*Communication*

# KNOWLEDGE AND WISDOM MANAGEMENT

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## *INTRODUCTION*

"A collection of data is not information; A collection of information is not knowledge. A collection of knowledge is not wisdom. A collection of wisdom is not truth."

These words from Neil Fleming, circa 1996, are apt in today's context where Knowledge Management has got added to the jargon of modern day Managers, and where organizations vie with each other to proclaim their credentials as "knowledge-managed"

To the four statements of Neil Fleming given above, we need to add two more

"A collection of techniques is not knowledge management", and

"A collection of wish statements does not make a knowledge management process"

Most writers who have talked about Knowledge Management have argued that there are two or three "tracks" for looking at Knowledge Management. For example, Sveiby talks about "Management of Information" and "Management of People" whereas at Knowledge Praxis they have adopted a three part categorization: mechanistic approaches, cultural / behavioural approaches and systemic approaches. In general, there is an agreement that Knowledge Management does have three important dimensions (and these are the same three dimensions which are key to business success of any organization) viz. technology, processes and people. It is necessary to optimally utilize all the three dimensions to be effective in the use of Knowledge Management.

On a different plane, Michael Polanyi has defined two oft-quoted classifications of knowledge viz. explicit knowledge and tacit knowledge. In a sense this parallels Sveiby's classification since tacit knowledge has been explained as that which is captured in the human mind or "personal knowledge rooted in individual experience and involving personal belief, perspective, and values".

Suffice it to say, that over the last two decades a conscious effort has been made to systematize an approach (the approach of Knowledge Management), which existed in the form of pockets of excellence earlier amidst what people call the (mis) management of information.

## What is Knowledge Management?

Knowledge Management has been defined in various ways. The classic has been Bellinger's approach of defining a continuum that ranges from Data✍Information✍Knowledge✍Wisdom. In this

approach Knowledge is the understanding of the "pattern of" relationships between different data and information. However, a more comprehensive definition is given as:

**Knowledge Management** involves the identification and analysis of available and required knowledge assets and knowledge assets related processes, and the subsequent planning and control of actions to develop both the assets and the processes so as to fulfill organisational objectives.

This of course introduces us to a new term viz. knowledge assets which can in turn be defined as follows: **Knowledge assets** are the knowledge regarding markets, products, technologies and organisations, that a business owns or needs to own and which enable its business processes to generate profits, add value, etc.

Very clearly, in the second series of definitions the focus is on the business environment, whereas Gene Bellinger's approach was more generic in nature and could be applied to any scenario. For the purposes of this paper, we shall follow the business organization approach and use the above definition with suitable modifications as the situation demands.

## A Knowledge Management Model

Two important pre-conditions:

In this paper, I present my learnings on Knowledge Management at work using practical examples mainly drawn from my experience with three major consulting firms.

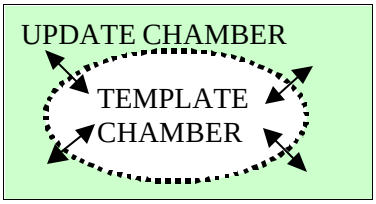
The starting point of any good Knowledge Management system is in identifying at which point does integration of different knowledge aspects stop, and where does differentiation begin. There is an optimum level below which it is necessary to integrate different knowledge elements to obtain a synergy from them. At the same time, there is a point beyond which one mass of knowledge becomes difficult to manage and it has to be broken up into manageable parts. Where exactly is this point? Obviously it is not a point, but a range. Secondly, the range would vary from organization to organization with relation to different parameters such as size, nature of business, etc.

Let us illustrate this through an example. If we were to consider the Materials or Procurement function in any organization, the knowledge is related to both what to procure as well as how much and when. While the first is relatively time independent, the second is not. It would be critical for the Procurement function to know at any point of time how much of products are being manufactured and sold, since that would (in addition to other factors) decide the quantum of item to be procured. However, as the size of the organization grows, the Procurement function itself would grow. At one point of time, it would need to be divided or categorized by different kinds of procurement (domestic and import for example). Thus while at one level, there is a need to integrate Procurement into the processes of the organization as a whole; at a different level, it is necessary to differentiate between various Procurement processes so that each can be performed effectively. As stated earlier, the first issue is to decide on when to integrate and when to differentiate.

The second issue that arises while considering a Knowledge Management system is how much data the system should have access to. Consider a child watching television as an example. If we start with the premise that the TV is a useful medium for education, then how much of knowledge should the child be exposed to. For every piece of desirable information, there could be a component that is not useful. And in any case, even if all the information were useful, there would soon be a point of information overload. This is equally true of all business aspects of knowledge management.

