THE SPECIFIC OF KNOWLEDGE BASED STRATEGIES

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Abstract: Communication addresses the lesser-known in Romania issue of knowledge based specific strategies. The main issues addressed during scientific communication are:

- assumptions and defining features of the knowledge-based strategies
- strategic knowledge - the core of knowledge-based strategy
- strategic dilemmas involved
- types of specific strategies based on knowledge
- key elements that condition the development of advanced knowledge-based strategies
- coordinates of specific strategy knowledge-based methodology

The communication, based on an intense consultation of the international literature in the knowledge management domain, contains elements of originality, with particular reference to the strategic knowledge variables, which determine the specific implementation of the strategies based on knowledge and the methodology to design and implement them.

Keywords: knowledge based management, knowledge based strategy, strategic knowledge, strategy dilemma, knowledge based strategy typology, methodology of strategy.

JEL Classification: J53, L10.

1. Premises and defining features of the knowledge-based companies’ strategies

The profound changes occurring in the economy, business and knowledge management is naturally reflected in new approaches to strategy.

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and organization. There emerges - as demonstrated very convincingly by Zack Smith (1998, p. 254) - the so-called knowledge-based strategy, which is based on two new items that are not found usually in classical strategies:

- Knowledge becomes the most important strategic resource of the company;
- Learning is the most important skill of the organization.

In addition, in our opinion, more frequently there occur two other essential elements, which associate to the first ones, these are:

- the company completes its work in products, knowledge and / or knowledge service;
- achieving the innovation is critical for the organization; it conditions not only its performance, but sometimes even its existence.

The strategies based on knowledge, regardless of their type, are different from the traditional business strategies through the following key elements:

- the inclusion in each component of the strategy - mission, objectives, options, resources, deadlines and competitive advantage – of the knowledge as an essential ingredient; the strategy objectives should relate specifically to the use and exploitation of knowledge
- location in the forefront of the strategy elements, next to knowledge, human resources as main owners, users of them;
- the absolute and relative growth of modern techniques for information processing and communication in the ensemble of strategy designed resources;
- the inclusion in the strategy, in addition to the well known endogenous elements, and many other external factors, according to the extended value knowledge chain and the involvement of the organization’s key stakeholders;
- emergence of a high flexibility of the strategy, both in the process of developing it and - especially - of its operational stage, the widespread use of sliding strategic approach, which means updating periodically, usually, annually its components;
- the widespread proliferation of the creative elements in all the components of the strategies, giving it a strong innovative dimension, regardless of their type;
the pronounced manifestation of a participatory dimension during the foundation, design and implementation processes of the strategy, which involves virtually all employees based on the firm knowledge and also the other stakeholders;

- the projection of a highly motivational content to the development and implementation strategic processes, by using specific methods which are suitable for the decisive role the specialists based on knowledge within the organization have;

- reducing the degree of formalization is due to the intangibility of a part of their knowledge and its fluidity.

The examination of the identified characteristics contents shows that most of them relate directly to the human factor. This finding is consistent with the results of a survey conducted by the English consulting firm Prodata, on a sample of European firms in the high technology sectors, according to which the best knowledge management practices are based on the recognition of the fact that the people and processes involved are placed before the technology.

According to Japanese experts Nomura and Ogiwara (2002, pp. 82-86), the strategy features - and primarily the focus on knowledge and the projected goals - should be visible to all stakeholders of the company. This is the condition for their awareness and for the operational integrity and performance of the strategy.

Naturally, the items listed above do not cover the full range of knowledge-based firms strategies specifics, but certainly, they contain the most relevant ones, with multiple meanings and impacts to be considered.

2. Strategic knowledge

In all strategic processes in the firms based on knowledge, not all knowledge has the same role and impact. The reality analysis from the most advanced and evolved knowledge-based companies show the outline of a new type of knowledge – the strategic knowledge. These are essential for a sustainable development of the firm and they are - as shown by specialist A. Grunwald (2004, pp. 72-78) - in combinations of orientation knowledge, explaining knowledge action guiding knowledge. Generating this new type of knowledge is a new kind of challenge to the management theory and practice.
According to our analysis, the strategic knowledge has a specific set of features, listed in Figure no. 1, on which we consider it necessary the following notes:

