

# Knowledge Management – The Key Driver for Growth

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Knowledge today is more comprehensive and complex than before. In the era of globalization changing technology requires adaptation at a breathtaking rate. Knowledge is ability of adaptation to changing condition and is now regarded as a most valuable and critical resource for creating sustainable competitive advantage. Thus paper states and explains the concept, background origin of knowledge as a driving force for today's organisation.

Knowledge management is a new branch of management for achieving breakthrough in business performance through the synergy of people, process and technology. Its focus is on the management of change, uncertainty and complexity.

The paper highlights the issues about knowledge management which acts like a key force in a business organisation. If a knowledge management is properly maintained and integrated, it can act as a source of power for the business organisation because of its dynamic nature. With this tool, organisation can achieve developmental results, increase organizational flexibility, can create desire and motivation among workforce and can also help in talent retention, the major concern of organisation today.

*"In tomorrow's business environment, knowledge and how it is managed for competitive advantage will be the number one corporate priority."*

– James J. Schiro, CEO, PricewaterhouseCoopers

## 1. Introduction

The key to change and growth is awareness, sharing ideas and coming up with new and innovative ways of staying ahead of the competition. It involves learning, innovating and adopting behavior designed to improve quality and performance. In the twenty first centuries and the knowledge society, the business landscape is changing rapidly. Survival and success depends entirely on the Organisation's ability to adjust to the dynamics of the business environment. Changes in Information technology have generated gaps in access and control of information and knowledge. How to apply knowledge for growth and sustainability to get competitive edge and to sustainability to get competitive edge and to convert challenges into opportunity?

Knowledge management is the solution for relying the firm's technical capabilities to create the knowledge that drives the organisation forward.

## 2. What is Knowledge Management?

Knowledge management is newly emerging, interdisciplinary business model that focuses on knowledge within the frame work of an organisation. There are several definitions of

knowledge management. It has been described as a "systematic process for capturing and communicating knowledge people can use." Knowledge management acts something like a library in that it provides a repository for written information on a given subject but it also tries to make available to the organisation as a whole the knowledge that is in peoples head.

Dr. Yogesh Malhotra, a knowledge management pioneer, explains "Knowledge Management refers to the critical issues of organizational adaptation, survival and competence against discontinuous environmental change. Essentially it embodies organisational process that seeks synergistic combination of data and information processing capacity of information technologies and the creative and innovative capacity of human beings."

In broader context, "Knowledge Management is the process through which organizations generate value from their intellectual and knowledge based assets which is facilitated by information technology".

Thus, knowledge management means thinking outside the boundaries of current practices, products, services and organisations. The new and unpredictable business environment puts a premium on innovation and creativity much more then it has in the past.

"Working Smarter, Not Harder"

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“Obsolete what you know before others obsolete it and profit by creating challenges and opportunities other’s haven’t even thought about”.

Several definitions and concepts of knowledge management explain that knowledge management is a combination of people, technology and process (figure 1). The overlapping part in the figure contains several integral parts using accessible knowledge of out side source embedding and storing it in business process, products and services, documenting and storing knowledge, promoting its growth through organizational culture, transferring and sharing knowledge and assessing its value.

## 2.1 Knowledge viz-a-viz Information

Knowledge gathering is an ongoing and continual process. It cannot be acquired in a single day or night. It is the most crucial aspect which leads to the Organisation’s sustenance. The adaptation of an organisation to changing trends of the market is always based on the information.

There is always a misconception that knowledge and information are synonyms but these two are different aspects. Today, managers are suffering from data redundancy i.e. collection of information, so it is not knowledge. There is a thin line of difference between information and knowledge. Information relates to description, definition or perspective (what, who, when, where) while knowledge comprises strategy practice, method or approach (How). A step ahead is wisdom i.e why (principles morale, insight etc). The following diagram gives the clear picture of this relationship (figure 2).

A good knowledge manager will unleash the creative potential in people, embrace new ideas and apply technical know how to develop new work processes that keep the organisation competitive and future focused.

