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December 2008

# Assessment of ADB's Knowledge Management Implementation Framework

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## **Assessment of ADB's Knowledge Management Implementation Framework**

**Contract No. A16771  
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### **Objective/Purpose of the Assignment**

To determine ADB staff perceptions on the ADB Knowledge Management (KM) implementation process. The findings will be compared against the results of the 2005, 2006 and 2007 electronic surveys and the eight recognized Most Admired Knowledge Enterprises (MAKE) knowledge performance dimensions to determine KM trends in ADB.

### **Scope of Work**

To analyze an electronic survey of ADB staff perceptions on KM.

### **Detailed Tasks**

1. Review the revised MAKE survey instrument for use.
2. Analyze data.
3. Compare data findings against the 2005, 2006 and 2007 results and eight recognized MAKE knowledge performance dimensions.

### **Output/Reporting Requirements**

Report on KM Trends in ADB.

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## Executive Summary

In May 2005, Teleos conducted the first in a planned series of electronic surveys of Asian Development Bank (ADB) staff to determine their perceptions regarding the ADB Knowledge Management (KM) implementation process. This Report compares the 2008 data findings against the 2005, 2006 and 2007 results and highlights KM trends in ADB. The findings were benchmarked against the eight recognized MAKE (Most Admired Knowledge Enterprises) knowledge performance dimensions to determine 'high-level' Knowledge Management trends at the ADB.

A major benefit of this diagnostic tool is that through an independent, third-party study, the ADB can benchmark how successful its knowledge strategy is when compared across internal departments and against the world's leading knowledge-driven enterprises. A series of Enterprise MAKE Assessments will allow the ADB to monitor the progress of implementing its knowledge strategy over time.

The fourth electronic survey was conducted in October-November 2008. This Report compares the 2008 data findings against previous results and highlights KM trends in ADB.

### 2008 KM Survey Trends

#### *Trend 1*

Teleos has observed that organizations move through recognizable stages during a KM implementation process (see Section 4.5: MAKE Knowledge Management Implementation Model). Based on this year's ADB KM Study results as well as the results of previous KM Survey studies, it is clear that the ADB is nearing or at a transition phase between two stages.

Typical of this transition phase are changes in senior management leadership, changes in the core KM team (including the senior KM officer as has happened at ADB during this past year), perceived diminishing returns from KM investments (simple knowledge processes have been improved, but more complex knowledge processes have not been examined), and there is a general impression by many managers and staff that the organization's knowledge 'problems' have been solved. During a transition phase it is also common for the senior management team to become distracted by other pressing organization issues and as a result fail to communicate to staff the importance of knowledge management and organizational learning. This often gives staff the

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impression that knowledge management and learning are no longer important to the organization.

### ***Recommendation 1***

***ADB Management should consider as a matter of urgency a review to ensure that the KM Implementation Plan continues to be aligned to the organization's current Vision, Mission and Goals. If required, ADB Management should revise the KM strategy for Stage 3 of KM Implementation and prepare a list of new KM 'stretch' goals to embed knowledge creation, knowledge sharing and collaboration into every aspect of the organization's activities.***

***The ADB Management also should consider existing as well as new communication channels to convey to ADB staff the importance of knowledge management and organizational learning in order to stress the organizational importance of KM and learning.***

### ***Trend 2***

An analysis of the data reveals that National Officers are 'realistic' in their assessment of ADB's KM implementation process and a majority of them are working to ensure the success of KM initiatives. They understand that a successful ADB KM implementation process will take a number of years to yield substantial positive benefits for the organization. They also understand that it requires constant managerial attention and support.

However, there is a sizeable group of National Officers (24.4%) who are still skeptical of the benefits of ADB's KM implementation process. They do not believe in and/or fully support the ADB KM implementation process. This group of NOs is large enough to significantly impede the successful implementation of KM within the ADB.

### ***Recommendation 2***

***It is important that the revised ADB KM strategy and implementation process address this issue of lack of support by National Officers.***

### ***Trend 3***

An analysis of the data reveals that Professional Staff are becoming more skeptical of ADB's KM implementation process. Over one-half of the Professional Staff (59.6%) – compared to 46.9% of Professional Staff in last year's KM Study – are somewhat to very

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skeptical of the benefits of ADB's KM implementation process. Since this large group of Professional Staff apparently do not believe in and/or fully support the ADB KM implementation process, they are in a position to significantly impede and/or derail the successful implementation of KM within the ADB.

### **Recommendation 3**

***The challenge for the ADB management is to continue to work with Professional Staff to demonstrate the value of the KM implementation process. The Professional Staff need to understand that their expertise will not be less valued, but on the contrary will be more valued as the KM implementation process continues to unfold. It is critical that the revised ADB KM strategy and implementation process address this issue of lack of support by Professional Staff.***

### **Trend 4**

Some ADB Departments are now supporting the KM implementation process, others see no need to change, while a few Departments are very skeptical that any change is possible. It is also a concern that Departments which appeared to be supportive of the KM implementation process in the 2007 KM Survey now are considerably less supportive.

### **Recommendation 4**

***The ADB should pay special attention to staff in 'non-participating' Departments, otherwise they could act as focal points – indeed barriers – to the successful implementation of ADB's knowledge strategy.***

### **Trend 5**

Over the first three ADB KM Surveys (2005-2007), there was substantial improvement in the eight MAKE knowledge performance dimensions. However, the 2008 KM Survey reveals that except in organizational learning (Dimension 6), there has been significant declines in four of the MAKE knowledge performance dimensions:

D1. "Consider how successful ADB has been at articulating a knowledge-driven enterprise strategy, including creating and sustaining enterprise knowledge values (role models, tolerance, communication), knowledge behaviors (recognition, community, trust), knowledge worker involvement (work design, environment, and competencies), and communicating knowledge policies and goals."

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D2. “Consider how successful ADB has been at creating and sustaining management leadership and support for managing ADB’s knowledge, including encouraging and supporting the organizational knowledge strategy, developing and training knowledge leaders, and recognizing and rewarding knowledge leaders.”

D3. “Consider how successful ADB has been at developing and delivering knowledge-based policies, strategies, programs, projects, and partnerships, including creating and managing an idea generation program, involving clients, managing the transfer of knowledge and ideas to clients, and measuring the value of its services.”

D7. “Consider how successful ADB has been at tapping client knowledge to develop knowledge products and services, sharing ADB knowledge with clients, measuring the rate of ADB knowledge transfer to clients, and communicating to ADB staff, clients, partners, and the external community successful ADB and client knowledge sharing activities.”

### **Recommendation 5**

***When ADB Management reviews the organization’s KM strategy and implementation process, they should include specific activities to improve the organization’s knowledge-driven culture, ADB Management support and communications, the value content of knowledge products, as well as working with all stakeholders in knowledge-sharing and development activities.***

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## **1. Background**

In May 2005, Teleos conducted the first in a planned series of electronic surveys of Asian Development Bank (ADB) Staff to determine their perceptions regarding the ADB Knowledge Management (KM) implementation process. The second electronic survey was conducted in July-August 2006. The third electronic survey was conducted in September-October 2007. This Report compares the 2008 data findings against the 2005, 2006 and 2007 results and highlights KM trends in ADB. The findings were benchmarked against the eight recognized MAKE (Most Admired Knowledge Enterprises) knowledge performance dimensions to determine 'high-level' Knowledge Management trends at the ADB.

The Enterprise MAKE Assessment is a diagnostic tool for rapidly assessing the commitment and maturity of the Asian Development Bank's knowledge strategy. It is based on the MAKE framework consisting of eight knowledge performance dimensions (see Section 2: Enterprise Assessment Tool and Appendix A – MAKE Framework).

A major benefit of this diagnostic tool is that through an independent, third-party study, the Asian Development Bank can benchmark how successful its knowledge strategy is when compared across internal departments and against the world's leading knowledge-driven enterprises. A series of Enterprise MAKE Assessments will allow the ADB to monitor the progress of implementing its knowledge strategy over time.

The fourth electronic survey was conducted in October-November 2008. This Report compares the 2008 data findings against the 2005, 2006 and 2007 results and highlights KM trends in ADB.

## **2. Enterprise Assessment Tool**

Teleos has created a customized Enterprise MAKE Assessment tool for use by ADB staff. The Knowledge Management Center (KM Center) re-formatted the questions to "ADB language/customs" for the second electronic survey (2006) in order to increase the response rate and detail of responses. In the 2007 electronic survey, the questions were further refined to increase response rate and detail. And, in the 2008 electronic survey the questions were again re-formatted for improved clarification and understanding. Each participant was asked in absolute confidence to rate the Asian Development Bank's knowledge capabilities on a scale of 1 (poor) to 10 (excellent) against the eight MAKE knowledge performance criteria listed below:

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*D1. Ability to create and sustain an enterprise knowledge-driven culture.*

In the 2008 electronic survey the question to ADB staff was re-formatted to read: "Consider how successful ADB has been at articulating a knowledge-driven enterprise strategy, including creating and sustaining enterprise knowledge values (role models, tolerance, communication), knowledge behaviors (recognition, community, trust), knowledge worker involvement (work design, environment, and competencies), and communicating knowledge policies and goals."