- unique in the sense that they are not found in other companies, even if they are owned in a similar way, only in a small number of other organizations. The strategic knowledge is rare, so they have a broader strategic advantage for the organization;
- pragmatic or useful, in sense that they can generate new products or services within the firm or they can improve the existing ones significantly. This feature reaches its peak when the knowledge itself becomes a product and it is marketed as such;
- generating value through their use that creates added value to company, value which is recognized on the market. Strategic knowledge are always part of the value vector of the organization;
- difficult to imitate and / or substitute with other knowledge, feature that provides the company sustainability and profitability for medium and long term. The more the company's tacit and innovative knowledge have a higher weight, this knowledge feature is more intense and it’s strategic nature, stronger;
- dynamic, meaning that they can be updated and amended accordingly to changes in the endogenous and exogenous environment of the organization, in particular the market
requirements. The dynamism refers to both the knowledge content and the form and means of expression;

- based on intensive learning processes, whose use is being decisively conditioned for maintaining the other features of the strategic knowledge. The intensive learning processes, although difficult and resource intensive consumers, represent the best protection for maintaining and enhancing the strategic nature of knowledge.

As an example we mention some of the types of strategic knowledge that are common in the modern companies: the technological know-how, the products design, marketing presentations, consumer understanding, creativity staff, and innovation. In order to facilitate the understanding of this concept we present some examples of strategic knowledge of some multinational companies based on their competitiveness. Thus, at McDonald’s, the strategic knowledge is being represented by the system of production and selling with its distinctive symbols, at the Dow Chemical the strategic knowledge is represented by the patents and trade secrets in the form of new chemicals processes and products and their worldwide operation trough manufacturing processes, marketing and sales. For the consulting firm McKinsey, the key skills are the specific customers approach and the systematic conceptualization of this knowledge that allows them to create added value for them continuously.

Regarding the strategic knowledge we emphasize that especially after 2003-2004 are being used the terms key knowledge or essential competence (core competence). In this context we mention that some authors, such as Frenchman Claude Billet (2008, pp. 7-14), define depending on the location and contents several models of strategic skills: organizational, situational and flexible. For the capitalization of strategic knowledge there appeared a variety of approaches, most of them based on a fragmentary view, which is not taking into account the purpose and characteristics of the knowledge-based organization. In our opinion, the key or strategic knowledge is fully used only trough organizational strategies. Moreover, under these conditions, the content, design and implementation of the strategy changes radically, so being outlined the strategies based on knowledge.
3. Strategic dilemmas

In a study published in 2010, the well known North American specialists Meir Russ, Robert Fineman and Jeannette Jones (2010, pp. 134-141) identify, based on extensive research, six strategic dilemmas which are faced by knowledge-based organizations in designing and implementing the specific strategies based on knowledge. Without going into details, we will mention which these dilemmas are.

<table>
<thead>
<tr>
<th>No.</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The organization focusing on the codification of explicit knowledge</td>
<td>The organization focus organization on tacit knowledge (tacit)</td>
</tr>
<tr>
<td>2</td>
<td>The organization focusing on acquiring complementary knowledge from the existing knowledge base (complementary knowledge)</td>
<td>The organization focus on obtaining new knowledge, even if it leads to the destruction of the current knowledge base (destruction of the current knowledge)</td>
</tr>
<tr>
<td>3</td>
<td>The organization focus on current knowledge conceal (hide)</td>
<td>The orientation of the organization on ensuring the possessed knowledge transparency (transparency)</td>
</tr>
<tr>
<td>4</td>
<td>The organizational development based on external knowledge acquisition (external)</td>
<td>The organization development by valuing the internal knowledge base (internal)</td>
</tr>
<tr>
<td>5</td>
<td>Focus on valuing the existing knowledge in the organization (operating)</td>
<td>The organization focus on exploring new knowledge (exploration)</td>
</tr>
<tr>
<td>6</td>
<td>The organization focus on knowledge that support the existing processes to create value (processes)</td>
<td>The organization focus on knowledge that supports current products or services (product)</td>
</tr>
</tbody>
</table>

These dilemmas can manifest at the organization level or - if the organization is larger and divided into profit centres - and every centre level. Research has shown that strategic dilemmas may differ from a profit centre to another within the organization. In the following figure we show a significant example as a diagram showing the intensity scale for the six dilemmas in a company which is structured into four profit centres.
The expert researchers have revealed that these dilemmas are independent. In other words, in an organization, the managers can be in a position to address, analyze and respond separately to each of these dilemmas or only to some of them. Based on the dilemmas above, the mentioned specialists have developed a complex typology of specific strategies based on knowledge, which we refer to in a following paragraph.

