Knowledge Management Strategy in the Competitive Environment-Case Study of a Leading Indian Organization

G. Kannabiran[a], P.D.D.Dominic[b], T. S. Muralidharan[c]

[a] *Professor of Information Systems*
National Institute of Technology, Tiruchirappalli, India
Tel: +91(431) 2503703 Fax: +91(431) 2500133
E-mail : kb@nitt.edu

[b] *Dept. of computer and Information Sciences*
Universiti Teknologi PETRONAS, Perak, Malaysia
Phone: + 605 368 7510 Fax: +605 365 6180
E-mail: pdddominic@yahoo.com

[c] *Research Scholar, Department of Management Studies*
National Institute of Technology, Tiruchirappalli, India
Tel: +91(431) 2503703 Fax: +91(431) 2500133
E-mail : msz0303@nitt.edu

ABSTRACT

Knowledge management (KM) has emerged as a strategic imperative to improve organizational competitiveness. Aligning KM initiatives with business strategy through appropriate KM strategy is a vital beginning for the successful exploitation of knowledge for business success. In this research paper, we explore the key dimensions of evolving KM strategy through a case study of an Indian organization involved in manufacturing and marketing of watches and jewellery. We derive a number of meaningful insights for developing KM strategy.

Key words

KM strategy- alignment with business strategy- case study- Indian organization

1.0 INTRODUCTION

The purpose of knowledge management (KM) in organizations is to recognize knowledge as a valuable resource and to deploy an approach for tapping the collective intelligence and skills of employees in order to create a greater organizational knowledge. More precisely, KM is concerned with capturing an organization's know-how and know-what through creation, collection, storage, distribution, and application (Miller, 1998). The long term viability of an organization operating in a dynamic and complex environment will eventually be determined by its ability to learn and innovate successfully by generating new products and services in the ever increasing competitive market place (Holsapple & Joshi, 2002).

The objectives of KM are to make the organization act as intelligently as possible in order to secure its viability and overall success, and to realize the best value of its knowledge assets. An organization managing knowledge well has the potential to create significant strategic value. Therefore knowledge management is the latest strategic option in increasing organizational competitiveness (Snyman & Kruger, 2004). It is understood from the previous research that knowledge management is maturing from provision of technology solutions to a strategic approach being deployed by many successful organizations around the world (Bollinger & Smith, 2001). KM has obviously been an agenda of the board rooms of both traditional and new economy businesses. Organizations can achieve several benefits from implementing a KM strategy. The present paper captures the key dimensions of evolving knowledge management strategy through an exploratory case study of a leading watch and jewellery manufacturer from India. The paper is organized as follows. Firstly, we review the relevant previous research. We then present the case study covering the key process dimensions of evolving knowledge management strategy and bring out the key lessons for theory and practice.

2.0 LITERATURE REVIEW

KM strategy translates an organization's intellectual assets to improve its productivity and enhance competitiveness (Murray, 1998). Organization's KM strategy should be classified into value propositions and suggest reengineering of operating models to leverage knowledge relating to the value propositions (Singh et al, 2006).

2.1 Strategic alignment of KM

Many authors have emphasized the critical need for developing organization-wide KM approaches to create and maintain competitive strategies in increasingly dynamic business environments (Davenport& Prusak, 1998). Based on research with more than 25 firms, Zack

455

(1999) has found that the most important context for guiding knowledge management is the firm's strategy. Therefore, the level of linkage between business strategy and KM efforts of the organization is directly related to KM success. However, the alignment between knowledge management and business strategy has been widely ignored in practice, although it is often talked about. This is due to the fact that it is difficult to manage knowledge as a strategic corporate asset as much as it is to quantify it. It is also suggested that the degree of alignment between the competitive strategy and KM strategy and the impact of such alignment relating to success of the KM strategy needs to be investigated (Halawi et al, 2006).

2.2 Evolving KM strategy

KM strategy should typically contain long-range goals that are likely to be achieved through specified projects. There is a strong agreement among KM experts that an organization's enterprise strategy should establish the overall framework for its KM vision and strategy (Davenport & Prusak, 1998). The very nature of desired linkage between business strategy and KM has led organizations to evolve and implement KM strategies. According to Civi (2000), a company's KM strategy must uncover its competitive strategy and the competitive strategy must drive KM strategy. As organizations in different industries possess knowledge that varies in terms of its importance to competitiveness, KM strategies deployed to manage the knowledge assets are likely to vary (Choi & Lee, 2003). Researchers have identified and classified approaches and frameworks for evolving KM strategy (Earl, 2001; Bower & Heminger, 2002). However, they have not empirically validated their frameworks. Further, these researchers have also not attempted to identify the process dimensions of evolving KM strategy.

