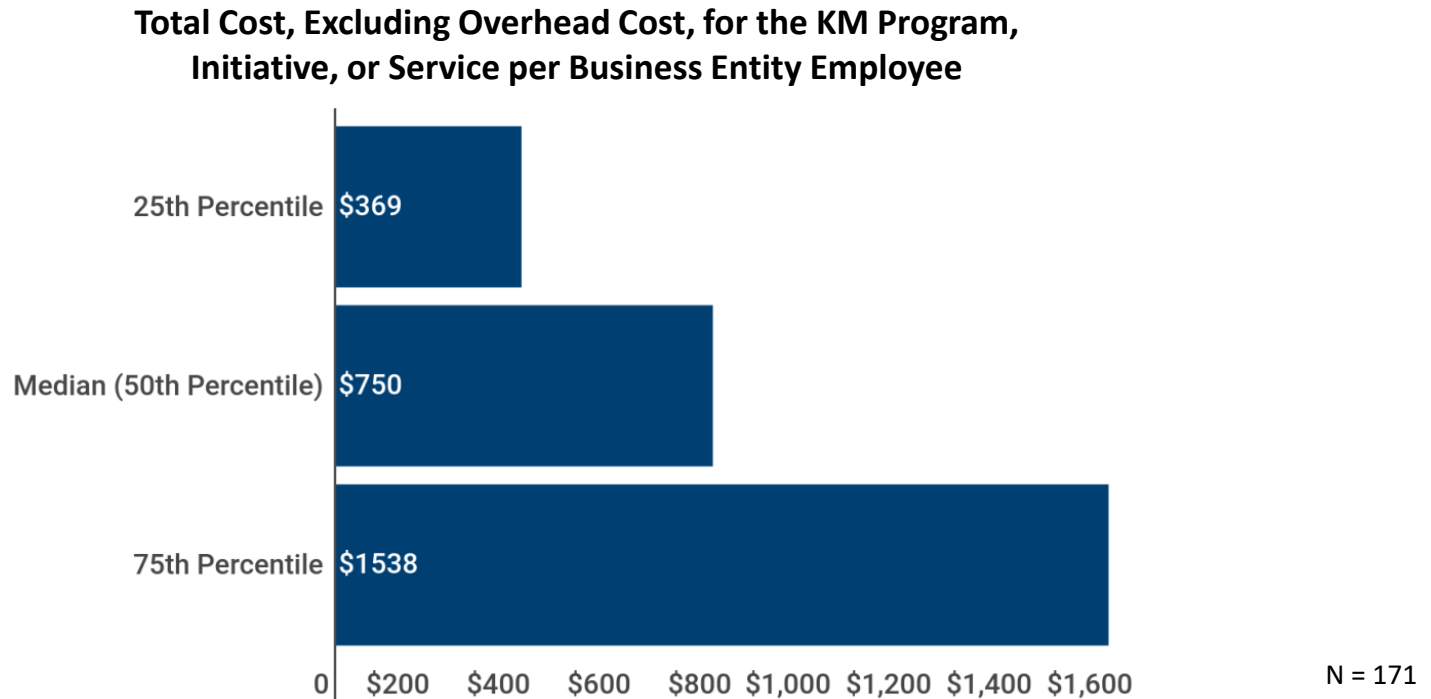
Total Cost, Excluding Overhead Cost, for the KM Program, Initiative, or Service



N = 175

TOTAL COST OF KM

One way to compare KM costs is to normalize them by the number of employees in the business entity that the KM program supports. The surveyed KM programs spend a median of \$750 per employee, but programs at the 75th percentile level spend more than twice that.

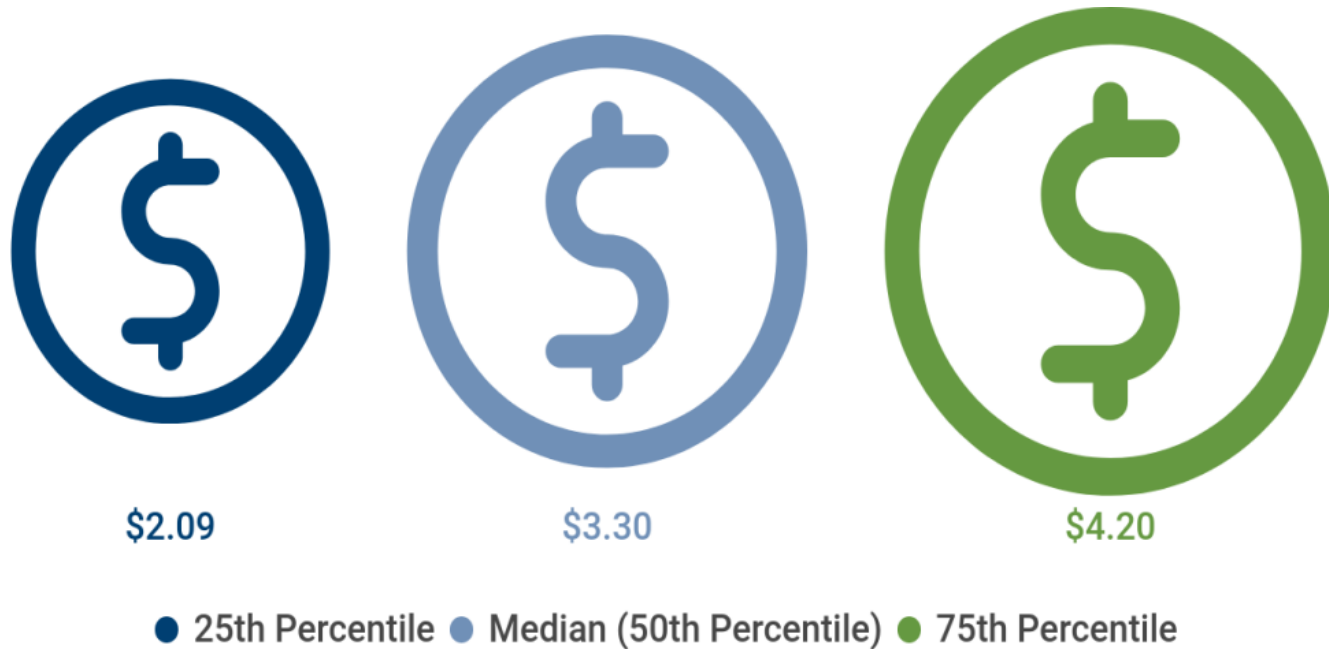


Note: In this context, the business entity is the part of the organization that the KM program, initiative, or service supports. In the case of enterprise KM programs, the business entity is equivalent to the entire organization.

TOTAL COST OF KM

Variations in KM costs lesson somewhat when normalized by the revenue or budget of the business entity that the KM program supports. At the median level, the cost of surveyed KM programs represents 0.33% of the supported business entity's revenue or budget.