*D2. Ability to develop knowledge workers through senior management leadership.*

In the 2008 electronic survey the question to ADB staff was re-formatted to read: "Consider how successful ADB has been at creating and sustaining management leadership and support for managing ADB's knowledge, including encouraging and supporting the organizational knowledge strategy, developing and training knowledge leaders, and recognizing and rewarding knowledge leaders."

*D3. Ability to develop and deliver knowledge-based projects/services.*

In the 2008 electronic survey the question to ADB staff was re-formatted to read: "Consider how successful ADB has been at developing and delivering knowledge-based policies, strategies, programs, projects, and partnerships, including creating and managing an idea generation program, involving clients, managing the transfer of knowledge and ideas to clients, and measuring the value of its services."

*D4. Ability to manage and maximize the value of enterprise intellectual capital.*

In the 2008 electronic survey the question to ADB staff was re-formatted to read: "Consider how successful ADB has been at training ADB staff in intellectual capital concepts and tools, managing and expanding ADB's intellectual capital, and preserving enterprise knowledge assets."

*D5. Ability to create and sustain an enterprise-wide collaborative knowledge-sharing environment.*

In the 2008 electronic survey the question to ADB staff was re-formatted to read: "Consider how successful ADB has been at training ADB staff in knowledge sharing concepts and tools (intranet, communities of practice, action learning, storytelling), promoting knowledge sharing, using collaborative information technology tools for knowledge sharing, and recognizing ADB staff for knowledge sharing."

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*D6. Ability to create and sustain a learning organization.*

In the 2008 electronic survey the question to ADB staff was re-formatted to read: “Consider how successful ADB has been at developing an ADB learning strategy, creating staff learning opportunities, using the Internet and intranet for learning and development, and recognizing ADB staff for improved skills and competencies.”

*D7. Ability to manage client knowledge to create value and enterprise intellectual capital.*

In the 2008 electronic survey the question to ADB staff was re-formatted to read: “Consider how successful ADB has been at tapping client knowledge to develop knowledge products and services, sharing ADB knowledge with clients, measuring the rate of ADB knowledge transfer to clients, and communicating to ADB staff, clients, partners, and the external community successful ADB and client knowledge sharing activities.”

*D8. Ability to transform ADB knowledge to reduce poverty and improve clients' standard of living.*

In the 2008 electronic survey the question to ADB staff was re-formatted to read: “Consider how successful ADB has been at developing, managing, and measuring the benefits of its knowledge products and services, and how effective ADB has been at reporting this information to ADB staff, clients, partners, donors, and the external community.”

As noted above, the KM Center re-formatted the question set for the 2008 electronic survey for improved clarification and understanding. This has resulted in a greater degree of ‘accuracy’ in the responses from the participants than was obtained in previous electronic studies. However, as is the case with any perception-based study, there is a degree of uncertainty (statistical error) in any data collection set. This will be discussed in the Data Analysis section.

### **3. Data Collection**

The 2005 e-survey was conducted using Teleos’ secure Web site. For the 2006, 2007 and 2008 KM Surveys, the KM Center and Teleos agreed to use ADB’s intranet to encourage greater participation based on familiarity of the ADB intranet and assurance of security and confidentiality.

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By the end of this year's survey period (October-November 2008), a total of 203 ADB staff had completed the 2008 KM Survey. The response rates for the four KM Surveys are:

2008 Survey –	203 participants
2007 Survey –	132 participants
2006 Survey –	125 participants
2005 Survey –	66 participants

Participation in the 2008 KM Survey was 53.8% higher than for the 2007 KM Survey. This improving response rate is a very encouraging indicator that ADB staff are aware of the KM implementation process and that it is having a greater effect on individual staff members. The larger number of responses also has had the benefit of providing a more statistically valid set of data.

However, the number of responses from some ADB departments continues to be low, which could indicate either a low level of interest/confidence in completing surveys, or more critically little interest in or benefits gained from the ADB KM implementation process. It could also indicate that ADB's Management has failed to convey to staff the importance of organizational knowledge management and learning. This will be discussed in the Data Analysis section.

## **4. Data Analysis**

### **4.1 Data Analysis of All ADB Staff**

A total of 203 complete and useable 2008 KM Survey forms were received.

In comparison, a total of 132 useable 2007 KM Survey forms were received. An additional four forms (2.9%) were received without any data. Three of the useable forms (3.3%) did not include a job title and 9 useable forms (6.8%) did not include the department/group.

Responses indicate that ADB's organizational culture over the past four years has become more 'open' and 'trusting' and staff seem more confident that their views are important and actionable. However, it should be noted that in Teleos' experience there still appears to be some degree of indifference within parts of the ADB about participating in the KM Surveys. A number of ADB departments either did not respond to the KM Survey, or participation was limited to one or two individuals. There appears to be a

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perception among participants that even if they spend the time to complete the survey, they will not receive feedback and/or ADB Management will not do anything about the results. The ADB Management should use existing as well as new communication channels to convey to ADB staff the importance of knowledge management and organizational learning – which should result in an improved KM Survey response rate from all Departments.

Table 1 compares the results of the 2005, 2006, 2007 and 2008 KM Surveys for all of the participating ADB staff.

<b>Analysis of All ADB Staff</b>									
<b>Year/Dimension</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>Total</b>
<b>2008 (203)</b>	5.46	5.39	5.82	5.20	5.70	5.66	5.57	5.57	44.37
<b>2007 (132)</b>	6.67	5.71	6.43	5.18	5.64	5.33	6.20	5.51	46.67
<b>2006 (125)</b>	6.14	5.34	6.05	4.70	5.74	5.02	5.34	5.19	43.52
<b>2005 (66)</b>	4.80	6.24	5.38	4.47	4.42	4.88	4.50	4.85	39.54

*Table 1: Comparison of the average of all ADB staff responses for the 2005, 2006, 2007 and 2008 KM Surveys for the eight MAKE knowledge performance dimensions (see Section 2).*

The Teleos Enterprise MAKE Assessment is based on the Delphi methodology. To minimize statistical variations, it is critical that the group of participants change very little over time. Within the ADB there is moderate staff movement – individuals joining/leaving the organization, as well as individuals changing departments and/or job functions.

These noted factors all contribute to statistical variability. In the case of the 2008 KM Study, Teleos estimates that the statistical error is  $\pm 0.27$  for each of the MAKE knowledge performance dimensional averages.

The Total Score for the 2008 KM Survey is 44.37 and is within the statistical probably of no change from the Total Score of the 2007 KM Survey. However, there is reason to

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believe that the 2008 KM Survey results show an actual overall decline in staff and operational performance year-on-year. When comparing the Total Scores in Table 1, the ADB staff in the 2008 KM Survey ranked the organization 4.9% lower as a 'raw' score than in the 2007 KM Survey. In contrast, the 2007 KM Survey ranked the organization 7.2% higher as a 'raw' score than in the 2006 KM Survey – and 18% higher than the inaugural 2005 KM Survey. This slight overall decrease is typical of an organization in its fourth or fifth year of KM implementation and of ADB's size and complexity. ADB has reached a typical KM implementation barrier which will be discussed later in the Report.

There has been a significant decline, however, in four of the MAKE knowledge performance dimensions:

*D1. "Consider how successful ADB has been at articulating a knowledge-driven enterprise strategy, including creating and sustaining enterprise knowledge values (role models, tolerance, communication), knowledge behaviors (recognition, community, trust), knowledge worker involvement (work design, environment, and competencies), and communicating knowledge policies and goals."*

The 'raw' score for this dimension declined by 18.1% (5.46 – down from 6.67). This is a significant movement downwards and signals a potential difficulty in establishing and sustaining a more open, trust-based culture within ADB. Determining the reasons for this decline and initiating steps towards improving this key knowledge performance dimension should be a considered a high priority.

*D2. "Consider how successful ADB has been at creating and sustaining management leadership and support for managing ADB's knowledge, including encouraging and supporting the organizational knowledge strategy, developing and training knowledge leaders, and recognizing and rewarding knowledge leaders."*

The 'raw' score for this dimension declined by 5.6% (5.39 – down from 5.71). This is a slight movement downwards (just outside the bounds of statistical uncertainty) and signals a possible decline in the ADB staff's confidence in ADB Management's support and communication of organization-wide knowledge management and learning.

*D3. "Consider how successful ADB has been at developing and delivering knowledge-based policies, strategies, programs, projects, and partnerships, including creating and managing an idea generation program, involving clients, managing the transfer of knowledge and ideas to clients, and measuring the value of its services."*

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The 'raw' score for this dimension declined by 9.5% (5.82 – down from 6.43). This is a moderate movement downwards and could be due a number of reasons, including growing expectations when attempting to locate ADB knowledge products, not being able to find the right ADB knowledge product when needed, the IT system's inability to retrieve the needed ADB knowledge products, etc. Determining the reason(s) for this decline and initiating steps towards improving this key knowledge performance dimension should be a considered a high priority.