Evolving KM strategy is also faced with many issues. Senior management involvement and support is one of the guidelines for managing knowledge strategically (Soliman & Spooner, 2000). The senior management of the organization must collectively understand that KM efforts can enhance organizational performance and support evolution of KM strategies (Denning, 2006). In order to sustain the interest of the top management, organizations are now able to measure the significant savings and benefits, which are leveraged through successful KM strategy (Sharp, 2003). In addition, an improper understanding of KM concepts, high staff defection and a lack of organizational culture are seen as the main obstacles in evolving a KM strategy. Thus, anxiety exists between key KM strategy and other related decision relating to resource allocation, creating a culture for sharing, initiating and managing key KM initiatives. Paradoxically, the focus is seldom on designing a KM strategy; more often organizations concentrate on the operational level issues of sharing, retention, utilization,

and acquisition of knowledge among individuals within, or across, organizations (Edwards et al, 2003).

Like every major change management initiative, KM requires intensive communication. CKOs (Chief Knowledge Officers) are aware that they have to deliver a compelling message in order to gain support from key organizational actors and to build effective knowledge networks (Raub & Wittich, 2004). Demonstration of tangible outcomes, in turn, may encourage other internal clients to join the movement and get involved in additional KM implementation initiatives (Raub& Wittich, 2004). For the CKO and his staff gaining line management support has multiple benefits (Shaw& Edwards 2005). Establishing and managing relations with these external stakeholders help organizations to improvise the planning process (McCampebell, 1999).

3.0 RESEARCH METHODOLOGY

The focus of present research is to bring out the process dimensions of KM strategy. Given the limited empirical knowledge on KM strategy process, and the exploratory nature of the study, qualitative case-study approach was considered appropriate for our research (Yin, 1994). Authors used open and semi-structured interviews with the senior managers of KM. These interviews, conducted through few site-visits, covered aspects relating to all aspects relevant to KM in the organization, with specific reference to evolution of KM strategy. Interview sessions typically lasted for 45 to 60 minutes. Four to five sessions of interviews were conducted with CKO and senior managers. Wherever available, data obtained through 'key informants' were supplemented with archival data such as annual reports, KM strategic plan, and other related documentation. Use of multiple-informants and use of archival data helped us crosscheck pertinent information and verify the reliability of data obtained. The data collected from the organization is presented in the following section.

4.0 CASE STUDY

4.1 The Organization

Tata Group, one of the leading business houses of India, established Titan Industries Limited (Titan) in 1987. Its product range includes watches, clocks and jewellery. The organization is headquartered in Bangalore, India and its main manufacturing plants are located in southern India. Titan also has state-of-the-art manufacturing facilities and assembly operations in three other locations in northern India. During the years the company has established highly-integrated manufacturing facilities and has grown to become the sixth largest watch brand in the world. The company has a highly skilled workforce with 3000 employees, 25 percent of whom are women.
The company is organized into three major divisions. The domestic watch division manufactures and markets quartz watches, sunglasses and licensed watch brands, precision engineering components, automobile clocks,

special purpose machines, and automation systems. The jewellery division of the business manufactures and markets 18 kt studded jewellery, 22 kt plain jewellery and platinum jewellery under the brand name, Tanishq. The international business division is responsible for the globalization efforts of company's primary businesses - watches and jewellery. The watch business has a share of 65 percent in the organized sector comprising a volume of about 15 M watches in the year 2007. The jewellery business has a market share of about 5% in its addressable market of US$ 6500 M. Out of a total turnover of US$ 534.22 in 2007, watches contributed about 45 percent of the turnover, the jewellery division about 50 percent; the international business division contributed 5 percent.

Titan is the India's leading manufacturer of watches and enjoys a 25 per cent share of the total domestic market – more than three times the size of its nearest competitor- and nearly a 50 per cent share among nationally recognized brands. The company's products are distributed through a network spanning more than 8,600 retail outlets covering 2030 towns. The company also exports about 10 percent of its watches primarily to the Middle East, Far East and Europe. Titan was the first company to launch branded jewellery at the national level in 1996. The top management was aware that local players in major cities and small towns dominated the domestic Indian market for jewellery. Tanishq jewellery was sold only through exclusive retail stores, called boutiques.