**Total Cost, Excluding Overhead Cost, for the KM Program, Initiative, or Service
per \$1,000 Revenue**

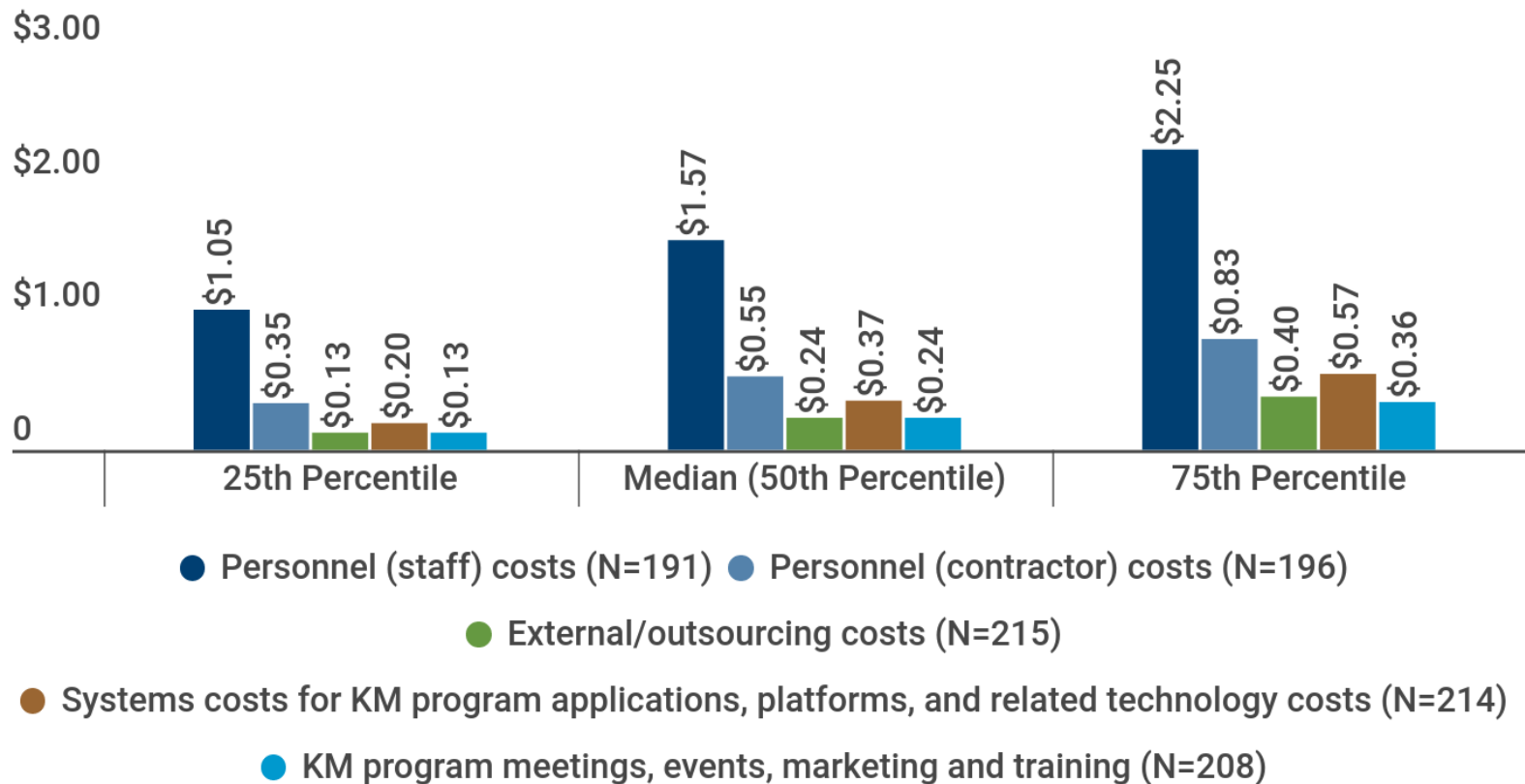


N = 165

ALLOCATION OF KM COSTS

Surveyed KM programs allocate a majority of KM costs to staff responsible for leading, managing, and supporting the KM effort.

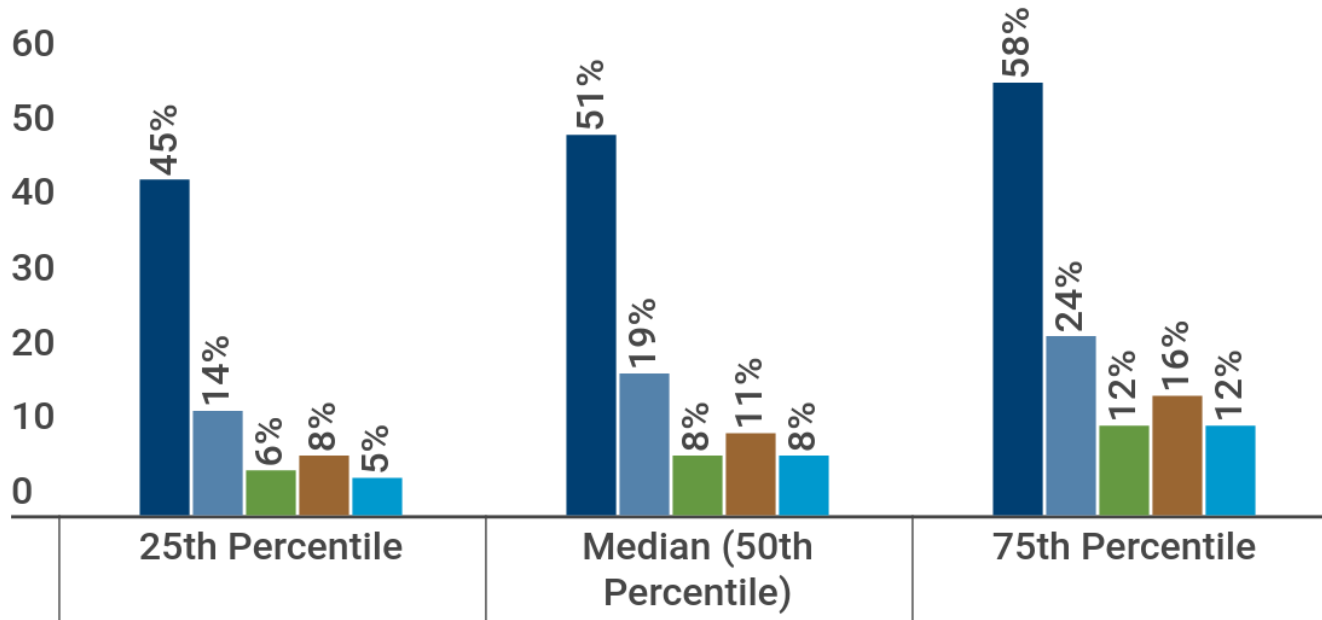
KM Cost in Various Categories per \$1,000 Revenue



ALLOCATION OF KM COSTS

At the median level, surveyed KM programs spend almost seven times more on staff and contract personnel than on KM-specific technology.

Percentage of Total KM Cost, Excluding Overhead Cost, Allocated to Various Cost Categories