The knowledge and consideration of these dilemmas is particularly useful for the managers and specialists of the organizations based on knowledge in designing and implementing specific strategies based on knowledge, starting from the definition of specific policy goals.
4. The typology of the knowledge based strategies

Since the beginning there should be an indication that in the knowledge-based companies there can be used all the strategies applied by the advanced management, which are inserted into the table 2.

Table no. 2

<table>
<thead>
<tr>
<th>No.</th>
<th>Classification criteria</th>
<th>Types of strategies</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Scope</td>
<td>• Global</td>
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<tr>
<td></td>
<td></td>
<td>• Partial</td>
</tr>
<tr>
<td>2</td>
<td>Targets dynamic</td>
<td>• Recovery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Consolidation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Development</td>
</tr>
<tr>
<td>3</td>
<td>Objectives types and nature of approaches</td>
<td>• Innovational</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Offensive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Specialization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Diversification</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Managerial</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Information</td>
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<tr>
<td></td>
<td></td>
<td>• Organization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Privatization</td>
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<tr>
<td></td>
<td></td>
<td>• Restructuring</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Joint venture</td>
</tr>
<tr>
<td>4</td>
<td>Degree of participation at the company strategy issue</td>
<td>• Integrated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Independent</td>
</tr>
<tr>
<td>5</td>
<td>Vision nature</td>
<td>• Economic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Administrative and economic</td>
</tr>
<tr>
<td>6</td>
<td>Approached field of activity</td>
<td>• Knowledge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Research and technical development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Organization</td>
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<tr>
<td></td>
<td></td>
<td>• Commercial</td>
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<tr>
<td></td>
<td></td>
<td>• Marketing</td>
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<tr>
<td></td>
<td></td>
<td>• Supply</td>
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<tr>
<td></td>
<td></td>
<td>• Sale</td>
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<tr>
<td></td>
<td></td>
<td>• Design</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Technology</td>
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<tr>
<td></td>
<td></td>
<td>• Renewal of products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Financing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Human Resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Motivation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Training of staff</td>
</tr>
</tbody>
</table>

What changes to a considerable extent is their content, because in the company based on knowledge, the knowledge is, as already noted, at the same time:

- raw material;
- development vector;
- capital;
- product.

Consequently, the particularities of each type of strategies, that distinguish them from others, will have in a significant extent, as purpose and method of expression, the knowledge.

Similarly, there is presented the strategic alliances based on knowledge problem - joint ventures, franchising, venture capital investments, etc. which are rapidly expanding. Although they bear the same name, focusing on their knowledge substantially change the constructive and functional parameters, as demonstrated in a study of Salvadore Parise and Laurence Prusak.

5. Key elements that condition the development of advanced knowledge-based strategies

We will present as follows a set of key elements to be considered in the analysis, designing and using the strategies based on knowledge.

- **Understanding the knowledge-based organization's system subject to change and its need for change**

  Although it may seem paradoxical, but many people, including managers, do not understand enough the organization, the working system. They manifest as the specialist Berry Oshrey shows "blinding to the systems in which we are, what determines us to be in their hands". In a profound analysis on these issues, North American, Sue Patersen identifies at the organization level the four kinds of blindness: spatial, temporal, relational and of process. There must be avoid the common mistakes that occur at individual and group level, which consist in believing that "your world" is the real world. It is essential to learn to look at the organization where we are and to understand its weaknesses and strengths. In this context, there must be identified as precisely as it can be, the need for change, given both its own system and environment to which it belongs.
• Focus on the activities that compose the virtual value chain of knowledge-based organization

In organizations, especially in the large and complex ones, there unfurl numerous activities. Changing the strategy should be confined to the activities that make up the value chain, meaning on those who directly contribute to creating added value, to the support of the company's competitive advantage. The other, as far as possible, should be outsourced.

