Knowledge Management is the process of codifying, collecting, and disseminating the firm’s knowledge assets. Companies see this as important because once an organization understands what it knows, knowledge can be optimized to improve operational effectiveness and efficiency and applied to innovation in product and service offerings. The result is a finely tuned organization capable of precise and rapid mobilization in pursuit of opportunities, adaptation to an ever-changing environment, and mitigation of the inevitable risks as they arise.

The K3M is a long-term roadmap spread across eight levels of increasing sophistication for companies to follow in their pursuit of organizational self-actualization (see Level 8: Organizational Self-Actualization). The first four levels are geared towards building an internal competence in the science of encoding, delivering, and collecting knowledge as well as process optimization. Levels five through seven focus on ripening the spirit of innovation within the company until it is a deeply ingrained cultural value.

The K3M is progressive in that each level depends on the layers below it. However, companies may find that they have a competence in a level while still being at a rudimentary point in the preceding levels. This could be caused by having several highly competent employees, reward structures that prize forward thinking, and other distinctive but not systemic competences. The key point is that a sustainable self-actualized innovation culture that is both built-to-last and built-to-perform requires having all eight levels in place.

**Level 1: Standardized Infrastructure for Knowledge Sharing**

*Level 1* represents the organizational reality as a single system for capturing and delivering knowledge encoded as required repeatable steps. It answers the questions of who knows what and how activities are currently being performed.

The organizational reality is modeled using a role-based knowledge browser that encompasses the entire organizational chart. Each role’s knowledge is applied to its folder and aligned to the organizational chart. Basic reporting across all departments is in place.
Level 2: Top-Down Quality-Assured Information Flow

Level 2 ensures clear management directives through the communication of target outcomes, their underlying purpose, and associated action items delivered directly to each role’s folder. This happens at each level of management to provide a structure for dealing with its subordinates.

This level is concerned with the executive block of knowledge that is critical for leading the organization as a cohesive unit. The top directors provide clear direction based upon the company’s purpose, core values, mission, and goals, which are delivered throughout the knowledge browser infrastructure to all corporate roles. It includes the executive view of how things are supposed to work. For example, leadership may intuit an upcoming market need and feel that the idea should first be evaluated by the Sales and Marketing, Finance, and Human Resource functions before sending it to R&D. The standard infrastructure will be used to communicate this methodological expectation to the department heads to receive their feedback and support in setting up the right operational structure. Here, top executives are creating the organizational reality they wish to see.

Level 3: Top-Down Retention Measurement

Level 3 ensures team understanding of the executive directives. Employee accomplishments can be measured against the backdrop of executive knowledge from Level 2.

This level deals with assessing whether individuals understand their work processes and what is expected of them. The role-based operating structure contributes to what leadership wants to accomplish. At this stage the company’s view into current knowledge is mature enough that it can begin appraising the entire value chain of intellectual property. Financial and other measures can be applied to blocks of knowledge to objectively understand how much a particular role contributes to the value chain. The organizational reality is agreed upon at all levels of employee involvement and there is a clear path to achieving objectives.

Level 4: Organizational Learning

The Level 4 view is inclusive of Levels 1-3. It is a set block of current company wisdom moving back and forth across operational units, cross-functional project teams, and process participants, as well as between executive leadership and front-line resources.

At this level, the company understands its explicit knowledge – that is, the company knows with precision the knowledge that it collectively possesses. This knowledge is optimized to do away with all non-value added activities pertaining to current operations. In addition, the knowledgebase of the organization may be used to identify where projects and teams may benefit from sharing task responsibility, resources, and know-how. The learning organization’s reality reflects the give and take of best practices within and across departmental lines in a way that fosters a culture of knowledge sharing.
Level 5: Organizational Knowledgebase

At Level 5, since the basic knowledge flow is in place and leads to accomplishments in meeting the current business demands, the entire company uses the knowledgebase to shift gears into an innovation-based culture. The knowledgebase is aligned to each role, and each resource can apply their creativity towards perfecting the roles they perform through continual process refinement.

The organizational knowledgebase reflects a total reality of cause and effect activities creating profit through serving clients. This is the true intellectual property activity model.

Level 6: Process-Driven Knowledge Sharing

At Level 6, every primary function is represented in a results-focused process framework, where the purpose and associated activities are clear and precise such that the organization is moving rapidly toward peak performance. All work is driven by the process-based knowledge made possible by the Level 1 standardized infrastructure.

The organizational reality is one of learning loops sharing relevant processes and collecting knowledge gained through relationships and experiences. New ideas are captured and shared immediately across organizational boundaries to assist in the fulfillment of objectives.

Level 7: Continual Process Improvement

Level 7 represents a set culture of knowledge creation where best practices are shared across departments with immediacy as standard operating procedure. The company is at a point where innovation is embedded as a cultural norm. Each function, team and resource can see every individual’s knowledge contributions, and apply uninhibited creativity and focus to create new and improved value and intellectual assets.

A transparent ebb and flow of all relevant non-proprietary knowledge exists with external partners at all levels of the relationship (contractual, strategic and tactical).

Level 8: Organizational Self-Actualization

Organizational Self-Actualization, as with the individual self, is not a fixed state, but a process of development which does not end. The term derives from the idea that each company or individual has multiple hidden potentialities: talents or competences they could develop, but which as of yet have not come to the surface. Self-actualization signifies that these potentialities of the organization or individual are made actual in a continuing process of unfolding.

Level 8 then is not a final stage, but a plateau from which the company is positioned to continuously deliver higher levels of value to all stakeholders, far beyond the current domain of offerings. Each individual’s journey to self-actualization is deeply connected to the continual emergence of actualized company potentialities.
Figure 2 below depicts a model representation of the self-actualized organization. High-level organizational principles like the purpose, core values, and core ideology are intimately connected to all activities (i.e., those depicted in the inner layers of the diagram) through its knowledge management infrastructure, management style and practices, and corporate culture.

Figure 2: The Self-Actualized Organization

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1 Rothberg, Helen N. and Ericson, G. Scott © 2005. “Generating Competitive Capital,” From Knowledge To Intelligence (p. 5), Burlington, MA: Elsevier Butterworth-Heinemann