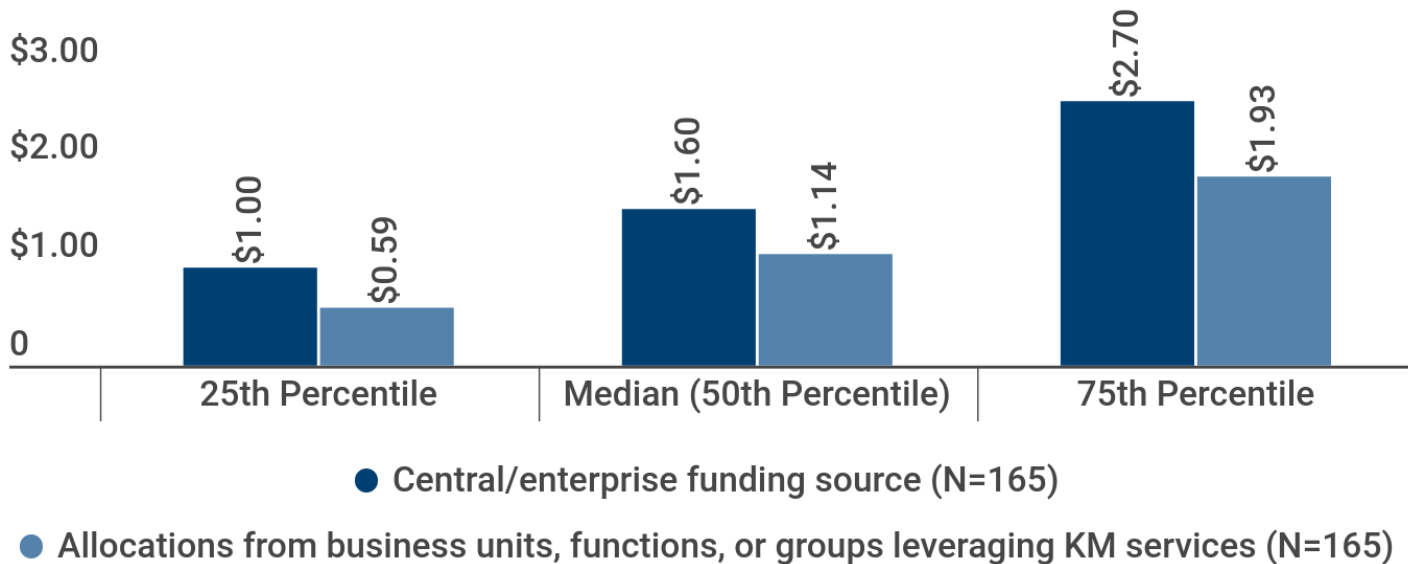


- Personnel (staff) costs (N=171)
- Personnel (contractor) costs (N=164)
- External/outsourcing costs (N=162)
- Systems costs (N=174)
- Meetings, events, marketing, and training (N=166)

FUNDING SOURCES FOR KM

At the median level, surveyed KM programs receive \$1.60 in funding from central sources per \$1,000 in business entity revenue, which is \$.46 more than they receive from business sources. However, the business usually funds time for employees to participate in KM activities, and this is rarely tracked as part of total KM costs.

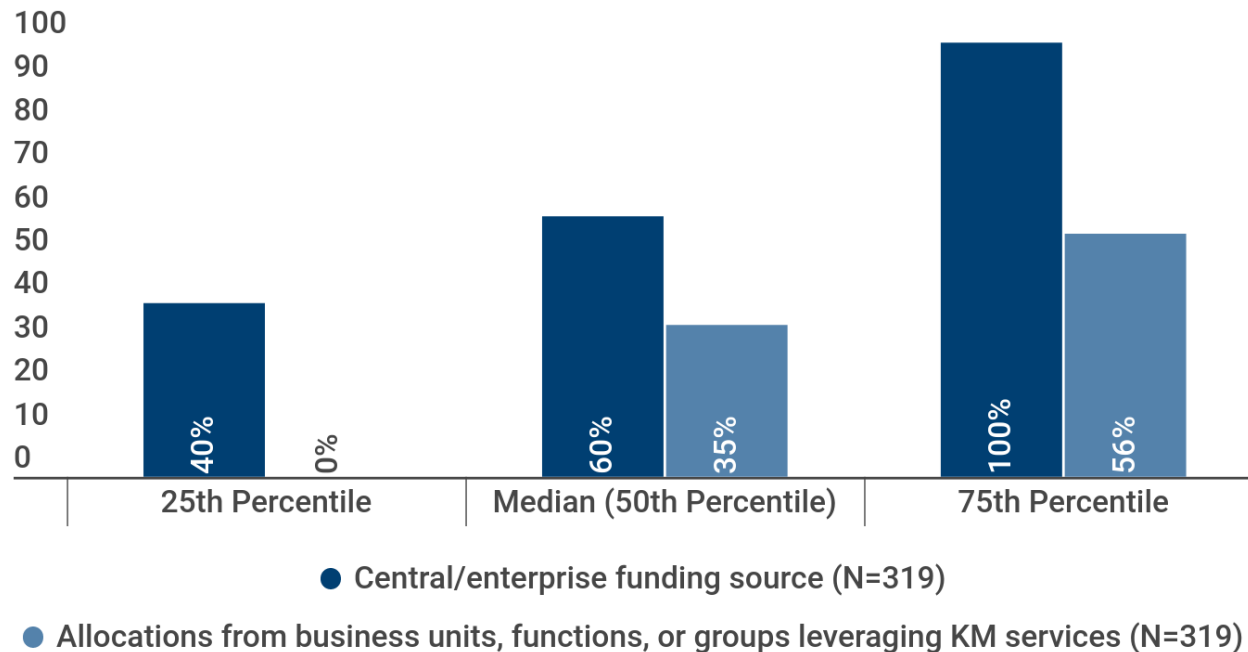
**KM Funding from Central/Enterprise Sources vs. Business
Units/Functions/Groups Leveraging KM Services, per \$1,000 Revenue**



FUNDING SOURCES FOR KM

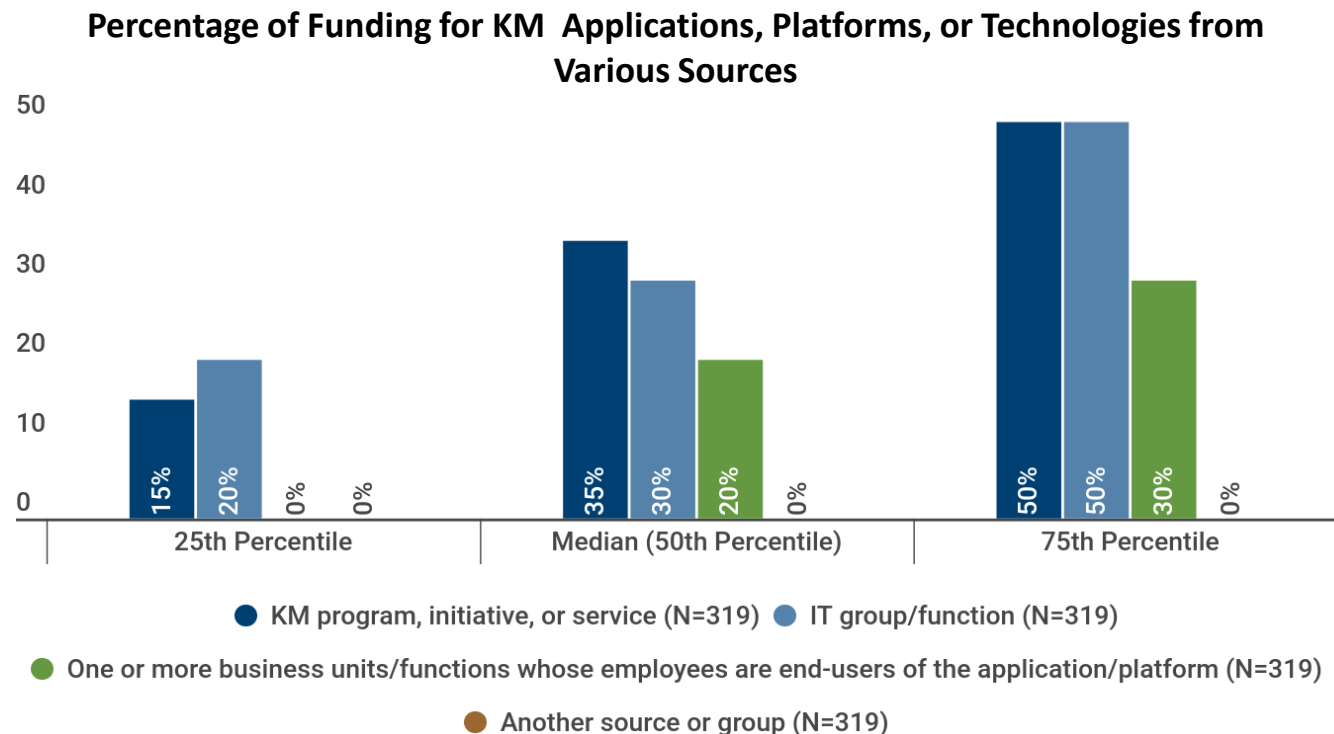
At the median level, centralized or enterprise sources provide 60 percent of funding for KM, with most of the remainder coming from business groups leveraging KM services. Typically, the percentage of funding from business groups grows over time as the KM program matures and demonstrates its value to the business.