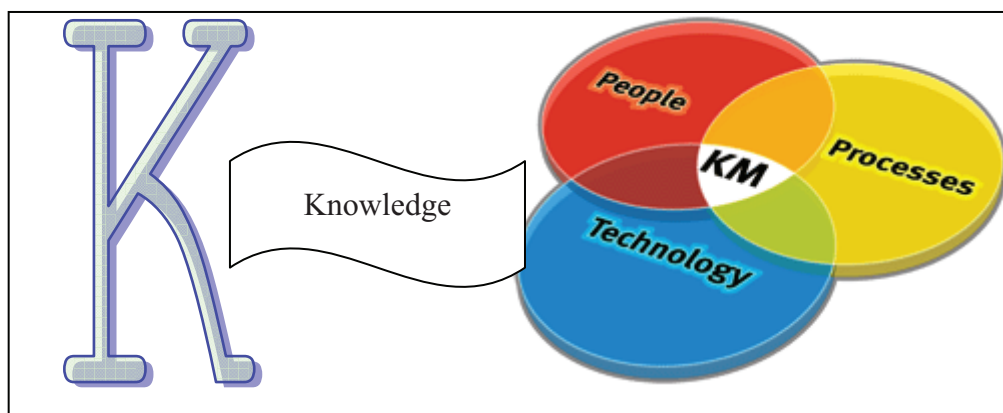
Knowledge management is the process of capturing and making use of firm’s explicit and tacit knowledge. Explicit knowledge is a knowledge codified and digitized in books documents, reports, papers, spreadsheets, memos. The internal knowledge can be in the form of case studies, success stories, things that went wrong, war stories, testimonials, deliverables, reports, presentations, templates, training documents, best practices, procedures, instructions, checklists, six sigma projects, etc. It can be retrieved and transmitted more easily than tacit knowledge (figure 2). Tacit knowledge is knowledge embedded in the human mind through experience and jobs. It includes intuition values and beliefs that stem from years of experience. It is the knowledge used to create explicit knowledge and best communicated personally through dialogues and scenarios, with use of metaphors (figure 3).

## 2.2 Objectives of Knowledge Management

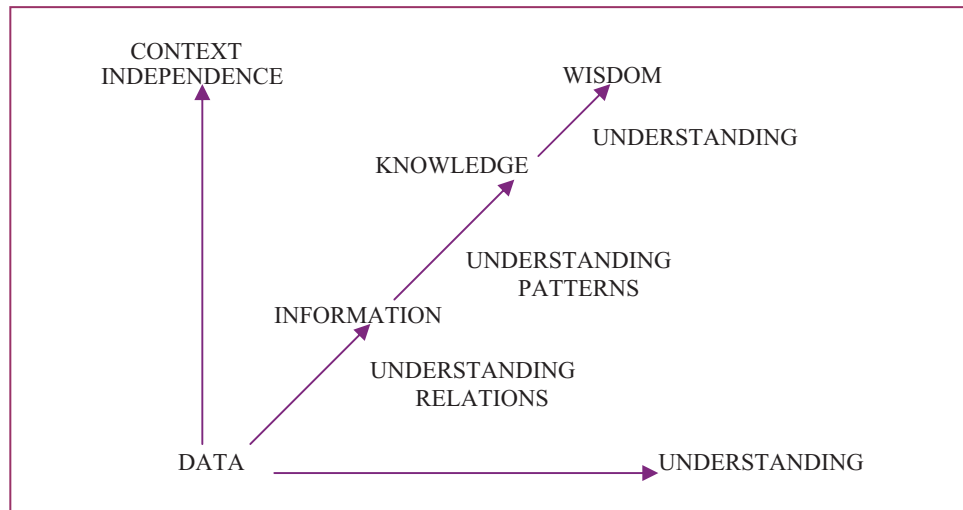
- The foremost aim of KNOWLEDGE MANAGEMENT is empowering employees who are the internal customers of an organization. The employees are empowered by sharing knowledge, replicating knowledge, getting recognized and getting rewarded.
- Standardized process with minimal variation.
- Improving cost efficiency through storage of required knowledge.
- Innovative services using the past experience and the content. Replication allows people to spend time on ‘real innovations’.