*D7. "Consider how successful ADB has been at tapping client knowledge to develop knowledge products and services, sharing ADB knowledge with clients, measuring the rate of ADB knowledge transfer to clients, and communicating to ADB staff, clients, partners, and the external community successful ADB and client knowledge sharing activities."*

The 'raw' score for this dimension declined by 10.2% (5.57 – down from 6.20). This is a moderate movement downwards and indicates a possible problem in timely collaboration and communication with ADB's stakeholders. Determining the reasons for this decline and initiating steps towards improving this key knowledge performance dimension should be a considered a high priority.

The following three MAKE knowledge performance dimensions showed slight improvements year-on-year. However, the improvements are so small (within the bounds of statistical uncertainty) that from a statistical viewpoint there has been no change between the 2007 and 2008 KM Surveys.

*D4. "Consider how successful ADB has been at training ADB staff in intellectual capital concepts and tools, managing and expanding ADB's intellectual capital, and preserving enterprise knowledge assets."*

The 'raw' score for this dimension increased by 0.3% (5.20 – up from 5.18).

*D5. "Consider how successful ADB has been at training ADB staff in knowledge sharing concepts and tools (intranet, communities of practice, action learning, storytelling), promoting knowledge sharing, using collaborative information technology tools for knowledge sharing, and recognizing ADB staff for knowledge sharing."*

The 'raw' score for this dimension increased by 1.1% (5.70 – up from 5.64).

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D8. *“Consider how successful ADB has been at developing, managing, and measuring the benefits of its knowledge products and services, and how effective ADB has been at reporting this information to ADB staff, clients, partners, donors, and the external community.”*

The ‘raw’ score for this dimension increased by 1.1% (5.57 – up from 5.51).

There was one MAKE knowledge dimension which showed a positive improvement year-on-year:

D6. *“Consider how successful ADB has been at developing an ADB learning strategy, creating staff learning opportunities, using the internet and intranet for learning and development, and recognizing ADB staff for improved skills and competencies.”*

The ‘raw’ score for this dimension increased by 6.2% (5.66 – up from 5.33). This is a slight movement upwards (just outside the bounds of statistical uncertainty) and signals a slight improvement in the Staff’s view of ADB as a learning and collaborative organization. ADB Staff indicate positive benefits from Communities of Practices (CoPs) and new learning initiatives.

When compared with the 2007 KM Survey, this year’s ADB KM Survey reveals that the organization, faced with many structural and human resources challenges and working within a growing global economic downturn, has maintained its overall knowledge management strategy momentum. However, several ‘barriers’ have been identified with regards to organizational culture, ADB Management support and communications, the development and delivery of knowledge-based products and solutions, and working with stakeholders. On a positive note, ADB have moved closer to becoming a learning organization.

## **4.2 Data Analysis of ADB Staff by Function**

The 203 ADB staff participating in this year’s study were (2007 KM Survey numbers in parenthesis):

- National Officers: 45 (27)
- Professional Staff: 94 (64)
- Administrative Staff: 64 (38)

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The number of National Officers (NO) participating in the 2008 KM Study was 67% higher than in last year's assessment (27 NO respondents). When compared to the 2007 KM Study, the number of Professional Staff (PS) participating in this year's assessment increased by 47%, while the of number of responding Administrative Staff (AS) increased by 68%.

Tables 2-4 show the 2008 ADB responses by job function and compare them with results from the 2005, 2006 and 2007 KM Studies.

The average overall score for All ADB Staff participating in this Enterprise Assessment was 44.37. The average score for each of the three functions was: National Officers (47.82), Professional Staff (34.81), and Administrative Staff (55.97).

As can be readily seen, National Officers' perceptions of ADB's KM implementation process continue to be 'realistic'; the Professional Staff have become more 'skeptical' of the benefits of KM; and ADB Administrative Staff continue to 'enthusiastic' about the benefits of KM with regards to their jobs and the organization.

Of course, there continue to be 'pockets' of dissatisfaction with ADB's KM implementation process within all three functional groups. And, the average scores hide the fact that a significant minority of National Officers and over one-half of Professional Staff now are moderate to very 'skeptical' regarding the benefits of KM implementation.

These observations will be analyzed in greater detail in the following sections.

### ***National Officers***

Table 2 compares the National Officers' responses for the eight MAKE knowledge performance dimensions in the 2005, 2006, 2007 and 2008 KM Studies.

The National Officers' 2008 overall score declined by .38 points (-0.8%), which is inside the bounds of statistical uncertainty, and indicates no overall change in perceptions year-on-year. The National Officers' overall score improved by 2.33 points (5.1%) between the 2006 and 2007 KM Surveys.

The National Officers' 2008 score is still 3.75 points (7.3%) below the score recorded in the first study conducted in 2005.

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## Analysis of National Officers' Response

Year/Dimension	1	2	3	4	5	6	7	8	Total
<b>2008</b>	5.80	5.82	6.40	5.73	6.11	6.18	6.00	5.78	47.82
<b>2007</b>	6.56	5.89	6.33	5.67	5.93	5.67	6.30	5.85	48.20
<b>2006</b>	6.41	5.82	5.94	4.82	6.29	5.41	5.71	5.47	45.87
<b>2005</b>	6.29	8.43	6.43	6.14	6.29	5.71	6.00	6.29	51.57

*Table 2: Analysis of National Officers' responses for the eight MAKE knowledge performance dimensions (see Section 2).*

There is one MAKE knowledge performance dimension which should be monitored:

- D1. "Consider how successful ADB has been at articulating a knowledge-driven enterprise strategy, including creating and sustaining enterprise knowledge values (role models, tolerance, communication), knowledge behaviors (recognition, community, trust), knowledge worker involvement (work design, environment, and competencies), and communicating knowledge policies and goals."*

The 'raw' score for this dimension declined by 11.6% (5.80 – down from 6.56). This is a moderate movement downwards and signals a potential difficulty in communicating a more open, trust-based culture within ADB. All groups – National Officers, Professional Staff and Administrative Staff – indicated that creating an ADB knowledge-driven culture had lost momentum. What is a concern is that NOs are responsible for implementing this culture change and a significant minority of NOs are directly or indirectly continuing to oppose creating and sustaining an ADB knowledge-driven culture.

On the other hand, according to NOs there has been some success in expanding ADB's organizational learning capabilities:

- D6. "Consider how successful ADB has been at developing an ADB learning strategy, creating staff learning opportunities, using the internet and intranet for learning and development, and recognizing ADB staff for improved skills and competencies."*

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The 'raw' score for this dimension increased by 9.0% (6.18 – up from 5.67). This is a moderate movement upwards and signals an improvement in the ADB as a learning and collaborative organization.

### ***Analysis***

An analysis of the data reveals that National Officers are 'realistic' in their assessment of ADB's KM implementation process and a majority is working to ensure the success of KM initiatives. They understand that a successful ADB KM implementation process will take a number of years to yield substantial positive benefits for the organization. It also requires constant managerial attention and support.

However, 11 of the National Officers (24.4%) gave the ADB's KM implementation process a score of less than 40 points. And, of this group, one NO gave the overall KM effort a score of 18 and six other NOs gave scores in the 20-29 range. It is clear that there is still a sizeable minority of National Officers who do not believe in and/or fully support the ADB KM implementation process. This group of NOs continues to be large enough to significantly impede the successful implementation of KM within the ADB.

### ***Professional Staff***

Table 3 compares the Professional Staff's responses for the eight MAKE knowledge performance dimensions in the 2005, 2006, 2007 and 2008 KM Studies.

The Professional Staff's overall score has decreased by 5.98 points between the 2007 and 2008 KM Surveys, which represents a significant decline in perceptions from last year. The Professional Staff's perceptions of ADB's Knowledge Management implementation efforts are now lower than when the strategy was announced in 2005.

In this year's electronic study, the Professional Staff's overall score is 9.56 points lower (-21.5%) than the All ADB Staff average. In the 2007 KM Study, the Professional Staff's overall score was 5.88 points lower (-12.6%) than the All ADB Staff average. This is a very worrying trend, indeed.

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### Analysis of Professional Staff's Response

Year/Dimension	1	2	3	4	5	6	7	8	Total
<b>2008</b>	4.34	4.20	4.73	3.93	4.48	4.31	4.35	4.47	34.81
<b>2007</b>	6.25	5.19	5.83	4.08	4.70	4.25	5.72	4.77	40.79
<b>2006</b>	5.57	4.80	5.46	3.80	5.16	4.14	4.52	4.35	37.80
<b>2005</b>	4.13	5.00	5.67	4.12	4.14	4.27	3.87	3.86	35.06

*Table 3: Analysis of Professional Staff's responses for the eight MAKE knowledge performance dimensions (see Section 2).*

The significant changes in Professional Staff's attitudes are concentrated in four MAKE knowledge performance dimensions:

*D1. "Consider how successful ADB has been at articulating a knowledge-driven enterprise strategy, including creating and sustaining enterprise knowledge values (role models, tolerance, communication), knowledge behaviors (recognition, community, trust), knowledge worker involvement (work design, environment, and competencies), and communicating knowledge policies and goals."*

The 'raw' score for this dimension declined by 30.6% (4.34 – down from 6.25). This is a significant movement downwards and signals a potential difficulty in creating and sustaining a more open, trust-based culture within ADB. Determining the reason(s) for this decline and initiating steps towards improving this key knowledge performance dimension should be a considered a high priority.