Percentage of KM Funding from Central/Enterprise Sources vs. Business Units, Functions, or Groups Leveraging KM Services



FUNDING SOURCES FOR KM

Funding for KM technology comes from a range of sources. At the median level, 35 percent comes from the KM program, 30 percent from IT, and 20 percent from business groups using the tools. IT likely picks up the cost of enterprise platforms (e.g., SharePoint) whereas KM and business groups tend to be responsible for more targeted investments.



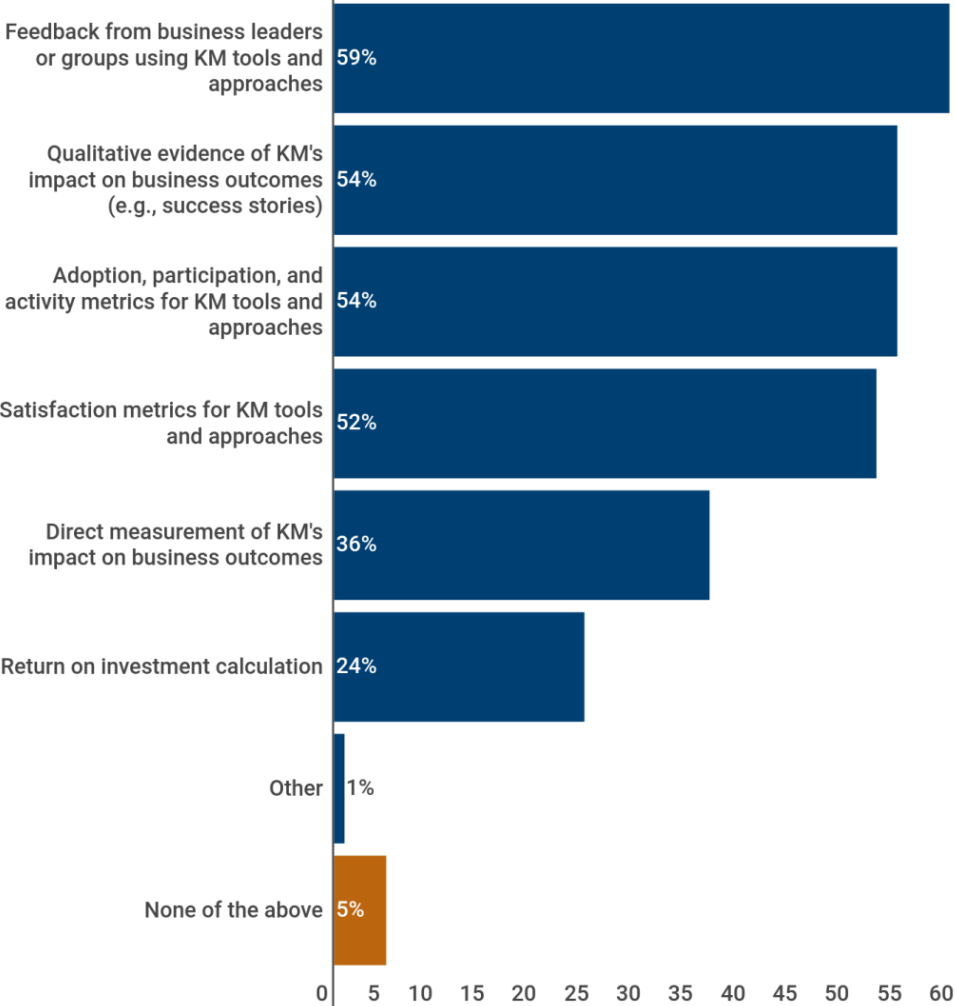
KM MEASUREMENT & OUTCOMES

GAUGING THE VALUE AND IMPACT OF KM

Almost 60% of participants use feedback from business leaders & groups to determine whether KM is worthy of continued investment.



Methods Used to Evaluate the KM Program



Note: The values in the graphic on the right do not add up to 100 percent because it was a select all that apply question.

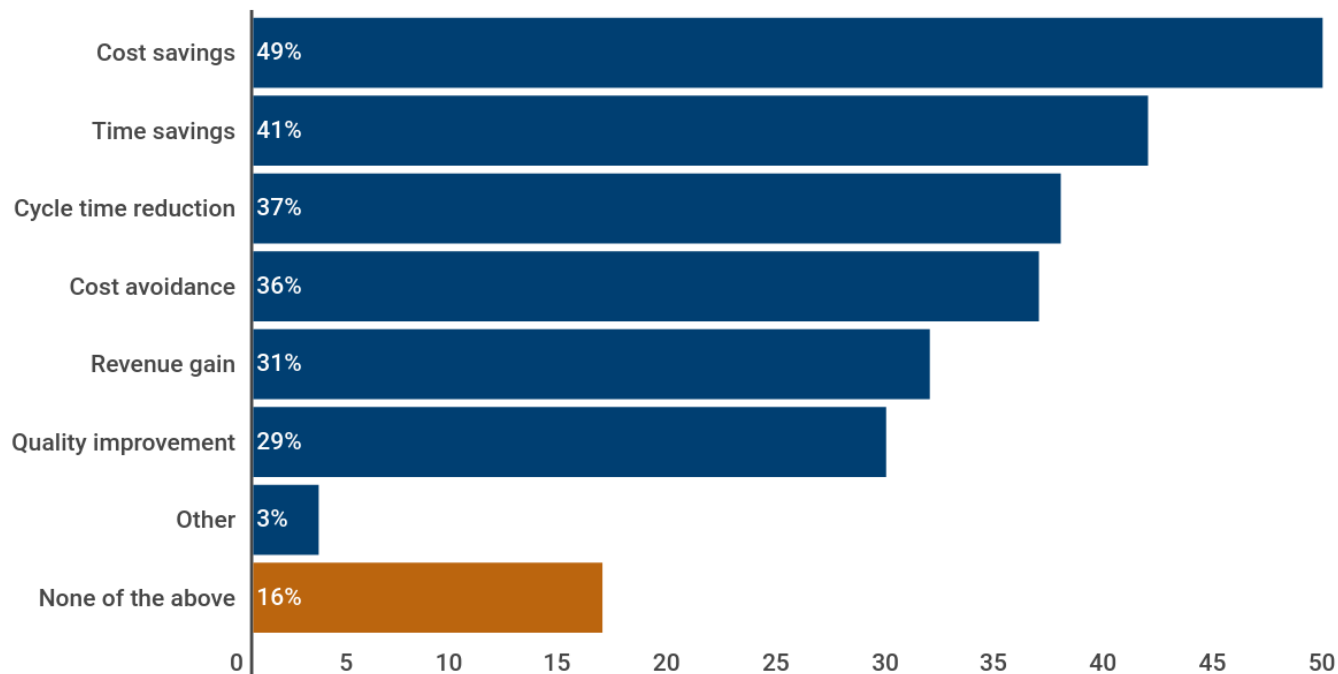
N = 315



BUSINESS VALUE MEASURES FOR KM

The most common indicator used to evaluate KM's business value is cost savings, followed by time savings and reductions in the time required to complete specific projects, tasks, or activities.

Indicators of Business Value Explicitly Measured as a Result of the KM Program, Approaches, or Activities



Note: The values in the above graphic do not add up to 100 percent because it was a select all that apply question.