## 2.3 Challenges Faced by Today’s Organisation

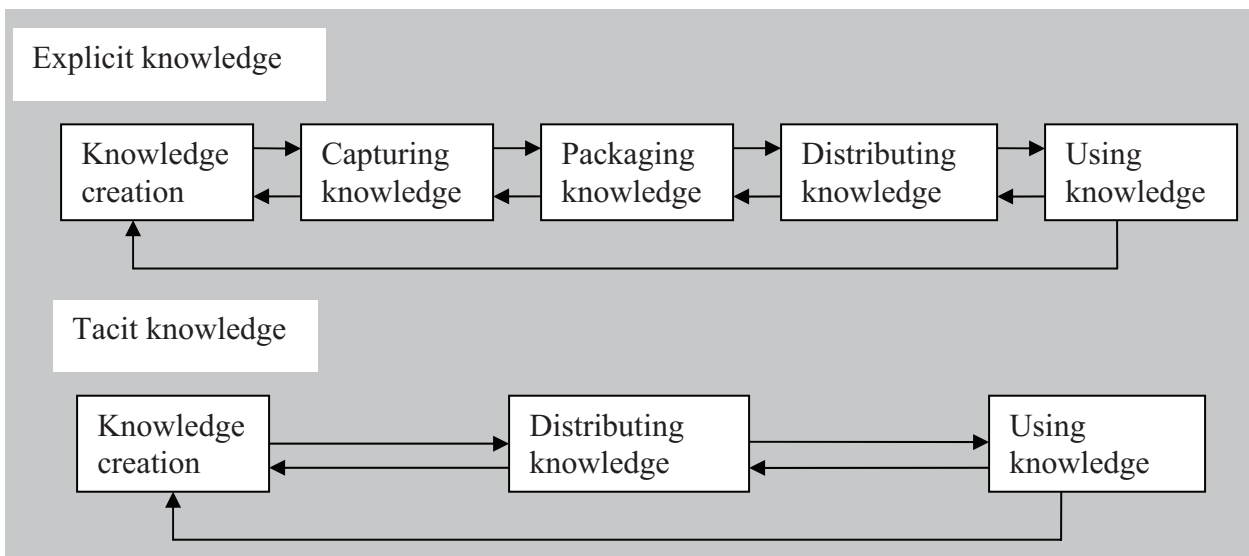
Today business environment is characterized by continuous often radical change such as a volatile climate demands new



**Figure 1.** Knowledge Management Factors



**Figure 2.** Linkage between Knowledge and Information



**Figure 3.** Steps in Knowledge Management

attitude and approach within organizations—actions must be anticipatory, adaptive, and based on a faster cycle of knowledge creation.

Some of the current challenges business face includes:

- An increasing emphasis on creating and improving customer value and service.
- Globalize competitive market with a rising rate of innovations.
- Reduction in cycle time and product development time.
- Changing business rules and assumptions.
- Shrinking resources like people, material, facilities.
- Less time for acquiring new concepts and knowledge.

- Changes in strategic direction and workforce mobility that lead to knowledge loss.

As organisations have become more complex and information more readily available, a concern, to allow knowledge to flow directly within organisation, should have grown in the minds of the manager.

### 2.4 Knowledge Management as a Growth Driver in an Organisation

Knowledge management provides the process and structure to create, capture analyze and act on information. It highlights the conducts to knowledge, as well as the bottlenecks. Now the

knowledge is taking the place of capital (intellectual capital) as the driving force in organisation world wide.

Knowledge management not only answers the critical question of survival of organisations but also induces growth by providing a cutting edge over others.

Whether to minimize loss and risk improve organisational efficiency or embrace innovation, knowledge management efforts and initiatives add great value to an organisation.

**1. Foster innovation**

Knowledge management induces innovation by encouraging free flow of ideas. Microsoft hot-mail service advanced the wide use of e-mail that allowed users to exchange information through any web browser. This makes business processes faster and more effective and empowers employees in a unique way. By sharing knowledge an organisation creates exponential benefits from the knowledge as people learn from it. Knowledge management processes induces greater encouragement for learning and sharing of knowledge to build skills sets in the most valuable assets of organisation i.e. employees, which leads to growth of over all organisation.

**2. Improved customer service & efficiency**

Knowledge management helps in improving customer services by streamlining the response time. Adopting knowledge management leads to improved ways of customer service which enhances the organisations image in the competitive world. Employees are able to access compiled subject customer reference and resource files available either directly through the system or from CD-ROMs available to all offices. Employees are enabled for responding quickly to customer in this manner. Example; There is a knowledge base called CRM that addressed customer

relations. The system store customer complaints and weaves their solutions into more intelligent answers for future complaints. Answers are based on refined past knowledge of the same.