*D2. "Consider how successful ADB has been at creating and sustaining management leadership and support for managing ADB's knowledge, including encouraging and supporting the organizational knowledge strategy, developing and training knowledge leaders, and recognizing and rewarding knowledge leaders."*

The 'raw' score for this dimension declined by 19.1% (4.20 – down from 5.19). This is a significant movement downwards and signals a decline in the Professional Staff's confidence in ADB Management's support and communication of organization-wide knowledge management and learning. Determining the reason(s)

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for this decline and initiating steps towards improving this key knowledge performance dimension should be a considered a high priority.

- D3. *“Consider how successful ADB has been at developing and delivering knowledge-based policies, strategies, programs, projects, and partnerships, including creating and managing an idea generation program, involving clients, managing the transfer of knowledge and ideas to clients, and measuring the value of its services.”*

The ‘raw’ score for this dimension declined by 18.9% (4.73 – down from 5.83). This is a significant movement downwards and could be due a number of reason(s), including growing expectations when attempting to locate ADB knowledge products, not being able to find the right ADB knowledge product when needed, the IT system’s inability to retrieve the needed ADB knowledge products, etc. Determining the reasons for this decline and initiating steps towards improving this key knowledge performance dimension should be a considered a high priority.

- D7. *“Consider how successful ADB has been at tapping client knowledge to develop knowledge products and services, sharing ADB knowledge with clients, measuring the rate of ADB knowledge transfer to clients, and communicating to ADB staff, clients, partners, and the external community successful ADB and client knowledge sharing activities.”*

The ‘raw’ score for this dimension declined by 24% (4.35 – down from 5.72). This is a significant movement downwards and indicates problems in the Professional Staff’s timely collaboration and communication with ADB’s stakeholders. Determining the reason(s) for this decline and initiating steps towards improving this key knowledge performance dimension should be a considered a high priority.

The changes in Professional Staff’s perceptions in the remaining four MAKE knowledge performance dimensions are within the bounds of statistical uncertainly and should be interpreted as no change from the previous year’s KM Study.

### **Analysis**

An analysis of the data reveals that Professional Staff are growing more skeptical of ADB’s KM implementation process. Last year’s apparent “wait and see” attitude when it comes to ensuring the success of KM initiatives is being replaced with a view that it will not work. This is typical of key knowledge workers in the early stages of KM implementation process, which can be a confusing time for these individuals.

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On the one hand, these individuals have achieved positions of respect and responsibility due to their expert knowledge. A formal organizational KM implementation process can be perceived as a threat by allowing other staff members to have access to the experts' unique insights and skills. It is therefore often the case that Professional Staff will initially be less supportive of KM than, say, National Officers or Administrative Staff.

On the other hand, Professional Staff also recognize that a KM implementation process can help them in their activities and enable them to improve their own skills and competencies. Once the initial skepticism is surmounted, Professional Staff usually become supportive of the KM implementation process.

However, the ADB Management should be concerned that there appears to be a growing apathy among the Professional Staff. Actions should be considered immediately to engage the Professional Staff and get them involved in the knowledge management implementation. Otherwise, there is a growing probability that ADB's efforts to create a knowledge-driven culture will fail.

It should be pointed out that 56 of the Professional Staff (59.6%) gave the ADB's KM implementation process a score of less than 40 points. And, 15 of the 94 Professional Staff (16%) participating in the Survey gave the ADB's KM implementation process a score of less than 20 points. A growing number of Professional Staff do not believe in and/or fully support the ADB KM implementation process; they are in a position to significantly impede and/or derail the successful implementation of KM within the ADB.

The challenge for ADB Management is to continue to communicate and work with Professional Staff to demonstrate the value of the KM implementation process. The Professional Staff need to understand that their expertise will not be less valued, but on the contrary will be more valued as the KM implementation process continues to unfold. The Professional Staff now view the ADB's organizational culture less positively than in 2005 when the KM strategy was announced. This is a very worrying trend and the ADB Management need to address this problem immediately if the knowledge management strategy implementation is to succeed.

### ***Administrative Staff***

Table 4 compares the Administrative Staff's responses for the eight MAKE knowledge performance dimensions in the 2005, 2006, 2007 and 2008 KM Studies.

The Administrative Staff's overall score has decreased by 0.30 points (-0.5%) between the 2007 and 2008 KM Surveys, and represents the first decline since ADB implemented its Knowledge Management implementation process in 2005.

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In this year's electronic study, the Administrative Staff's overall score is 11.60 points higher (26.1%) than the All ADB Staff average. In the 2007 KM Study, the Administrative Staff's overall score was 9.60 points higher (20.6%) than the All ADB Staff average.

<b>Analysis of Administrative Staff's Response</b>									
<b>Year/Dimension</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>Total</b>
<b>2008</b>	6.87	6.83	7.01	6.69	7.19	7.27	7.06	7.05	55.97
<b>2007</b>	7.63	6.58	7.66	6.74	7.11	6.95	7.05	6.55	56.27
<b>2006</b>	7.23	6.29	7.29	6.49	6.57	6.66	6.80	6.63	53.96
<b>2005</b>	5.15	6.42	5.48	4.70	4.61	5.27	4.70	5.06	41.39

*Table 4: Analysis of Administrative Staff's responses for the eight MAKE knowledge performance dimensions (see Section 2)..*

The significant negative changes in Administrative Staff's attitudes are concentrated in two MAKE knowledge performance dimensions:

*D1. "Consider how successful ADB has been at articulating a knowledge-driven enterprise strategy, including creating and sustaining enterprise knowledge values (role models, tolerance, communication), knowledge behaviors (recognition, community, trust), knowledge worker involvement (work design, environment, and competencies), and communicating knowledge policies and goals."*

The 'raw' score for this dimension declined by 10.0% (6.87 – down from 7.63). This is a moderate movement downwards and signals a potential difficulty in creating and sustaining a more open, trust-based culture within ADB. All ADB staff perceive a decline in the organization's knowledge-sharing culture. Determining the reason(s) for this decline and initiating steps towards improving this key knowledge performance dimension should be a considered a high priority.

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D3. *“Consider how successful ADB has been at developing and delivering knowledge-based policies, strategies, programs, projects, and partnerships, including creating and managing an idea generation program, involving clients, managing the transfer of knowledge and ideas to clients, and measuring the value of its services.”*

The ‘raw’ score for this dimension declined by 8.5% (7.01 – down from 7.66). This is a slight movement downwards and could be due a number of reasons, including growing expectations when attempting to locate ADB knowledge products, not being able to find the right ADB knowledge product when needed, the IT system’s inability to retrieve the needed ADB knowledge products, etc. All ADB staff perceive a decline in the value of organization’s knowledge-based products/solutions. Determining the reason(s) for this decline and initiating steps towards improving this key knowledge performance dimension should be a considered a high priority.

The Administrative Staff’s views were more positive in the following MAKE knowledge performance dimension:

D8. *“Consider how successful ADB has been at developing, managing, and measuring the benefits of its knowledge products and services, and how effective ADB has been at reporting this information to ADB staff, clients, partners, donors, and the external community.”*

The ‘raw’ score for this dimension increased by 7.6% (7.05 – up from 7.55). This is a slight movement upwards. The Administrative Staff were the only group to perceive an improvement in ADB’s ability to embed knowledge management into its daily operations.

Changes in Administrative Staff’s perceptions in the remaining five MAKE knowledge performance dimensions are within the bounds of statistical uncertainty and should be interpreted as no change from the previous year’s KM Study.

### **Analysis**

An analysis of the data reveals that Administrative Staff continue to be very supportive of the ADB’s KM implementation process. Except for the MAKE knowledge performance dimensions involving creating and sustaining a knowledge-driven culture and the quality of ADB knowledge products/services, the Administrative Staff’s perceptions of ADB’s Knowledge Management implementation either improved or remained the same during the past 12 months.

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In comparison to the National Officers and Professional Staff, the Administrative Staff was the only group to state that the ADB Management were more *effective in encouraging and sustaining the practice of knowledge management*, and that the ADB was more *successful in adopting, incorporating, and applying lessons learned and experiences in its daily operations and sharing them within ADB and other stakeholders*.

Teleos research indicates that Administrative Staff are one of the first group's to become aware of, and to receive benefits from, a KM implementation process. Before the introduction of a KM implementation process, Administrative Staff often find that poorly designed work processes hinder their activities, leading to frustration and performance inefficiencies. Also, before organizational KM implementation, Administrative Staff often believe that management does not value their views on work activities, and that they lack opportunities for training and personal development.