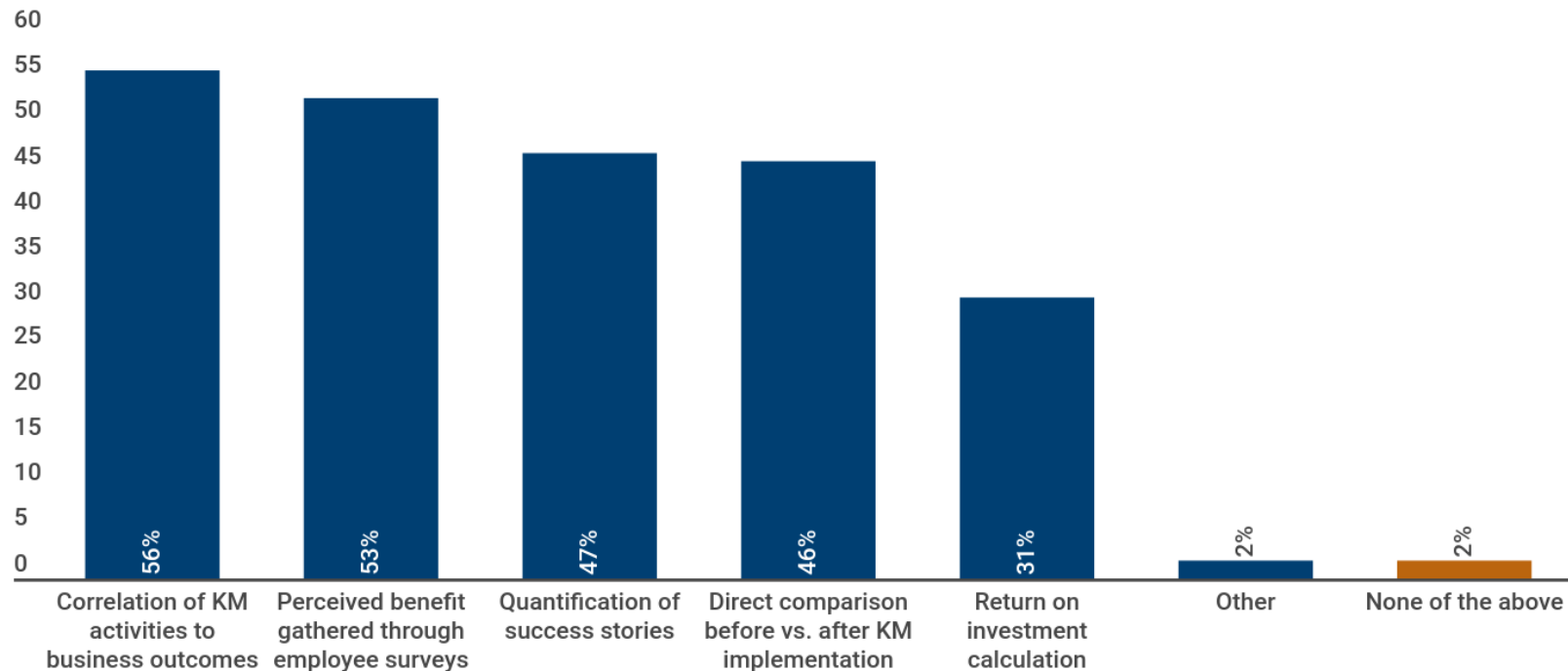
N = 315

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METHODS FOR EVALUATING BUSINESS VALUE

Among organizations that assess the business value of KM, the most common methods are correlation of KM activities to business outcomes and measuring perceived benefit through employee surveys.

Indicators of Business Value Explicitly Measured as a Result of the KM Program, Approaches, or Activities



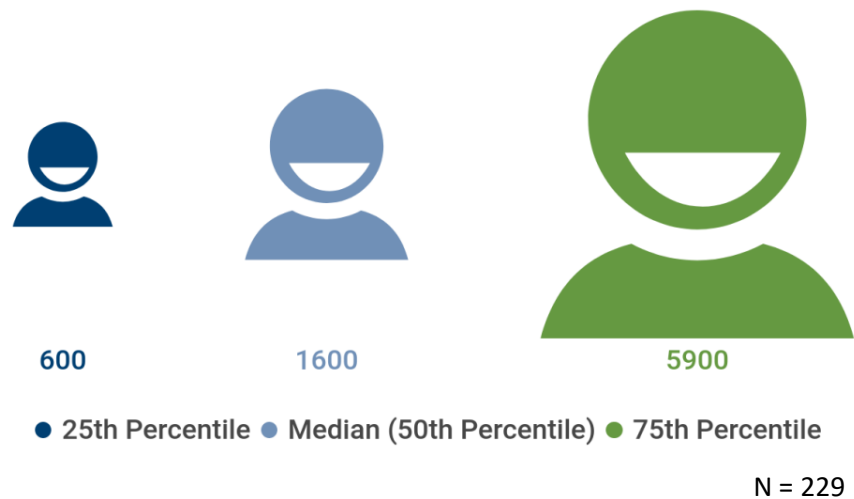
N = 264

Note: The values in the above graphic do not add up to 100 percent because it was a select all that apply question.

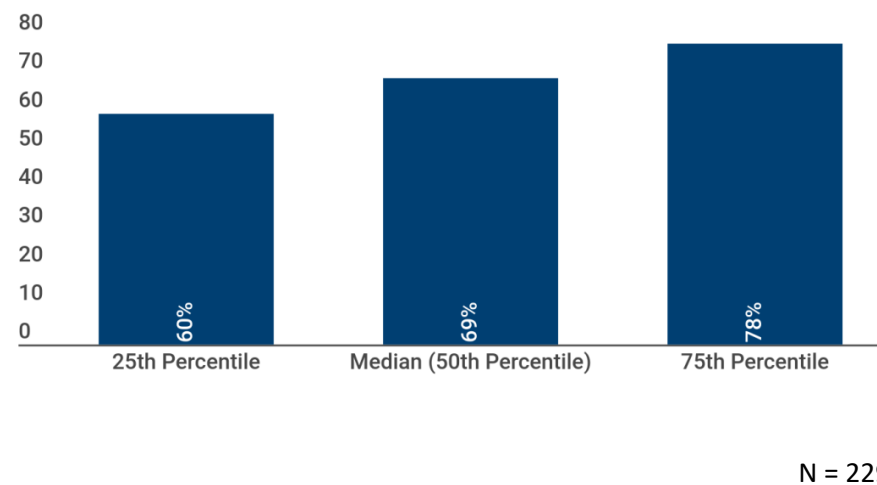
KM ADOPTION AND PARTICIPATION LEVELS

At the median level, the surveyed KM programs have 1,600 employees participating in at least one KM approach, representing 69 percent of the total workforce within the supported business entity.