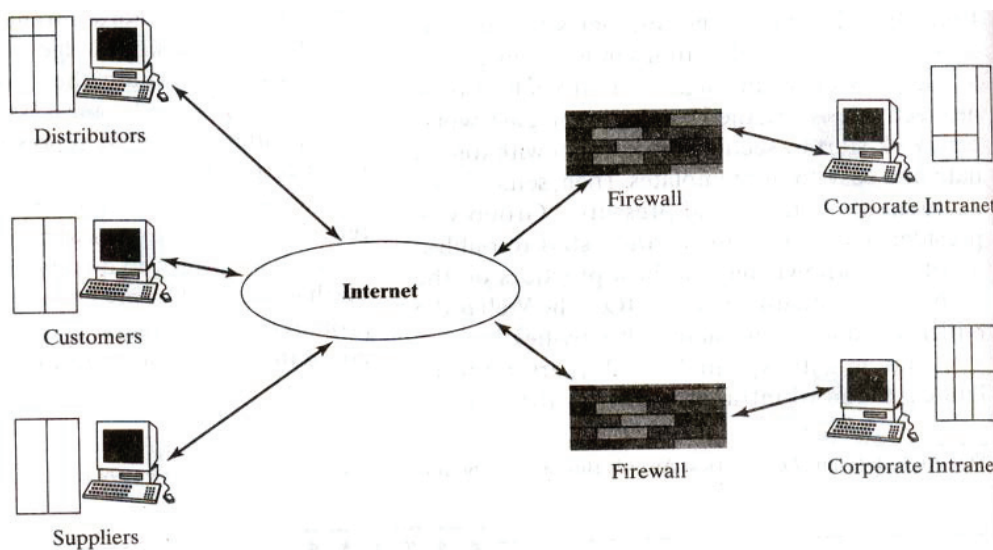
**3. Boosts revenue**

Knowledge management improves the revenue by getting the products and services in the market faster. Today technology has enabled companies to reengineer the ways to do business. Getting partners (vendors, suppliers, customers) up to your speed requires more than fast technology. Knowledge workers and others within the company ensure the co-operation and co-ordination at work for growth of organisation. The diagram in figure 4 shows how knowledge management uses Extranets to link the various business stakeholders for sharing of information.

**4. Building sensitivity to brain-drain (retention)**

How does the firm replace expertise when it retires, resigns or simply leaves? More and more companies realize the importance of managing and pressuring expertise turnover. Knowledge management tries to enhance employee retention rates by recognizing the value of employee’s knowledge and rewarding them for it. Knowledge management creates the environment that will motivate existing personnel and appeal to potential recruits. It supports higher levels of understanding that tacit knowledge and the implicit skills are key resources.

The human side of knowledge management is very important. The term knowledge capital is sometimes used to describe the intellectual wealth of employees and is a real demonstrable asset of organisation value.



**Figure 4.** Sharing of Information among business stake holders for Knowledge Management

A knowledge worker holds unique values, assigns personal and professional growth with corporate vision, adopts an attitude of collaboration and sharing, has innovative capacity and a creative mind, is willing to learn, is in command of self control and is willing to tolerate uncertainties and grow with the company.

Smart managers strive to ensure the right match between various vocational needs (achievement, ability utilization, recognition etc.) of their knowledge workers and the requirements of their jobs for worker satisfaction and retention in the organisation.

## 5. Reduction of cost

Knowledge management reduces the cost by eliminating redundant and unnecessary processes for higher productivity. Knowledge management adoption leads to improved ways of supporting people through the provision of appropriate processes and information.

## 2.5 Knowledge Management has a Cost

Knowledge management, like any other initiative, requires significant investment so it must deliver results. The best way to justify investment in knowledge management is to ensure that it is directly tied up with our business objectives. If knowledge management is done well, it will lead to reduced costs, increased revenue and profitability. Beyond technology, knowledge management needs an organization to support it and a culture to facilitate it. Understanding the culture is a key issue for the successful implementation of knowledge management.

## 2.6 Knowledge Management used as Key Driver for Success: Some Examples

Most of the giant players like Infosys, HCL, Wipro, Philips used to give a lot of value their intellectual asset or knowledge workers. There are some examples as follows:

**Hewlett-Packard** – by sharing expertise already in the company, but not known to their development teams, now bring new products to market much faster than before.