Only six of the participating Administrative Staff (9.4%) gave the ADB's KM implementation process a score of less than 40 points. And, only one person gave a score of less than 20 points. The scores in this year's KM Survey indicate that Administrative Staff continue to have a positive view of the ADB's KM implementation process, and are, in general, very supportive of current KM initiatives.

The ADB's challenge is to focus on National Officers, and especially Professional Staff, but at the same time not to neglect the involvement of Administrative Staff in the KM implementation process.

### **4.3 Data Analysis of ADB Participants by Departments**

Table 5 shows the average scores of ADB participants by Department. It should be noted that the sampling size for some Departments was quite small, therefore the sampling error for each knowledge performance dimension is  $\pm 0.54$ .

This analysis will specifically focus on those departments which had a minimum of five responses in either the 2007 or 2008 KM Surveys (see Table 6). The total number of 2008 KM Study respondents who are affiliated with these departments is 159, representing 78.3% of all respondents. Therefore, analysis of this group provides representative insights into the perceptions of All ADB Staff with regards to the organization's KM implementation plan.

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### Analysis of ADB Staff by Departments

Dept/Dimension	1	2	3	4	5	6	7	8	Total
<b>All ADB Staff (203)</b>	<b>5.46</b>	<b>5.39</b>	<b>5.82</b>	<b>5.20</b>	<b>5.70</b>	<b>5.66</b>	<b>5.57</b>	<b>5.57</b>	<b>44.37</b>
BOD (1)	3.00	3.00	3.00	3.00	2.00	3.00	2.00	2.00	21.00
BPHR (1)	7.00	6.00	7.00	7.00	6.00	7.00	7.00	6.00	53.00
BPMSD (1)	3.00	3.00	5.00	2.00	6.00	5.00	3.00	4.00	31.00
BRM (1)	8.00	9.00	7.00	6.00	6.00	6.00	8.00	8.00	58.00
COSO (20)	5.85	5.50	5.70	5.55	6.15	6.00	5.75	5.90	46.40
CTL (1)	3.00	5.00	4.00	4.00	5.00	5.00	2.00	4.00	32.00
CWRD (6)	5.00	5.33	5.83	4.67	5.33	5.3	4.83	4.83	41.17
DER (2)	8.00	8.00	8.50	8.00	8.50	7.00	8.00	7.50	63.50
EAEN (1)	6.00	6.00	6.00	6.00	6.00	6.00	7.00	5.00	48.00
EARD (17)	4.88	5.00	5.59	4.12	5.24	4.94	4.94	5.41	40.12
ERD (1)	5.00	6.00	6.00	6.00	9.00	8.00	7.00	7.00	54.00
INRM (2)	5.00	6.50	7.00	6.50	6.00	6.50	6.50	7.00	51.00
OAFA (2)	9.00	9.00	8.50	8.50	8.00	9.00	9.00	8.50	69.50
OAG (6)	5.00	5.00	5.33	4.00	4.50	4.67	4.50	4.67	37.67
OAGF (1)	9.00	9.00	8.00	9.00	10.00	10.00	9.00	9.00	73.00
OAS (7)	5.71	5.86	6.29	5.86	6.71	6.57	5.71	5.86	48.57
OCO (1)	6.00	5.00	5.00	7.00	4.00	6.00	4.00	5.00	42.00
OCRP (1)	8.00	8.00	8.00	7.00	8.00	8.00	7.00	7.00	61.00
OED (18)	5.56	5.39	6.00	4.67	5.33	5.67	5.22	5.06	42.89
OGC (1)	8.00	8.00	9.00	7.00	8.00	7.00	7.00	7.00	61.00
OIST (22)	4.00	3.86	4.36	4.00	4.68	4.59	4.41	4.14	34.05
OPERATIONS2 (1)	2.00	1.00	1.00	1.00	3.00	1.00	3.00	1.00	13.00
PARD (3)	4.33	4.33	5.67	4.00	5.33	5.67	4.00	4.33	37.67
PRCM (2)	5.00	6.00	4.00	5.00	5.50	3.50	4.50	5.00	38.50
PSD (1)	5.00	5.00	7.00	7.00	7.00	7.00	6.00	6.00	50.00
PSOD (1)	6.00	5.00	6.00	5.00	6.00	4.00	3.00	6.00	41.00
RMU (10)	7.60	7.90	7.60	7.40	7.30	7.70	8.10	7.80	61.40
RSCG (1)	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	31.00
RSDD (20)	5.60	5.40	5.90	5.45	5.75	5.65	5.65	4.44	45.10
SARD (31)	5.81	5.61	6.10	5.68	5.58	6.16	6.23	6.13	47.29
SERD (3)	5.33	5.33	5.33	4.67	5.33	5.00	4.67	5.00	40.67
SLRM (1)	8.00	7.00	7.00	8.00	8.00	7.00	7.00	8.00	60.00
SPD (12)	4.83	4.42	5.58	5.00	5.92	4.75	5.58	5.25	41.33
TD (1)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	64.00
TRM (1)	6.00	6.00	7.00	4.00	5.00	4.00	4.00	6.00	42.00

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VRM (1)                      5.00      6.00      6.00      3.00      4.00      5.00      6.00      7.00      42.00

*Table 5: Analysis of All ADB staff (by department) responses for the eight MAKE knowledge performance dimensions (see Section 2). The number in parenthesis is total number of responses from the department.*

Between the 2007 and 2008 KM Surveys, CWRD, SARD and SERD recorded significantly more *positive* views of the ADB's KM implementation process (the CWRD and SARD departments recorded more positive views in the 2007 KM Study as well).

### Analysis of ADB Departments (Minimum of Five Responses)

2008 KM Survey Department (No. of Responses)	Score	2007 KM Survey Department (No. of Responses)	Score	Change
SARD (31)	47.29	SARD (7)	39.73	19.0%
SERD (3)	40.67	SERD (9)	36.78	10.6%
CWRD (6)	41.17	CWRD (7)	37.71	9.2%
EARD (17)	40.12	EARD (3)	38.67	3.7%
OAS (7)	48.57	OAS (2)	48.00	1.2%
SPD (12)	41.33	SPD (2)	42.00	-1.6%
OED (18)	42.89	OED (14)	44.49	-3.6%
COSO (20)	46.40	COSO (14)	50.93	-8.9%
RSDD (20)	45.10	RSDD (34)	51.74	-12.8%
PARD (3)	37.67	PARD (6)	47.84	-21.3%
OIST (22)	34.05	OIST (1)	50.00	-31.9%

*Table 6: Analysis of selected ADB department responses for the eight MAKE knowledge performance dimensions (Percentage change between the 2007 and 2008 KM Surveys).*

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Between the 2007 and 2008 KM Surveys, COSO, OIST, PARD and RDSS recorded significantly more *negative* views of the ADB's KM implementation process.

It is important to remember that perceptions of the KM implementation process can be affected by changes in personnel and leadership, reorganization of a department, or significant annual changes in the number of respondents (e.g., SARD and OIST).

When considering action steps, the ADB Management is faced with two separate Departmental issues:

- *Departments with very low perceptions of the ADB KM implementation plan, such as OIST and PARD.* Management communication and implementation issues should be addressed quickly to avoid negative views 'spreading' to other Departments.
- *Departments with significant year-on-year declines in positive perceptions of the ADB KM implementation plan, such as COSO and RSDD.* Investigations should be undertaken to understand and rectify the Departmental declines in support for the KM implementation plan.

OAS and SARD staff have significantly higher perceptions of the KM implementation plan when compared to the All ADB Staff average score. ADB Management is advised to benchmark why these Departments have such high positive perceptions and to internally transfer lessons learned throughout the organization.

It is important that ADB Management examine those Departments where perceptions of the KM implementation process have undergone significant change (positive and negative) in order to understand the reason(s) why. If left unchecked, it is possible that those Departments with increasingly negative views of the KM implementation process may act as barriers to successful KM implementation throughout ADB.

#### **4.4 Data Analysis of ADB vs. MAKE Leaders**

Table 7 provides an analysis of the views of the 2008 All ADB Staff score versus scores for the 2008 Asia Most Admired Knowledge Enterprises (MAKE) Leaders and 2008 Global MAKE Leaders. In the case of the Asia and Global MAKE Leaders, the scores by knowledge performance dimension are the average of all Winners' scores in each dimension – not the organization with the highest overall score.

The Asia and Global MAKE scores by knowledge performance dimension are determined by a MAKE expert panel consisting of business leaders (Global *Fortune* 500 companies)

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and internationally recognized knowledge management / intellectual capital / organizational learning experts. The sampling error for each knowledge dimension is  $\pm 0.09$ .

It is Teleos' experience that when an organization's own staff completes an Enterprise Assessment, they do not always have the objectivity or external knowledge of best practice knowledge-driven organizations. As a rule this internal group of participants tends to over estimate their organization's knowledge capabilities. Therefore, the sampling error for All ADB Staff per knowledge performance dimension is  $\pm 0.18$ .