Number of Business Entity Employees Who Participate in at Least One KM Tool or Approach



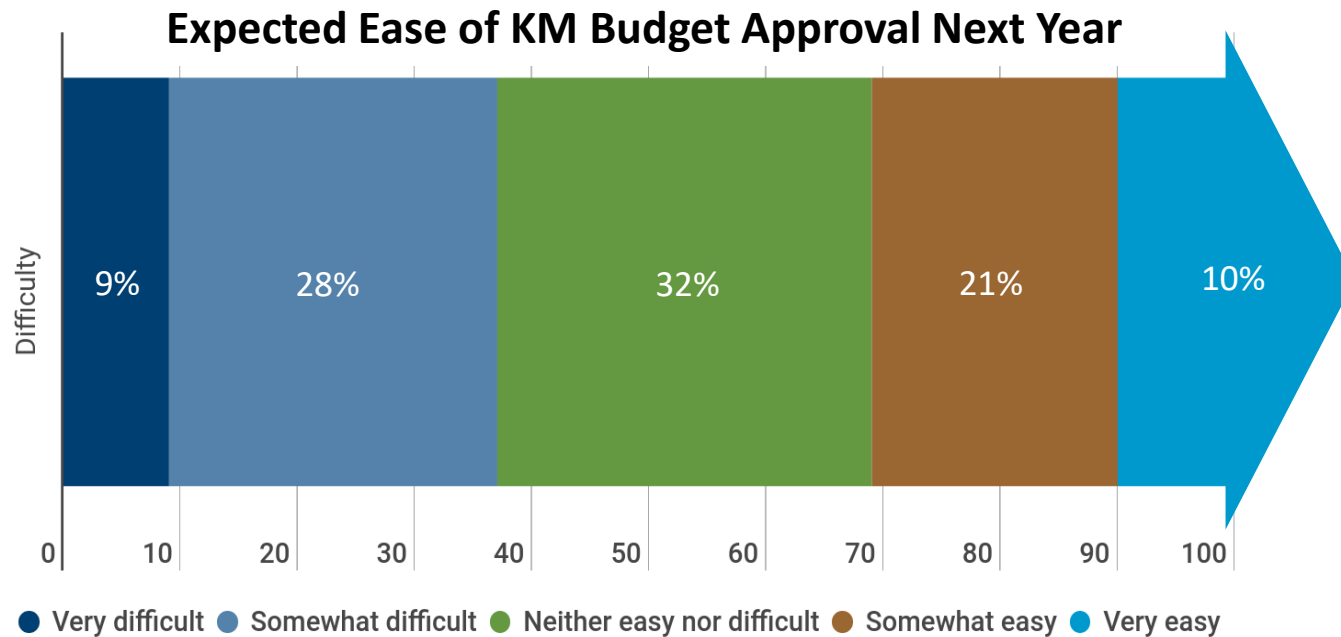
Percentage of Business Entity Employees Who Participate in at Least One KM Tool or Approach



Note: In this context, the business entity is the part of the organization that the KM program, initiative, or service supports. In the case of enterprise KM programs, the business entity is equivalent to the entire organization.

KM BUDGET APPROVAL EXPECTATIONS

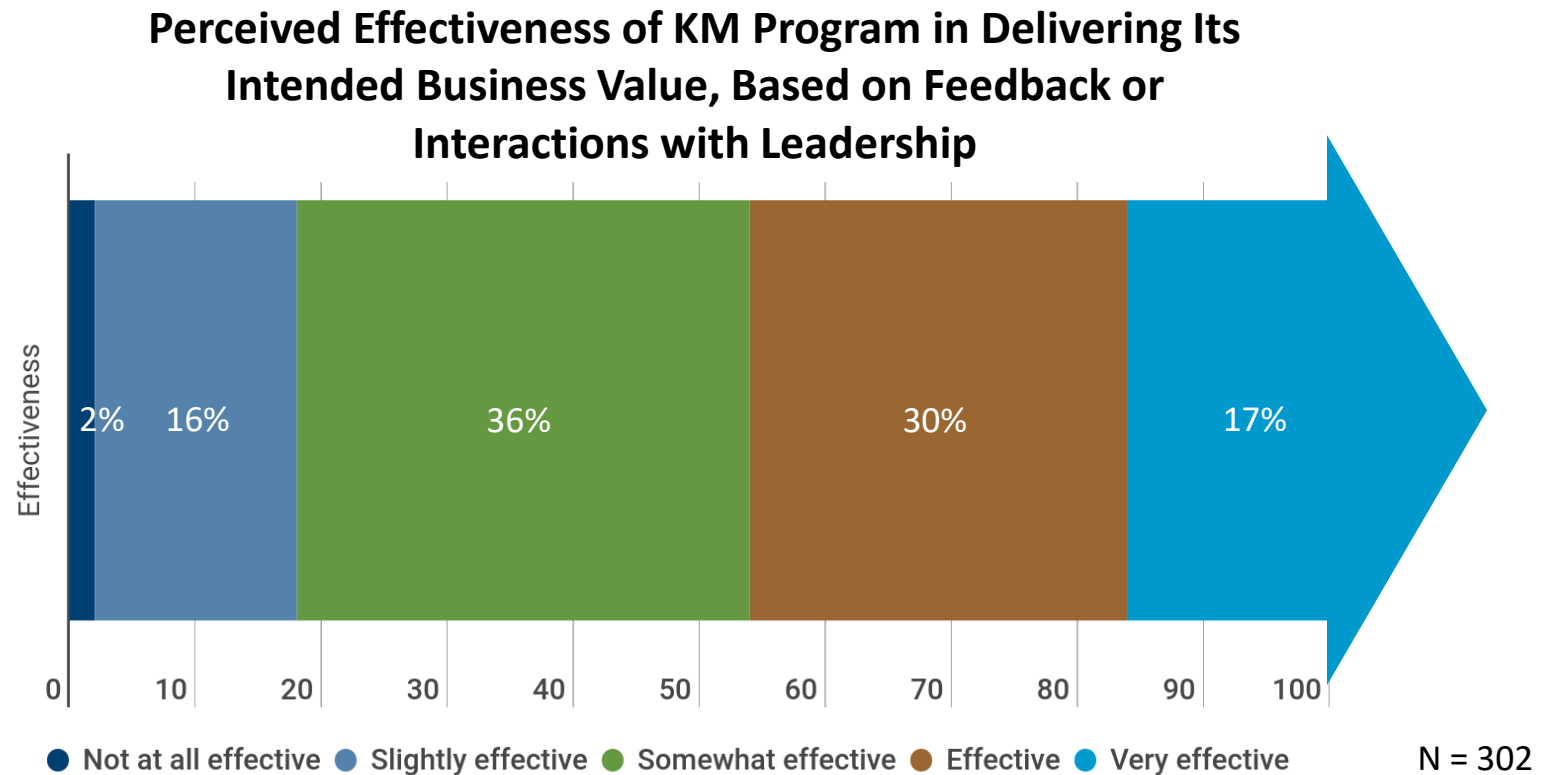
The surveyed KM programs are almost evenly split on the expected difficulty of next year's budget approval, with 31 percent saying budget approval will be somewhat/very easy, 37 percent saying it will be somewhat/very difficult, and 32 percent saying it will be neither easy nor difficult.



