

indicative of the typical circuitous path to Knowledge Management. For example, in an effort to gain a competitive edge over Healthcare Productions, the management of Medical Multimedia hires a consultant to develop a multimedia asset management system. This system is designed to keep track of images, sounds, and other media that the company repackages for various customers. In creating this system, the consultant interviews company employees to determine the current process. She then designs a database system that mirrors and improves on the manual handling of multimedia assets.

In the course of the consultant's work with the multimedia, she discovers that Medical Multimedia's management sorely needs a system to track its other intellectual property as well. After a year of effort, which includes working closely with the information systems department, the consultant develops a limited KM system for tracking and managing intellectual property at Medical Multimedia. A competing company doesn't embrace Knowledge Management and succumbs to the more competitive Medical Multimedia.

Unfortunately, this early success in Knowledge Management is costly for Medical Multimedia in terms of employee relations. Most employees resist being interviewed regarding exactly *how* they perform their jobs, and one employee—the top graphic artist—leaves the company to run her own business. To minimize any further loss of intellectual capital, the consultant, working together with the head of human resources and the CEO, develops a company policy that recognizes employee contributions with public approbation as well as pay bonuses and stock options.

Meanwhile, the owners of Medial Multimedia decide to sell the company while it's at the top of the market. Since they know that the market value of the company is greater than what the books suggest, they have the consultant arrange for an independent knowledge audit.