### Analysis of ADB Staff vs. MAKE Leaders

Study/Dimension	1	2	3	4	5	6	7	8	Total
<b>All ADB Staff</b>	5.46	5.39	5.82	5.20	5.70	5.66	5.57	5.57	44.37
<b>Asia MAKE Leader</b>	8.09	8.07	8.21	8.01	8.02	8.08	7.97	7.92	64.39
<b>Global MAKE Leader</b>	8.44	8.06	8.25	8.17	8.34	8.17	8.01	8.25	65.70

*Table 7: Analysis of All ADB Staff responses for the eight MAKE knowledge performance dimensions (see Section 2) compared to the 2008 Asia MAKE Leaders and 2008 Global MAKE Leaders in each knowledge performance dimension.*

The All ADB Staff score indicates that ADB's 'strengths' are its ability to develop and deliver client knowledge-based projects/services (Dimension 3), ability to create an enterprise-wide collaborative knowledge-sharing environment (Dimension 5), and ability to create an environment promoting individual and organizational learning and sharing (Dimension 6).

Dimension 4 ("Consider how successful ADB has been at training ADB staff in intellectual capital concepts and tools, managing and expanding ADB's intellectual capital, and preserving enterprise knowledge assets") received the lowest score in the 2008 KM Survey and should be considered a 'weakness.'

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The scores in the other five MAKE knowledge performance dimensions are of similar numeric value, reflecting a consistent ADB enterprise-wide agreed perception of ADB's performance in these areas.

However, it should be noted that ADB's ability to create a knowledge-driven culture (Dimension 1) and the effectiveness of ADB's Management in encouraging and sustaining the practice of knowledge management (Dimension 2) have declined significantly year-on-year and also should now be considered 'weaknesses.'

ADB should revise its strategies and approaches to focus on improvements in these critical knowledge performance dimensions.

### **2008 Asia and Global MAKE Studies**

ADB was recognized as a Finalist in the 2006 and 2007 Asia and Global MAKE studies. However, in both the 2008 Asia and Global MAKE studies the ADB failed to receive sufficient nominations to enter the Finalist round.

In the 2008 Asia and Global MAKE studies the MAKE panel of experts indicated that ADB's organizational knowledge capabilities, especially in creating a knowledge-driven organizational culture and management leadership and support had declined in comparison to the Asia and Global MAKE Leaders, and that the ADB was no longer ranked in the top tier of MAKE organizations. The ADB positional rankings for the 2006, 2007, and 2008 Asia and Global MAKE studies are shown in Tables 8 and 9.

#### **ADB Positional Rankings in the Asia MAKE Studies**

<b>Asia/Dimension</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>2008 (not ranked)</b>	all rankings lower than 31							
<b>2007 (21)</b>	21	23	14	19	18	27	20	23
<b>2006 (23)</b>	23	23	20	23	23	18	18	16

*Table 8: ADB positional rankings in the eight MAKE knowledge performance dimensions (see Section 2) for the 2006, 2007 and 2008 Asian MAKE studies. ADB's positional rank shown in parenthesis.*

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## ADB Positional Rankings in the Global MAKE Studies

Global/Dimension	1	2	3	4	5	6	7	8
<b>2008 (not ranked)</b>	all rankings lower than 49							
<b>2007 (32)</b>	32	33	21	26	17	46	34	41
<b>2006 (48)</b>	47	49	47	48	40	47	46	48

*Table 9: ADB positional rankings in the eight MAKE knowledge performance dimensions (see Section 2) for the 2006, 2007 and 2008 Global MAKE studies. ADB's positional rank shown in parenthesis.*

The MAKE information can serve as benchmarks as the ADB seeks to improve and refine its KM strategy and implementation process.

### 4.5 MAKE Knowledge Management Implementation Model

Most Admired Knowledge Enterprises (MAKE) researchers have identified that an organizational knowledge-driven strategy implementation goes through five stages:

- Stage 1: Pre-implementation (up to 1 year)
- Stage 2: Implementation (1-3 years)
- Stage 3: Reinvigoration (4-6 years)
- Stage 4: Inculcation (7-9 years)
- Stage 5: Holistic (10+ years)

The first stage involves the planning and launch of the knowledge strategy. During the next three stages – after approximately three, six and nine years – organizations encounter significant implementation barriers. Senior managers and key knowledge management (KM) core team members move to new positions. Employees become complacent – even lose interest in KM activities. There also are growing demands to measure the benefits of the knowledge-driven strategy.

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At the end of each stage it is important to take stock of the accomplishments (and failures). It also is important to set new goals and objectives to revitalize the KM effort.

## **Stage 2: Implementation**

ADB is reaching the end of Stage 2 Implementation. During this Stage 2 ADB should have successfully addressed the following:

### ***Knowledge Strategy Implementation Gaps***

It is vital to understand that there can be significant gaps in 'understanding' between top managers and employees which can severely limit or in some cases destroy a knowledge strategy implementation effort. Here are four of the most common 'gaps.'

- *Gap between the knowledge required as perceived by top managers and by employees.*

Both groups have a list of the specific knowledge required to successfully implement a knowledge strategy. However, if the lists are not synchronized, then the implementation effort may fail.

- *Gap between knowledge required as perceived by top managers and actually required.*

Top managers underestimate the specific knowledge required (either available internally or required from external sources) to successfully implement the knowledge strategy.

- *Gap between the knowledge strategy required as perceived by top managers and the plan to implement a knowledge strategy.*

In this scenario, the knowledge strategy plan has not been properly developed and required knowledge is missing.

- *Gap between the plan to implement the knowledge strategy as proposed by top managers and the actual implementation effort.*

Project management of the knowledge strategy implementation lacks coherence and execution.

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## **Barriers and Pitfalls**

There are four key reasons why knowledge strategies fail during Stage 2:

### *Organizational Culture*

The culture category includes softer aspects related to human and organizational behavior. The failure factors in this category include:

- *Politics: The KM project is used as an object for political maneuvering such as gaining control and authority within the organization.*
- *Knowledge sharing: Staff do not share knowledge within the organization due to reasons such as the lack of trust and knowledge-hoarding mentality.*
- *Perceived image: Staff perceive accessing other's knowledge as a sign of inadequacy.*
- *Management commitment: The management appears keen to commence the KM project. However, when problems emerged, commitment to the KM project was quickly withdrawn.*

### *Content*

The content category refers the characteristics or properties of the knowledge itself. The failure factors in this category include:

- *Coverage: The content is developed fragmentarily from different groups of KM users. Hence, cross-functional content can not be captured.*
- *Structure: The content is not structured in a format that is meaningful to the task at hand. KM Users also find the content not in a useable form.*
- *Relevance and currency: The content is either not contextualized or current to meet the needs of the KM users. It can not help KM users achieve business results.*
- *Knowledge distillation: There is a lack of effective mechanism to distil knowledge from debriefs and discussions. Hence, valuable knowledge remains obscured.*

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## *Technology*

The technology category refers to aspects of KM infrastructure, tools and technology. The failure factors identified in this category include:

- *Connectivity*: *The technical infrastructure does not support the required number of concurrent users or the speed of access due to bandwidth limitation.*
- *Usability*: The KM tool has a poor level of usability. KM users find a tool too cumbersome or complicated for use.
- *Over-reliance*: An over-reliance of KM tools leads to the neglect of the tacit aspects of knowledge.
- *Maintenance cost*: The cost of maintaining the KM tool is prohibitively high.

## *Project Management*

The project management category refers to the management of the KM initiative as a project. The failure factors in this category include:

- *User involvement*: There is a lack of KM user involvement in the project. Hence, besides not being able to secure user buy-in when the project is rolled out, the knowledge requirements of the users are poorly understood.
- *Technical and business expertise*: When the project is implemented, it lacks staff with the required technical and business expertise to sustain the initiative.
- *Conflict management*: Conflict occurs among stakeholders of the KM team, but there was no attempt to manage it.
- *Rollout strategy*: The KM project does not have a proper rollout strategy. Specifically, the lack of a pilot phase means that many teething problems which could have been mitigated at the initial stage are left unchecked.
- *Project cost*: The overall cost associated with the KM project is in excess of what was originally anticipated.
- *Project evaluation*: There is no systematic effort to track and measure the success of the KM project as it develops. Thus, if there are early successes, the opportunity to

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publicize success stories can not be seized. Conversely, if there are failures, there are no opportunities to correct the mistakes.

- Involvement of external consultants: *The engagement of multiple external consultants causes the KM project to meander and creates confusion.*

### **Stages 3-5: Reinvigoration, Inculcation and Holistic**

Based on the study of hundreds of MAKE leaders, the next steps for ADB are Stage 3 of the knowledge strategy implementation which is focused on reinvigoration. New knowledge goals and objectives must be set. Top management must challenge the company to drive the knowledge strategy implementation forward. New knowledge core team members should be brought in to give the implementation plan additional energy. National Officers (NOs) should begin to take an ever-increasing role in budgeting and managing knowledge projects. Indeed, some organizations initiate plans to shrink the knowledge core team and decentralize the KM implementation efforts.