N = 304

LEADERSHIP PERSPECTIVE ON KM EFFECTIVENESS

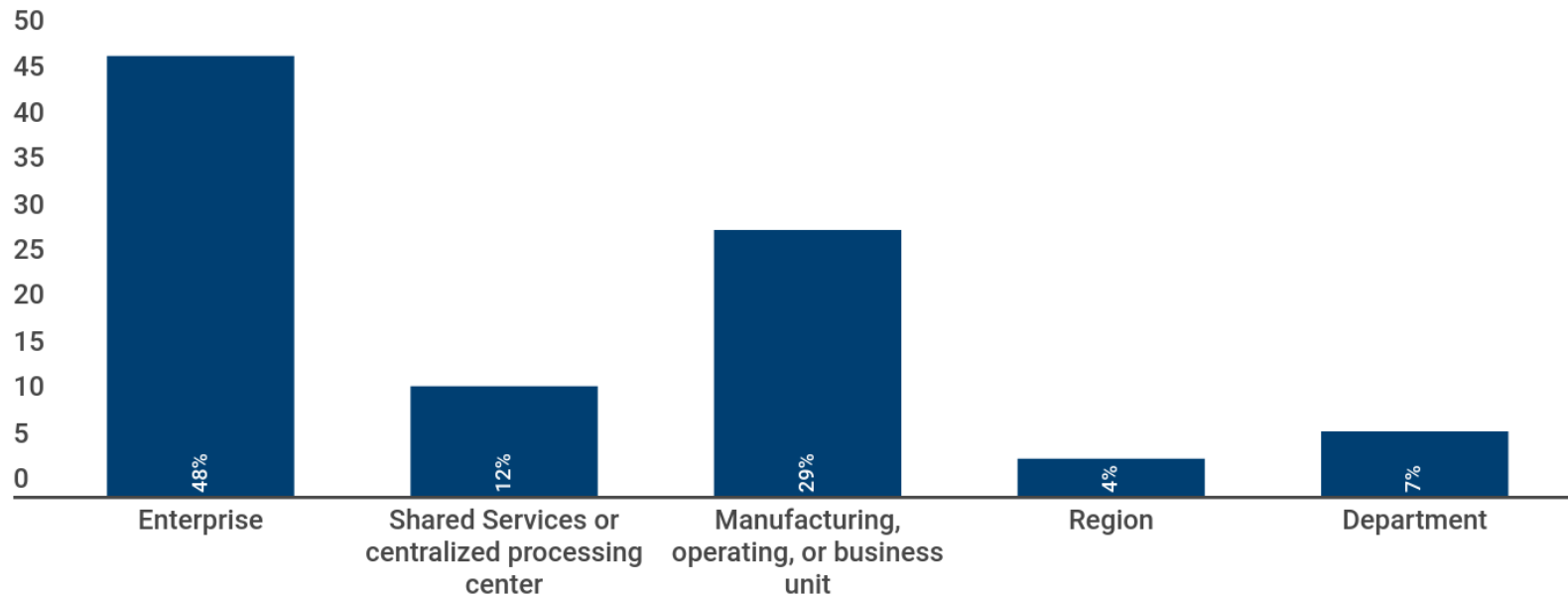
Overall, the surveyed KM programs enjoy strong leadership support and approval. Nearly half report that organizational leaders see their KM programs as either effective or very effective.



BACKGROUND AND DEMOGRAPHICS

SCOPE OF RESPONDENTS' KM PROGRAMS

Almost half the participants responded on behalf of enterprise-level KM programs, initiatives, or services. An additional 29 percent responded on behalf of KM efforts within manufacturing, operating, or business units.



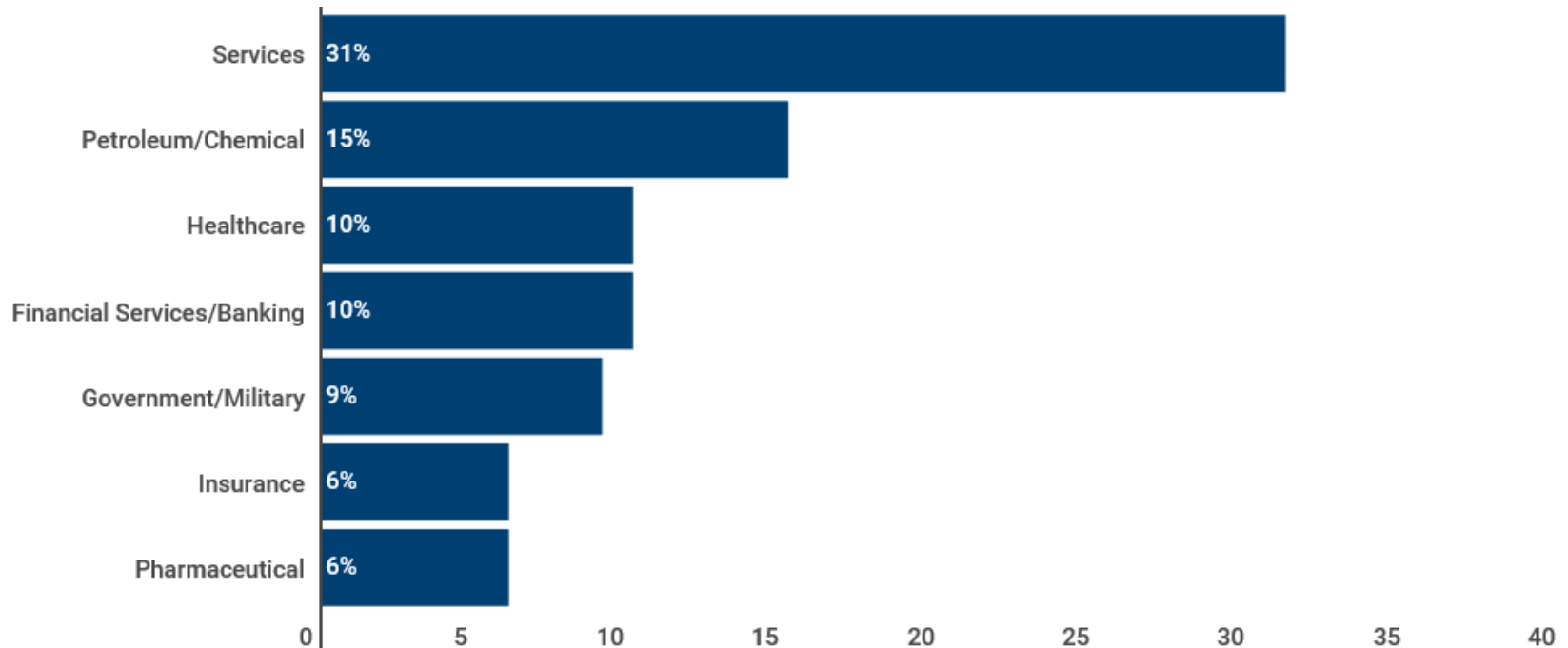
Part of the business on whose behalf the participant responded

N = 317

Note: Responses to this question determined the scope of the responding “business entity” defined earlier in this report.

TOP INDUSTRIES REPRESENTED

Representatives from more than 16 industry groups participated in the survey, but 86 percent were from the seven industries listed below. Nearly one-third represented services, followed by petroleum/chemical, healthcare, and financial services/banking.

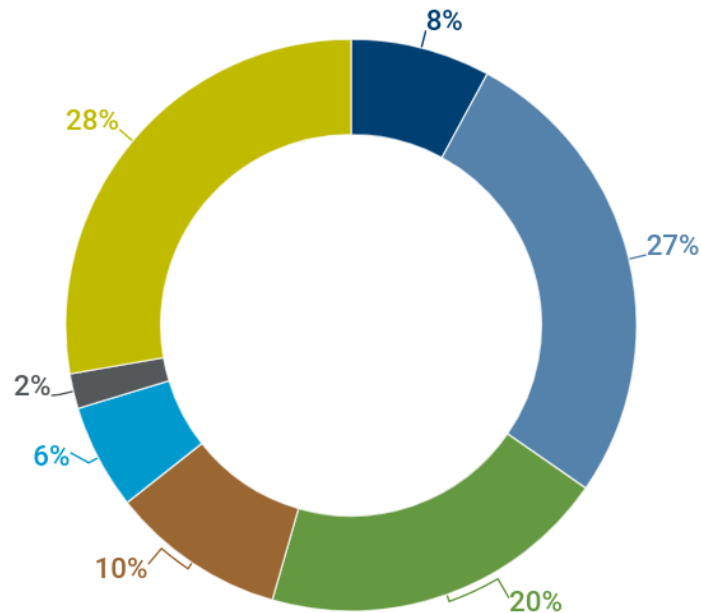


Note: Other industries that did not fall into the top 7 include: Utility, Industrial Products, Distribution/Transportation, Electronics, Retail and Wholesale, Research Organization, Automotive, Consumer/Products Packaged Goods, and Rental.

N = 319

TOTAL ANNUAL ORGANIZATION REVENUE

Twenty-eight percent of participants report total annual organization revenue of \$20 billion or greater. Another 27 percent report annual revenue between \$100 million and \$1 billion.