We need to keep these two aspects in mind before we deal with a working Knowledge Management model, which is described in detail below.

**The KM model**




### The Model Construct

The basic construct of the model is based on the principles that (1) the amount of data / information on which knowledge is based is vast, and (2) that it is constantly changing at every moment of time.

Therefore, the model recognizes that it is necessary to structure the data / information in such a way that converting such information into knowledge is both simple as well as sustaining.

The model is constructed at two levels. These are referred to by their function as (1) the Template Chamber or Inner Chamber and (2) the Update Chamber or Outer Chamber.

The Inner or Template Chamber is designed in order to regulate and structure the knowledge flow. In essence it consists of a series of "knowledge templates". These templates are related to the business process of an organization and placed in a hierarchical succession of levels. The level zero [L0] templates are closest to the overall business process of the organization; at L1 they relate to processes one level below viz. the functional processes of the organization, at L2 they would relate to departmental processes and so on. It is important to note that L0, L1, etc. refer to the way the business processes in an organization are structured and not to the hierarchical organizational structure per se.

The Outer Chamber contains the mechanism by which the body of knowledge captured in the inner chamber is constantly updated, classified and sorted. Unlike the inner chamber, in this chamber the process of knowledge captured is more important than the content of what is being captured.

However, in both cases the approaches to capture and organization of the knowledge follow varied routes such as technology, processes and people.

## Application of Model

Let us consider how this model will work in a simple situation. Let us take the way a consultancy works.

If a client has approached a consultancy firm for an assignment, the consultancy firm needs to know the environment in which the client operates. This will include the market forces, the economy, financial, government policies, taxation aspects and a whole host of such information. The amount of data is vast; it needs to be structured. Therefore, depending on how the consultancy firm works, it will ensure a system to capture this knowledge in its data banks. Different consulting firms might take different approaches – but the objective remains the same. So the bigger firms will have a "research center" with on-line access that looks at such data capture independent of the

need of a specific client. However, smaller consultancy firms would find such a technology-centric approach not very cost effective, and would, therefore, follow a process approach. In their cases, the approach would be to use a "process template" which could be used efficiently at different times. A process approach would capture knowing what data or information is to be captured, what are the likely sources, what format the information is required in, processes for validating the data, etc. A third approach, which works in rare cases is the "people-centric" approaches that rely on experts in the organization to come up with the requisite data.

This is only the first step, and would be repeated with different variations in the other steps of the assignment. To illustrate let us skip a few steps in the assignment process and go to a stage that is known as "modeling". In this step a theoretical model is constructed with the data available from the organization, and which will be used for coming up with the solutions to the issues in the assignment. Let us assume the assignment was related to (say) creating a Supply Chain Management process in the organization. The consultancy firm would not be able to devote all its experts on Supply Chain Management to the client. Therefore, it would need to have theoretical models ready which can be "applied" to different situations. These models are created in such a way that different input variables can be applied to them and the consequential changes in the model will be automatically created. Again depending on the nature of the consulting firm, different template models would be created. At one level would be models which can be created from fundamentals (these are expensive and time consuming models created only by the bigger consulting firms); at the lowest level it is what is known as a "cut-and-paste" job; where an earlier version is reworked on with minor changes for the new client.

How do we link these examples to the model? Both the instances given above fall within the realms of the Inner Chamber. The outer chamber will get activated once we learn from the current assignment and add to, change or modify the knowledge in the template chamber based on the experiences during the current assignment.

### The structure of the Chambers

The Inner Chamber is constructed very much like a digital library. It has the knowledge classified by levels and subjects and functions, but indexed in various ways. The outer chamber is structured according to process. It incorporates methodologies of collating information, updating information, choices between replacement, addition and update, etc.

### The Knowledge Management Process

Obviously, the construction of the two chambers is only a way forward to the implementation of the Knowledge Management process. The model also looks at the processes of data capturing and conversion to knowledge. However, these aspects are not dealt with in this paper.

## Wisdom: The benefits of Knowledge

Contemporary Literature does not cite Wisdom Management as a separate topic – it is linked with Knowledge Management as an application. In the context of the Knowledge Management model given above, however, Wisdom Management has a particular role or application. It relates to the process of updating the templates in the inner chamber as opposed to the information or knowledge in the outer chamber. The analogy is similar to changing any master die or a template in any process. It is done with extreme care and based on a detailed evaluation of various aspects. It is also done by experts.

## Conclusion

This article has a limited scope. It seeks only to introduce a model on Knowledge Management and explain its basics. The details of the model have not been included.