After another three years the knowledge strategy implementation effort will hit another 'barrier.' Stage 4 is perhaps the most difficult implementation stage. It is here that an organization either successfully embeds the knowledge-driven strategy within the business, or the strategy will be 'rejected' and the company will focus on a new 'miracle cure' to drive the business. The Inculcation Stage involves the NOs taking over full responsibility of the knowledge strategy implementation. Sometimes the knowledge core team is disbanded, but it is recommended that a small team continue to provide support and training. All of the major business processes have become knowledge-driven and the focus is now on bringing customers and suppliers onboard by aligning external business processes with the company's overall business strategy.

MAKE research reveals that it usually takes 10 years of culture change to firmly embed a knowledge strategy within an organization. At this point in time the company thinks 'knowledge' and all of its activities are built around knowledge-driven processes. Organizations reaching this stage are often recognized as Global MAKE leaders, and tend to excel in almost anything they do.

## **5. Recommendations**

- 5.1. Teleos has observed that organizations move through recognizable stages during a KM implementation process (see Section 4.5). Based on this year's ADB KM Study as well as the results of previous MAKE studies, it is clear that the ADB is nearing or at a transition phase between two stages. Typical of this transition phase are

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changes in senior management leadership, changes in the core KM team (including the senior KM officer as has happened at ADB this past year), perceived diminishing returns from KM investments (simple knowledge processes have been improved, but more complex knowledge processes have not been examined), and there is a general impression by many managers and staff that the organization's knowledge 'problems' have been solved.

During a transition phase it is also common for the senior management team to become distracted by other pressing organization issues and as a result fail to communicate to staff the importance of knowledge management and organizational learning. This often gives staff the impression that knowledge management and learning are no longer important to the organization.

Successfully moving from one KM stage to another is critical to becoming a Most Admired Knowledge Enterprise. Senior ADB management needs to examine, and if required revise, the organizational KM strategy to ensure that the organization continues to improve across all eight of the MAKE knowledge performance dimensions. As shown in Table 7, there are significant opportunities for improvement when compared to Asian and Global MAKE Winners.

**ADB Management should consider as a matter of urgency a review to ensure that the KM Implementation Plan continues to be aligned to the organization's current Vision, Mission and Goals. If required, ADB Management should revise the KM strategy for Stage 3 of KM Implementation and prepare a list of new KM 'stretch' goals to embed knowledge creation, knowledge sharing and collaboration into every aspect of the organization's activities.**

**The ADB Management also should consider existing as well as new communication channels to convey to ADB staff the importance of knowledge management and organizational learning in order to stress the organizational importance of KM and learning.**

- 5.2. An analysis of the data reveals that National Officers are 'realistic' in their assessment of ADB's KM implementation process and a majority of them are working to ensure the success of KM initiatives. They understand that a successful ADB KM implementation process will take a number of years to yield substantial positive benefits for the organization. They also understand that it requires constant managerial attention and support.

However, there is a sizeable group of National Officers (24.4%) who are still skeptical of the benefits of ADB's KM implementation process. They do not believe

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in and/or fully support the ADB KM implementation process. This group of NOs is large enough to significantly impede the successful implementation of KM within the ADB.

**It is important that the revised ADB KM strategy and implementation process address this issue of lack of support by National Officers.**

- 5.3. An analysis of the data reveals that Professional Staff are becoming more skeptical of ADB's KM implementation process. They apparently are taking a "wait and see" attitude when it comes to ensuring the success of KM initiatives. This negative view by key Professional Staff at the end of Stage 2 of KM implementation is a growing concern and should be addressed as soon as possible.

These individuals have achieved positions of respect and responsibility due to their expert knowledge. A formal organizational KM implementation process can be perceived as a threat by allowing other staff members to have access to the experts' unique insights and skills. It is therefore often the case that Professional Staff will initially be less supportive of KM than, say, National Officers or Administrative Staff.

On the other hand, Professional Staff also recognize that a KM implementation process can help them in their activities and enable them to improve their own skills and competencies. Once the initial skepticism is surmounted, most Professional Staff usually become very supportive of the KM implementation process.

It should be pointed out that over one-half of the Professional Staff (59.6%) – compared to 46.9% of Professional Staff in last year's KM Study – are somewhat to very skeptical of the benefits of ADB's KM implementation process. Since this large group of Professional Staff apparently do not believe in and/or fully support the ADB KM implementation process, they are in a position to significantly impede and/or derail the successful implementation of KM within the ADB.

**The challenge for the ADB is to continue to work with Professional Staff to demonstrate the value of the KM implementation process. The Professional Staff need to understand that their expertise will not be less valued, but on the contrary will be more valued as the KM implementation process continues to unfold. It is critical that the revised ADB KM strategy and implementation process address this issue of lack of support by Professional Staff.**

- 5.4. The scores in this year's KM Survey indicate that Administrative Staff positively view the ADB's KM implementation process, and are, in general, supportive of current KM initiatives.

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**The challenge for ADB Management is to focus their efforts on National Officers and Professional Staff, but at the same time not to neglect the involvement of Administrative Staff in the KM implementation process.**

- 5.5. Section 4.3 provides responses by individual ADB Departments. Some Departments are now supporting the KM implementation process, others see no need to change, while a few Departments are very skeptical that any change is possible. It is also a concern that Departments which appeared to be supportive of the KM implementation process in the 2007 KM Survey now are considerably less supportive.

**The ADB should pay special attention to the staff in these ‘non-participating’ Departments, otherwise they could act as focal points – indeed barriers – to the successful implementation of ADB’s knowledge strategy.**

- 5.6 Over the first three ADB KM Surveys (2005-2007), there was substantial improvement in the eight MAKE knowledge performance dimensions. However, the 2008 KM Survey reveals that except in organizational learning (Dimension 6), there has been significant declines in four of the MAKE knowledge performance dimensions:

*D1. “Consider how successful ADB has been at articulating a knowledge-driven enterprise strategy, including creating and sustaining enterprise knowledge values (role models, tolerance, communication), knowledge behaviors (recognition, community, trust), knowledge worker involvement (work design, environment, and competencies), and communicating knowledge policies and goals.”*

*D2. “Consider how successful ADB has been at creating and sustaining management leadership and support for managing ADB’s knowledge, including encouraging and supporting the organizational knowledge strategy, developing and training knowledge leaders, and recognizing and rewarding knowledge leaders.”*

*D3. “Consider how successful ADB has been at developing and delivering knowledge-based policies, strategies, programs, projects, and partnerships, including creating and managing an idea generation program, involving clients, managing the transfer of knowledge and ideas to clients, and measuring the value of its services.”*

*D7. “Consider how successful ADB has been at tapping client knowledge to develop knowledge products and services, sharing ADB knowledge with clients, measuring*

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*the rate of ADB knowledge transfer to clients, and communicating to ADB staff, clients, partners, and the external community successful ADB and client knowledge sharing activities.”*

**When ADB Management reviews the organization’s KM strategy and implementation process, they should include specific activities to improve the organization’s knowledge-driven culture, ADB Management support and communications, the value content of knowledge products, as well as working with all stakeholders in knowledge-sharing and development activities.**

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## Appendix 1: MAKE Framework

After reviewing various knowledge management approaches and models, such as those developed by BP, CREATE, the Knowledge Management Consortium International, Theseus Institute, University of Kentucky and Xerox. Teleos has developed a framework of eight knowledge performance dimensions which are the visible drivers of the knowledge-driven enterprise:

- creating an enterprise knowledge-driven culture.
- developing knowledge workers through senior management leadership.
- delivering knowledge-based products/services/solutions.
- maximizing enterprise intellectual capital.
- creating an environment for collaborative knowledge sharing.
- creating a learning organization.
- delivering value based on customer knowledge.
- transforming enterprise knowledge into shareholder value.

Each of these eight knowledge performance dimensions is made up of dozens of knowledge processes and sub-processes. Taken together, they serve as the 'engine' of the knowledge-driven enterprise. The following Figure shows the relationship among the eight MAKE knowledge performance dimensions.