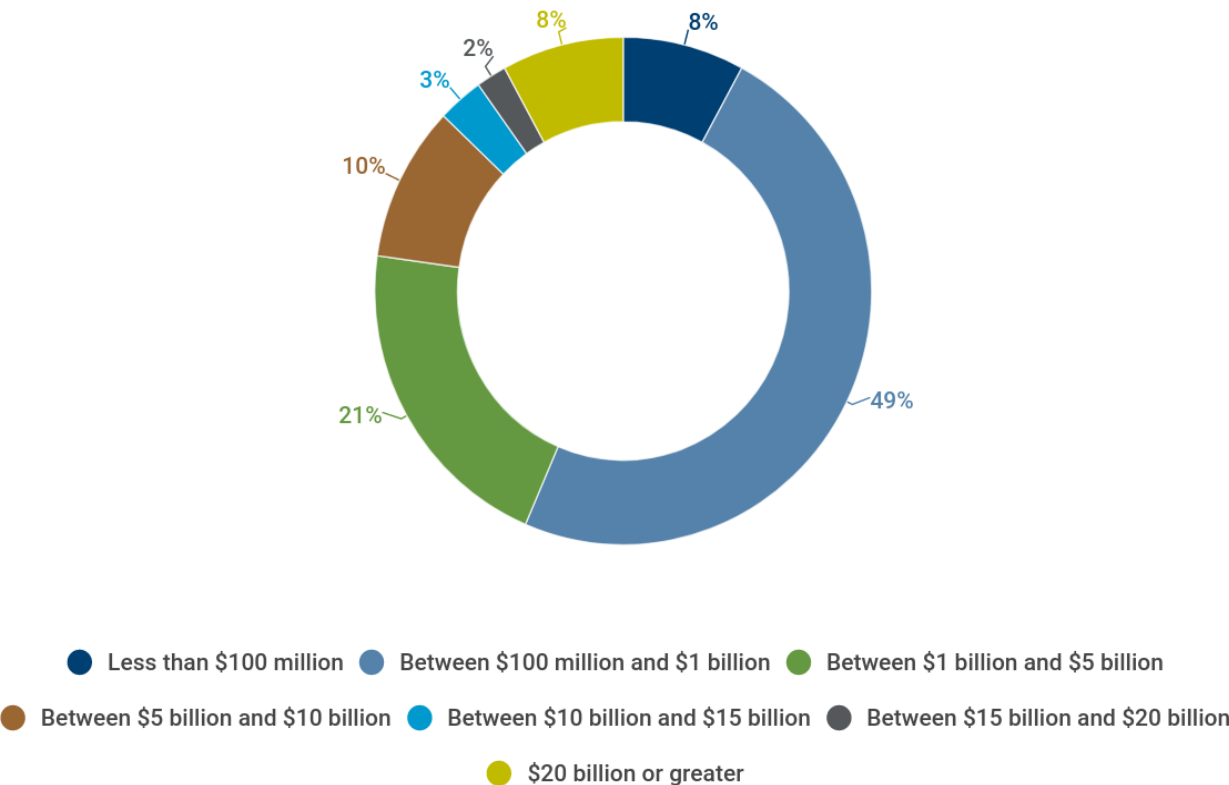
- Less than \$100 million
- Between \$100 million and \$1 billion
- Between \$1 billion and \$5 billion
- Between \$5 billion and \$10 billion
- Between \$10 billion and \$15 billion
- Between \$15 billion and \$20 billion
- \$20 billion or greater

N = 291

TOTAL ANNUAL BUSINESS ENTITY REVENUE AND FTES

Almost half the participants report that their KM efforts support business entities with annual revenue/budget between \$100 million and \$1 billion. The median number of FTEs is 2,800.

Total Annual Revenue for the Business Entity That the Knowledge Management Program, Initiative, or Service Supports



N = 281



Number of FTEs in the Supported Business Entity

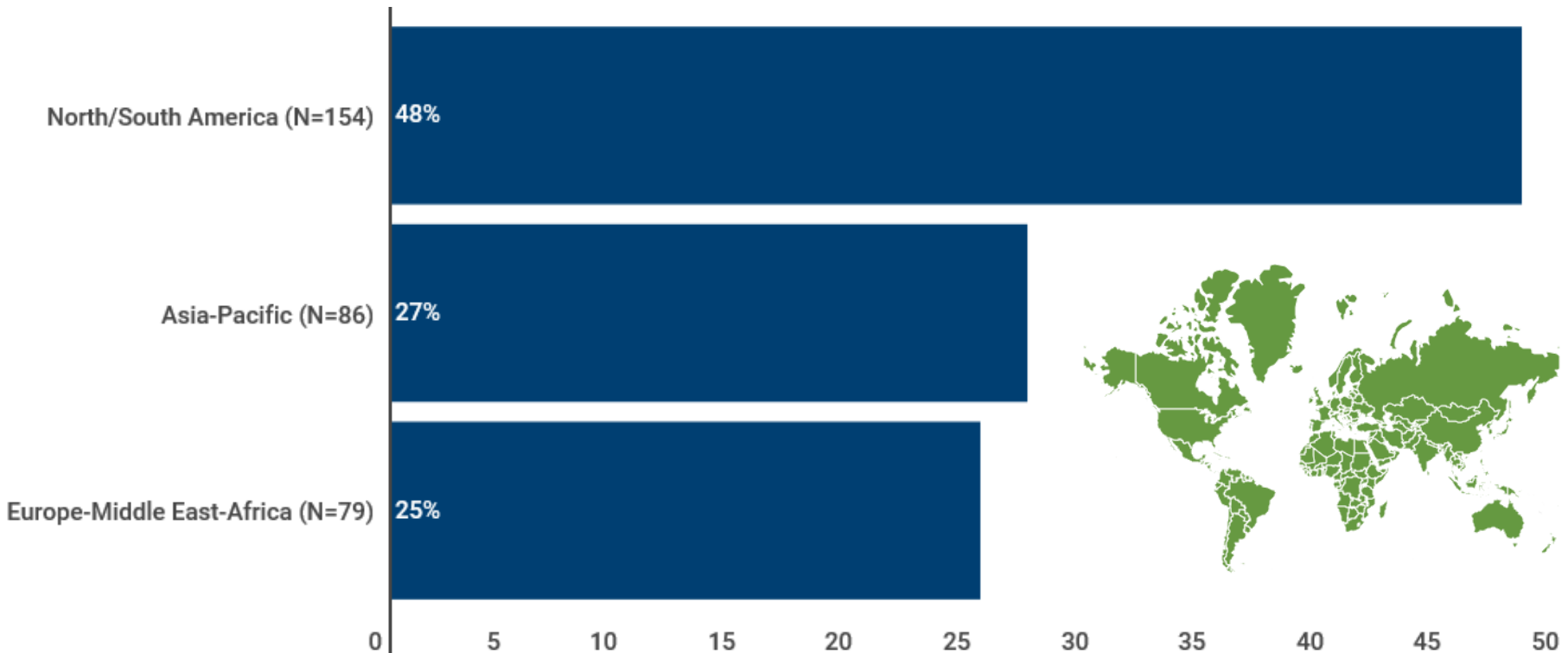
25th Quartile: 950
Median: 2,800
75th Quartile: 9,100

N = 270

Note: Full-time equivalent (FTE) is a unit of measure used to indicate the workload of an individual employed full time (40 hours per week).

GEOGRAPHIC REGIONS REPRESENTED

Nearly half the survey participants reside in North or South America. The remainder are about equally split between the Europe-Middle East-Africa and Asia-Pacific regions.



N = 319

CONTACT US

For questions about this
report, contact APQC KM
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800-776-9676.





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