**Texas Instruments** – by sharing best practice between its semiconductor fabrication plants saved the equivalent of investing in a new plant.

**Dow Chemical** – by focusing on the active management of its patent portfolio have generated over \$125 million in revenues from licensing and other ways of exploiting their intangible assets.

**Skandia Assurance** – by developing new measures of intellectual capital and aiming their managers on increasing its value have grown revenues much faster than their industry average.

**BP** – by introducing virtual teamwork using videoconferencing have speeded up the solution of critical operation problems.

**Hoffman La Roche** – through its right first time programme has reduced the cost and time to achieve regulatory approvals for new drugs.

## 2.7 Tools to use Knowledge Management as a Key Driver

A detailed description of the tools used in knowledge management process to use it as a key driver for an organization is discussed below:

### 1. After action reviews

A tool pioneered by the US army and now widely used in a range of organizations to capture lessons learned both during and after an activity or project.

### 2. Communities of practice

Widely regarded as ‘the killer knowledge management application’, communities of practice link people together to develop and share knowledge around specific themes, and are already being established in the NHS.

### 3. Conducting a knowledge audit

A systematic process to identify an organisation’s knowledge needs resources and flows, as a basis for understanding where and how better knowledge management can add value.

### 4. Connections

A central information resource designed to share knowledge about all programmes and projects underway within the NHS modernization Agency.

### 5. Developing a knowledge management strategy

Approaches to develop a formal knowledge management plan which is closely aligned with an organisation’s overall strategy and goals.

### 6. Exit interviews

A tool used to capture the knowledge of departing employees.

### 7. Identifying and sharing best practices

Approaches to capturing best practices discovered in one part of the organisation and sharing them for the benefit of all.

### 8. Knowledge centers

Similar to libraries but with a broader remit to include connecting people with each other as well as with information in documents and databases.

**9. Knowledge harvesting**

A tool used to capture the knowledge of ‘experts’ and make it available to others.

**10. Peer assists**

A tool developed at BP-Amoco used to learn from the experience of others before embarking on an activity or project.

**11. Social network analysis**

Mapping relationship between people, groups and organizations to understand how these relationships either facilitate or impede knowledge flows.

**12. Storytelling**

Using the ancient art of story telling to share knowledge in a more meaningful and interesting way.

**13. White pages**

A set from the usual staff directory, an online resource that allows people to find colleagues with specific knowledge and expertise.

**3. Conclusion**

“Knowledge is power”

*“But mere knowledge is not power; it is only possibility. Action is power; and its highest manifestation is when it is directed by knowledge.”*

– Francis Bacon

The value of knowledge is derived from the value of the decisions with which it is associated. The measurement of knowledge management success is therefore related to improved decision making and the achievement of objectives. Some measures may be objective; others may be more subjective such as attitude surveys among stakeholders. Knowledge Management is helping all managers to establish knowledge resource management as part of their toolkit. Knowledge Management is creating a culture of learning, innovating, sharing and achieving - and most effectively implemented as part of Change Management. So implementation of knowledge management in the organisation will lead to better appreciation and expression of the skills required and available, improved ways of supporting people through the provision of appropriate processes and information, greater encouragement for learning and sharing of knowledge to build skill sets, higher levels of understanding that tacit knowledge and the implicit skills are key management resources, creating the environment that will motivate existing personnel and appeal to potential recruits.

The future knowledge management trends include greater integration and detail. It requires for responding firms to include

management of firm documentation, expertise tracking, greater integration of client-relationship knowledge, integration among intranet, extranet and internet sites, automatic categorisation of documents, associate training, personalisation, etc.

**Knowledge Management at Bharti: A Success Story**

Bharti Tele-Ventures Ltd. is India’s first and largest telecommunications company in the private sector. Knowledge management is one of Bharti’s key strategic initiatives. Knowledge Management at Bharti is a tool to achieve business objectives faster and better through an integrated set of initiatives, systems and behavioral interventions- to promote smooth flow and sharing of knowledge relevant to the business and to eliminate re-invention.