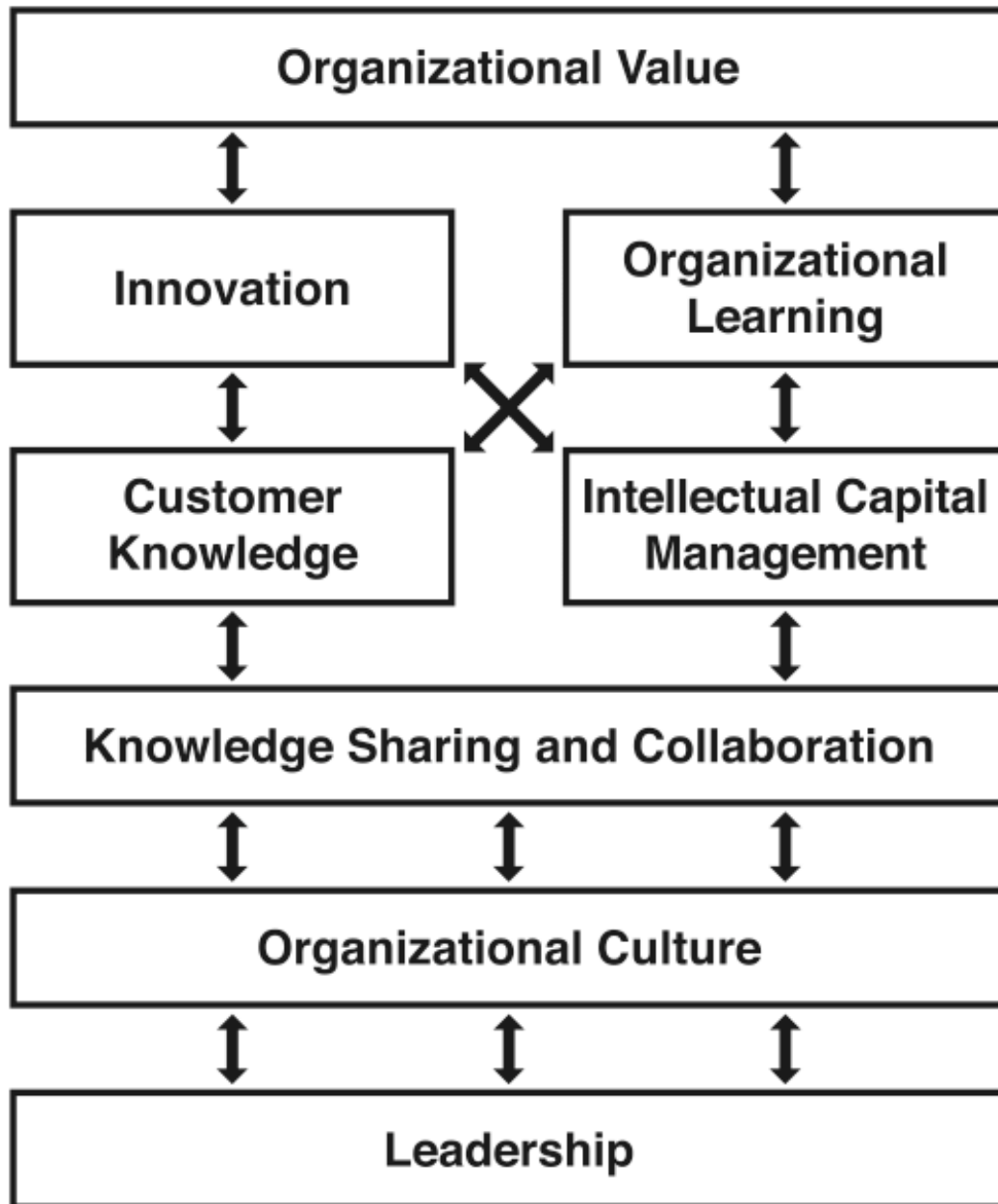
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Most Admired Knowledge Enterprises (MAKE) Framework ©Teleos

The eight knowledge performance dimensions which form the MAKE framework are found in all world-class enterprises. They are seen as key drivers in creating wealth in knowledge-intensive organizations. Listed below are the major processes which form the foundation of the eight knowledge performance dimensions.

### ***Creating an enterprise knowledge-driven culture***

The key drivers of this knowledge performance dimension include:

- Developing and deploying a knowledge-driven enterprise vision and strategy.
- Determining enterprise core competencies (knowledge assets).
- Designing a knowledge-driven enterprise structure and relationships between enterprise units.
- Developing and managing enterprise knowledge values.
- Developing and managing enterprise knowledge behaviors.
- Developing and managing enterprise knowledge systems/processes.
- Creating and managing a knowledge-based human resources strategy.

### ***Developing knowledge workers through senior management leadership***

The key drivers of this knowledge performance dimension include:

- Developing and deploying an enterprise management style that encourages the acquisition, sharing and application of knowledge for enterprise value creation.
- Providing financial and non-financial enterprise support for managing knowledge.
- Encouraging and supporting an enterprise knowledge strategy and approach.
- Developing and training knowledge leaders.
- Recognizing/rewarding knowledge leaders.

Perhaps the key knowledge performance attribute in this knowledge performance

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dimension is the chief executive officer's support. This support involves articulating a clear vision for the organization, including how it is going to become and then grow as a knowledge-driven enterprise.

### ***Delivering knowledge-based products/services/solutions***

The key drivers of this knowledge performance dimension include:

- Developing and deploying an enterprise knowledge creation and innovation strategy.
- Developing and training the workforce in idea generation and innovation.
- Involving customers and suppliers in the development of knowledge-based goods and services.
- Increasing/expanding enterprise knowledge.
- Managing the transfer of knowledge and ideas to 'points of action.'
- Recognizing/rewarding innovators.
- Managing the production and/or service of knowledge-based goods and services.
- Measuring value created from knowledge creation and innovation.

Visionary companies create an environment of 'discomfort' to stimulate change and improvement – before their customers/clients demand it of them. Best practice innovative organizations display the following characteristics:

- Employees are allowed free time to be creative.
- Functional barriers are removed and 'silo' mentalities discouraged.
- Employees are allowed to take risks and to make mistakes.
- Organizations create reward systems which encourage innovation.
- Networks and communities of practice are encouraged.
- Customers are integrated into the creative process – problems are looked at from the customers' perspective.

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- The innovation process is under continuous review and improvement.

### ***Maximizing enterprise intellectual capital***

The key drivers of this knowledge performance dimension include:

- Developing and deploying an enterprise intellectual capital strategy.
- Developing and training the enterprise workforce in intellectual capital concepts and tools.
- Developing tools and techniques to manage and measure intellectual capital.
- Managing and expanding intellectual capital.
- Protecting knowledge assets.
- Recognizing/rewarding employees for increasing enterprise intellectual capital.

### ***Creating an environment for collaborative knowledge sharing***

The key drivers of this knowledge performance dimension include:

- Developing and managing the capture, categorization and use of knowledge.
- Mapping knowledge resources throughout the organization.
- Converting individual tacit into enterprise explicit knowledge.
- Creating systematic mechanisms for sharing existing internal and external knowledge and best practices.
- Providing information technology platforms for knowledge sharing.
- Developing communities of practice.
- Effectiveness in identifying and accessing internal and external expertise.
- Establishing knowledge-based reward and recognition systems.

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### ***Creating a learning organization***

The key drivers of this knowledge performance dimension include:

- Developing a knowledge-driven enterprise learning strategy.
- Developing collaboration/partnerships for accelerated learning.
- Developing and/or acquiring learning methodologies, tools and techniques.
- Converting individual tacit into enterprise explicit knowledge.
- Developing communities of practice.
- Learning by doing.
- Coaching and mentoring.
- Developing an organizational learning infrastructure, e.g., corporate intranet for the internal and external exchange of learning experiences.
- Moving from individual learning to organizational learning.

Most knowledge enterprises understand that to grow and prosper in the 21<sup>st</sup> century, they will have to innovate, develop new knowledge and create maximum value for their customers and shareholders. To establish this environment of creativity and innovation, a growing number of firms are transforming themselves into learning organizations.

### ***Delivering value based on customer knowledge***

The key drivers of this knowledge performance dimension include:

- Developing and deploying an enterprise knowledge-driven customer value strategy.
- Creating and managing customer value profiles and maps.
- Creating customer value chains.
- Developing and/or acquiring tools and techniques to collect and gain value from customer knowledge.

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- Developing and managing customer databases.
- Developing tools and techniques to extract value from customer knowledge.
- Measuring changes in the customer value chain.

The knowledge economy has changed the goal posts in terms of winning customers and retaining their loyalty. It is now possible to market to customers on a global scale and to know more about their needs, wants and desires than ever before. On the other hand, customers are becoming more discerning – they are knowledgeable about what they want, how much they will pay for it, and from whom they will purchase it.

### ***Transforming enterprise knowledge into shareholder value***

The key drivers of this knowledge performance dimension include:

- Developing and deploying an enterprise knowledge-driven strategy for increasing shareholder value.
- Mapping and developing knowledge value chains.
- Managing and measuring knowledge value chains.
- Measuring changes in enterprise shareholder value.
- Communicating/reporting on knowledge-based value creation.

Organizations have discovered that this knowledge performance dimension, along with 'Maximizing the Value of an Enterprise's Intellectual Capital,' is the most difficult to manage at a strategic level. The concept of knowledge-based shareholder value is hard to grasp, and tools and techniques are lacking to make it visible within the enterprise as well as to external stakeholders.

Part of the difficulty is that most companies are still operating with industrial age financial and accounting systems. Attempting to measure and manage knowledge processes that create wealth – especially those activities that focus on long-term paybacks – are still beyond the grasp of most organizations.

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