Furthermore, in the short term—a year or two into a KM project—there isn't likely to be any direct measures of increased innovation. Only indirect measures, such as an increase in the number of communities of practice, may indicate increased innovation in the organization. However, there's no hard evidence that increased innovation results from more frequent or technology-enhanced community of practice meetings.

Some qualitative measures are more directly linked to quantitative outcome measures than others. For example, "greater customer loyalty" eventually should be reflected in loyalty behavior, such as increased repeat business and customer retention. However, even in these cases, at best the relationship between short-term qualitative assessment and longer-term quantitative ones is correlative, not causal. Increased customer retention could result from some other effect that is independent of any KM initiative.

Despite uncertainties in meaningful returns on an investment in a KM program, many companies have embraced KM methods, using a variety of unconventional methods of assessing outcomes. This move parallels the general trend in corporate computing, where companies invest in information technologies despite the fact that conventional metrics fail to show an eventual improvement in the bottom line. With these factors in mind, consider the continuing events at Custom Gene Factory (CGF) regarding its adventure with Knowledge Management.

Defending the Investment

Nine months into the pilot program to index, archive, and disseminate the information collected in the electronic whiteboard sessions in CGF's research and development (R&D) department, the chief knowledge office (CKO) is pressed by senior management to determine if the pilot program should be expanded to other departments or dropped. With the start of the fiscal year only three months away, the CKO is under pressure to show a return for the resources invested thus far.