**Key Enablers of Knowledge Management at Bharti**

Bharti has seven categories of enablers for KM - strategic focus, alignment with business, KM organization, KM processes, culture, content-quality and technology. Our initiatives under each of these categories are described below:

**1. Strategic focus**

The biggest enabler is the focus and seriousness of top management and high expectations from KM. KM ranks number five out of the company’s top ten strategies identified to achieve the company’s business objectives over the next three to five year time horizon. KM and its results form part of monthly business reviews, and of all important management communications. Performance appraisals at all levels include KM-specific measures. The company has institutionalized President’s and CEO’s Awards for KM.

**2. Alignment with business objectives**

According to Mr. Badri Agarwal, President, Bharti Infotel, “KM for us is not fashion, but a serious tool to achieve our business objectives with maximum speed and zero re-invention”. KM and its results form a permanent agenda item on the President’s business reviews with CEOs of each business unit and CEOs’ reviews within their units. Mr. Manoj Kohli, President, Bharti Cellular, identified three strategic business imperatives - Customer Delight, Revenue Enhancement and Productivity / Value Maximization. It was ensured that each top priority measure maps with at least one of the President’s three strategic imperatives - otherwise, it wouldn’t be on the top priority list. All KM initiatives including knowledge repositories, sharing, replication and communities of experts, are structured around each of these top priority business measures.

### 3. KM organization and roles

Bharti has dedicated KM coordinators centrally and at each business unit. These people act as catalysts in the KM process. They are change agents who bring in and spread the culture of knowledge sharing across the organization. They influence other employees and facilitate the process of sharing and replicating knowledge and measuring the results. They have communities of experts led by knowledge champions. These are functional experts in each of our critical business processes. They collaborate and promote knowledge sharing, replication and performance improvement in their own area of specialization, with necessary support and facilitation from the KM coordinators.

### 4. Standard KM processes

Bharti is institutionalizing standardized, close-looped processes for knowledge-sharing, replication and measurement of results. Knowledge-sharing and replication that could help improve performance on critical business measures will no longer be a matter of chance or choice, but a mandatory activity like any other business process. Their business leaders are extremely supportive of institutionalizing these KM processes. In fact the demand for such processes came from some of their business leaders.

### 5. Culture and people engagement

For creating an organization-wide culture of knowledge-sharing and replication, and to institutionalize KM, it is critical for *all* employees to engage in KM activities, and not just a fraction of employee base. To keep track of this, they are putting in place a measurement of “employee engagement in KM”. Each month, the percentage of employees in every business unit and in every critical business process who have been part of at least one knowledge submission to the company knowledge base, or a knowledge replication initiative or a knowledge sharing session, will be measured and reported. This will be included in regular business reviews. Their target is to have 40% employee engagement in all directly customer-impacting processes within a year and 80% within two years. They use employee communications, posters, weekly “did you know...?” emails and other media to create curiosity, excitement and awareness about KM among all employees.

A knowledge-dollar (K\$) scheme under which employees earn points or K\$s every time they share new knowledge in the

company knowledge base or every time they replicate or apply knowledge shared by others. This and similar reward and recognition schemes have been institutionalized at the level of individual employees, functional heads and business units. The objective of these schemes is to create interest, excitement and motivation among people, and ensure that early adaptors get high visibility so that they serve as role models for others. They have a KM orientation-training module to which existing and new employees are exposed.

### 6. Quality of content in knowledge repositories

Quality of content is ensured in two steps. First, all content submitted is scanned by a member of the KM team to ensure relevance to the business, quality of documentation and adherence to standard KM formats. The content then goes to the knowledge champion and community of experts who “own” the concerned knowledge repository. They finally review and approve content for publishing, or edit or reject it if required. Having standard documentation formats for knowledge sharing, replication and knowledge-sharing sessions helps us maintain quality and objectivity of content.

### 7. Technology enablement

At Bharti, KM is not about technology or IT. However, it has deployed technology as a powerful enabler for KM. Their Knowledge Portal ‘*Gyan Bharti*’ on the corporate Intranet is a common virtual platform for all employees to share knowledge and replication. It contains repositories of re-usable organizational knowledge structured around critical business processes. It helps us to knit experts in each of these processes into *communities*, and facilitates collaboration among members of these communities. The KM portal has automated workflows for knowledge submission, approval and publishing. It also automatically allots K\$ to employees, and lets them check their K\$ balance and transactions.

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