• Increased need for strategic change within the organization

In order to build a solid human foundation for change, it is necessary that the identified change needs by managers based on knowledge to be enhanced and updated. The major difficulties manifested in this period have a key contribution in this regard. This contributes to their awareness by most people involved, which is the human starting point in starting change. The belief that change is necessary, at the involved personal level can not be replaced by any element.

• Identifying the supporting forces and the forces that oppose to change

Always, in any organization – including the knowledge-based organization – it occurs at the same time the forces favouring change and forces that resist change. Both categories must be given great attention in terms of identifying and assessing their ability to impact. These forces are primarily of human nature (people, groups) and economic (money, income, costs), organizational (structure, mechanisms and rules of operation), etc.

• Creating strategic change vision

The first element of change is shaping the approach targets and strategic changes structure. These take the form of change vision, which is essential in developing the knowledge-based strategy. It should be succinct and convincing.

• Presentation of the organizational change message

Communicating the vision on change is done through the message addressed by the managers based on knowledge and by the knowledge-based community leaders, to the employees and to the other stakeholders involved in the organization. It is essential that this message ensure simultaneously both the understanding of the necessity, the content and usefulness of the proposed changes and also the strong motivation of the participants. This is
done through well-selected and preserved information content in a way that addresses mainly to the emotional side of the stakeholders involved.

- **The creation of the strategic coalition for change**
  In any strategic organizational change there is a relatively small number of key stakeholders to be heavily involved. Most often they come from among the owners, top managers, informal leaders, customers and bankers. Their trust and intense participation to change must be earned by projecting a collaboration pattern, of joint action in the key stages of strategy implementation. In other words, it’s carried out the strategic coalition for change which may impact the ability to decisively influence the performant completion of the designed strategies and policies.

- **The selection and promotion of leaders and the leadership of change**
  As the change leaders have a permanent and essential role, they must have, in the first place, talent for leadership, boosted by other skills and knowledge of general and specific managerial change processes. The selection of leaders with these qualities and their location in the forefront of strategic change conditions the actions efficiency trough which it becomes operational. Besides one or two outstanding leaders, at the entire organization’s level, there are needed smaller scale leaders, at the major organizational divisions of the company and / or knowledge-based communities.

- **Building the changing teams**
  In the large organizations based on knowledge, the strategic change can’t be successfully applied just trough the strategic contribution of the changing coalition and the leaders of the organization. Practice shows that there are needed teams of change within each organizational subdivision which contain more than 8-10 people. Naturally, the objectives, actions timing and manner of work of each team must be coordinated vertically and horizontally in the organization, by acting from top to bottom, from bottom to top and diagonally, in a participatory approach, focused on the strategic knowledge.

- **Information, training and permanent consultancy for the participants to change**
  The raw materials in any process of change are represented by knowledge and information. For a person or group to wish and to be able to participate effectively in making changes, it is necessary to get many
knowledge and information about the running changing processes and their unfurl context, and, of course, at their turn to transmit the knowledge and information to the other participants to the strategic process. Satisfying this need can only be achieved by organizing training programs specially designed by mentoring, tutoring, coaching, depending on the expected changes, within and / or outside the organization.

• **Building trust in order to implement the organizational change**

Annihilation internal fuel for the sources of resistance to change within the organization and of the required efforts is the confidence of stakeholders involved in the results of strategic change and in the approach used for this purpose. Trust is not earned easy, but it requires special efforts and skills from the leaders of change and from the managers at all levels of the organization. Experts have formulated several "cardinal" principles for obtaining the confidence, as shown in the following table.

### Table no. 3

"Cardinal" principles of change

<table>
<thead>
<tr>
<th>No.</th>
<th>Principles</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trust is not &quot;blind&quot;</td>
<td>Trust is granted only to persons known over a certain period and whose goals and motives are known</td>
</tr>
<tr>
<td>2</td>
<td>Trust requires &quot;boundaries&quot;</td>
<td>Trust in a person or a group can not be unlimited, its boundaries should be specified</td>
</tr>
<tr>
<td>3</td>
<td>Trust is based on learning</td>
<td>Trust aims to eventually obtain performance following the change, which can not be achieved without continuous individual and organizational learning processes</td>
</tr>
<tr>
<td>4</td>
<td>Trust requires firmness</td>
<td>When the involved people in the organization go wrong, they will be changed</td>
</tr>
<tr>
<td>5</td>
<td>Interaction requires courage and confidence</td>
<td>Trust is given to each person and it generates significant interactions</td>
</tr>
<tr>
<td>6</td>
<td>Trust requires human contacts</td>
<td>Trust is built through participation at the same professional and fun activities</td>
</tr>
<tr>
<td>7</td>
<td>Trust involves leaders</td>
<td>The complex processes of the knowledge-based organization, the distribution of roles and their exercise is the contribution of leaders</td>
</tr>
</tbody>
</table>
• Leaders and managers of the knowledge-based organization involved in change must allocate a considerable part of their time budget for it

The high complexity of the change processes, the many related tasks involved can not be conducted effectively if managers do not reserve a significant portion of working time. Therefore, in scheduling their work hours, there must be provided daily several hours for the change processes. In order to achieve this, it is recommended that the managers involved should use intensive methods to commission and distribution of tasks between the posts.

• Marking the fact by the change processes leaders that there is no going back to the previous situation

When difficulties arise in strategic change processes, part of the staff, especially in the early stages, tend to try to return to the previous situation. To counter this trend it is essential that the change managers and leaders, at the beginning, to emphasize clearly and convincingly that there is only the way of implementing the change. Such an approach would help focus the energies and abilities of staff to carry out successfully the proposed changes and to isolate opponents.

• The intensive communication between the participants to change.

Without a doubt, one of the keys to achieving essential changes is the realization of an intense communication between all individuals and groups that are involved, subject to the development of creative solutions, decisions and actions and conduct harmonization process of change within the organization according to the pre-installment. Communication should be both formal and informal, but being carried out with goodwill and aimed at the significant knowledge - objectives, key decisions and actions. The completeness and speed of the oral, written and audio-visual communication are essential.

• Creation and dissemination of stories, heroes, myths, etc., favourable change in the organization

An effective way to develop within the knowledge based organization values, expectations and attitudes favouring the change is the introduction of
its folklore stories, myths, etc., which are bearing symbols and values associated with new changes. This is contributing substantially to shaping the organizational culture, giving its values of creativity, flexibility, efficiency that are being required by the new elements resulting from the change.

• **Use of the personal example of leaders and managers as an element of efficiency for the strategic change**

Only communication, as intense and full of content as it would be, it’s not sufficient. People involved in the change processes take into account all the time what the leaders are doing. Their concrete manner to decide, act and behave is adopted over all or part of by a large part of the participants to the change processes in the organization. Consequently, rational and effective ways of action and behaviour of the leaders are positive personal examples, with a large effect on the processes and outcomes of change; and vice versa.

• **The intense involvement and participation of the persons from the sectors subject to operational change processes**

The modern vision of knowledge-based organization on changes considers - as we pointed out several times - a strong involvement and participation of stakeholders to the involved decisions and actions. Thereby, it ensures a substantial reduction in resistance to change and it increases the quality of decisions and solutions to achieve change, efforts are superior, acceleration of the change phase rate, etc. Promoting the participatory management and building change teams proved particularly effective from this point of view.

• **Isolation and/or removal of the persons who obstruct or oppose to change processes**

In any organization there are usually people who, although the efforts to inform, attract, persuade, etc., made by the managers, are not involved in changing attitudes and actions with explicit and implicit lock on change processes. In such situations, the managers, depending on the intensity of the negative effect of the actions and behaviours of these people and the context involved, they must take actions to block them. There can be multiple ways: assigning other tasks, moving to another sector, job change,
transfer to another company, dismissal, etc. If the knowledge managers do not act effectively on these points of resistance to change, they are likely to multiply, especially if certain failures occur.

- **Manifestation of full fairness in dealing with the stakeholders involved**
  Managers in the process of organization change, enter into multiple relationships with individuals and groups, they are involved in complex situations, often fluid or even contradictory. It is essential that they always use the same criteria of conduct and the same evaluation units for all participants in the processes of change. This requirement, although seemingly simple, it’s difficult to apply, given the subjective nature of people. Establishing clear rules of conduct, known to all people, accompanied by a permanent self-control, are the best means of achieving fairness by the change leaders and other involved individuals.

- **Encouraging the staff creativity**
  Most of the strategic organizational changes within the organization based on knowledge are highly innovative. Therefore, in order to design and apply advanced change processes, it is necessary the contribution of many creative people. Again, the managers, the knowledge based community leaders, the motivation and the organizational culture have the greatest role in fostering creativity of staff and other stakeholders.

- **The discreet but effective monitoring of the strategic change processes performance**
  The complexity, the novelty and the major effects of changes in knowledge-based organization require leaders to know permanently the realities involved. Therefore, in addition to the above-mentioned things, it is recommended that they monitor the performance by direct and indirect means, to unfurl the change in the processes involving knowledge and in other involved activities. Monitoring should be ongoing, to detect early occurrence of unforeseen circumstances and take appropriate decisions. This monitoring should be discreet so as not to disrupt the activities of persons participating in change, not to diminish the spirit of initiative, knowledge sharing, creativity and self-confidence.
• The recognition and reward of new behaviours and outstanding results

The change processes always mean also new behaviours of the people involved, which are not easy to achieve. It is therefore recommended that in the first stages of change, the new behaviours, with a major impact on the course and results of change to be identified, rewarded and publicized by the managers and leaders of knowledge based communities, to stimulate their proliferation. Similarly it should proceed with the outstanding performance and its authors.

• Regular assessments of progress and results of strategic change

In case of extensive and long lasting changes it is recommended that at intervals, marking the completion of tasks or addressing crucial elements, the leaders of change processes to take special evaluation actions. Always, the evaluation should be compared with forecasts and it should focus on discovering the causes that have generated significant deviations. Evaluations shall be completed with decision and action feedback towards the participants to change from the managers.

• Operation of corrections and improvements during the change

How thoroughly designed the strategic organizational change should be, it can not be predicted everything and as such, there is the need for changes over time. Some are of corrective nature, to eliminate design errors and /or perform of change. Others are of forward-looking and preventive nature. On the basis outlining new elements, design improvements are made and/or functional changes in project strategy. It enhances the effectiveness and efficiency of change processes within the organization based on knowledge.

• Building sustainable strategic change

For the organization it is essential that the implemented changes do not stop after the first experimental phase or after obtaining the first results. Sustainability is achieved through multiple means: the formalization of new mechanisms, the statutory rules of operation, building new structures, implementation of viable monitoring and evaluation mechanisms, allocation of necessary resources to carry out further work processes involved, motivating staff and other stakeholders, etc.

From the presented aspects, there results the comprehensive scope of major elements which determine the overcoming of the resistance and the effectiveness of change strategies that represent the contents of the knowledge-
based strategies. They need to be known in order to deepen the understanding of the complex mechanisms of substantiation, design and implementation of knowledge-based strategies in the particular context of each organization.

6. Coordinates of approach for the strategy based on knowledge

Achieving the strategy based on knowledge of the organization is based essentially on the same logical and methodological approach as a classic business strategy; the logical scheme is shown in Figure no. 3. Please note that in the figure we have initially introduced as a first stage the knowledge audit. We have positioned it separately - although it may be included in the foundation stage, because:

- placing it separately indicates the necessity and decisive role in the strategic knowledge based process;
- even if a strategy is not developed, the knowledge management must make an audit of knowledge.

![Figure no. 3 – The methodology of developing the knowledge-based organization's strategy](image)

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In the second part of flowcharts there is inserted also the redesign of the management system, without which the operational strategy can not be achieved.

The changes - which are of substance - occur in the content of each stage and phase due to the transition in the foreground of knowledge in many instances - raw materials, capital input, product and competitive advantage - and because of the three types of efficiency - economic, social and environmental - specific for the knowledge-based organization.

The items in Fig. no. 4 help us understand these knowledge based changes.

**VECTORS OF THE KNOWLEDGE BASED STRATEGY**

![Figure no. 4 – Vectors of the knowledge based strategy](image-url)
Throughout the strategic process presented in this figure it is required, as the Professor Leonard, from Harvard, pointed out, to pay special attention to a set of five factors in the context of the knowledge-based company, shown in Figure no. 5.

![Figure no. 5 – Prioritary factors in developing and implementing the knowledge based strategies](image)

In conclusion, the knowledge-based strategies have a high specificity - both conceptual and methodological - whose acknowledgement and consideration is essential for an efficient management in the modern enterprises.

References