4.2 Business strategies

The company has been growing both in terms of products and markets. In the watch division, the company has grown from a single brand to multi-brands addressing multiple customer segments. The nature of the business has changed drastically due to its product range, customer segments and business drivers. In the case of jewellery business, Titan is the pioneer to launch branded jewellery in India through unique channel and plans to enter into mass market segments to expand the offerings. Marketing and retailing expertise accomplished by Titan encouraged the company to get into other product categories such as 'license brands and accessories'.

The strategic challenges of the company are enhancing profitability, maintaining leadership position in the market, strengthening core competencies and leveraging human capital. These challenges are being addressed by pursuing further the strategies involving employees and other key stakeholders. Some of the major strategies include: a) brand extensions to other products such as sunglasses and leather accessories b) deploying precision engineering skills to make precision parts and components for the automobile, telecommunications, aerospace and defense industries c) extension of customer service to other branded personal products and accessories. These market oriented strategies are supported by internal strategies such as preservation and promotion of culture of the company, and containing employee costs while keeping employees motivated. The company has set to become a leader with a turnover of billion dollars by 2010.

4.3 Knowledge Management vision

KM at Titan was about creating an ocean of knowledge that will enable Titan to lead in the competitive markets. It is realized by the top management that the existing and future businesses are extremely knowledge intensive both in terms of products and processes. Accordingly, the company envisioned a culture that promotes learning and knowledge creation in all business areas. The knowledge vision is to connect the minds of people to enable germination of thoughts and ideas that trigger actions and creating a platform for people to come together and share knowledge. Top management realized that the individual knowledge available with people needs to be transferred as corporate knowledge, with an ultimate aim of creating a 'learning organization'.

4.4 Knowledge management objectives

A new senior management role was identified to spearhead the KM in the organization. A cross-functional team was formulated to explore the vision further and initiate the KM strategy process. This cross functional team took charge of interacting with business managers and senior executives on the emerging knowledge context of the organization. The following dimensions were brought out by the team as determinants of KM strategy process. First, the focus was to leverage the vast knowledge available in the organization. Looking into the diversity of business, diversity of markets and the understanding on the market, customers and channel partners were crucial and of value to the company. Secondly, there was need for keeping current with the changes in environment, especially after globalization. Thirdly, there was need to establish a structured methodology to assimilate knowledge through a process of assimilation, aggregation, collaboration and reuse. Fourthly, the need for reducing evaporation of knowledge due to cross functional movement as a result of change in roles and responsibilities or due to attrition. Fifthly, people were not expected to reinvent the wheel but harness existing knowledge which would enhance the quality of decision making over time.

The team undertook a number of benchmarking visits and studied quite a few best practices and came up with the two-fold objectives: (i) creation of new opportunities for learning by venturing into new businesses or driving initiatives of strategic importance and (ii) collection of knowledge which is critical for running the business and making it available to the relevant stakeholders i.e. employees, customers, partners and vendors.

4.5 KM strategy process

Evolution of KM strategy in Titan was a step-by-step process involving the KM group, senior management and business heads. The strategy process consisted of the steps: (i) mapping of knowledge assets (ii) KM prioritization process and (iii) KM strategic plan. We shall describe these steps in the following sections. The process of evolving KM strategy started with proposing a framework to structure the dimensions of knowledge. The '5-PATS' structure included Product, Process, People, Policies, Performance, Assets, Technology and Strategies pertaining to the organization, competitors and the business environment. Further, analysis through 5-PATS structure guided the mapping of knowledge assets. The first stage of mapping involved identification and analysis of tacit and explicit knowledge across the key process areas of the organization, which included marketing, sales, customer service, manufacturing, new product development and procurement. This classification was further analyzed in terms of determinants of KM, which covered: (i) collection and transfer of employee knowledge (ii) transfer of knowledge from supplier and partners, and (iii) transfer of knowledge from customers. The analysis together led to the mapping of knowledge assets in the 5-PATS structure across the key value crating processes. The mapping of knowledge assets in select areas such as customer service, retailing brand management and sales management are used to generate areas for KM. These mapping processes involved key managers from business functions and inputs from other companies of the group.

The mapping of knowledge assets threw a number of areas for the exploitation of strategic value from the knowledge assets. The organization put through a prioritization approach to select specific areas for further consideration. The prioritization for the processes is based on the four parameters, which included: (i) extent of specialization for a given process (ii) people movement (iii) geographical spread for the process and (iv) impact of functions on the strategic priorities and business risk. The prioritization was done on a 5-point scale for the 17 chosen key value creating processes. Outcome of the prioritization process led to the choice of areas for KM development.

Based on the prioritization analysis a 3-year KM strategic plan was evolved. The 3-year plan was divided into annual plans with specific focus of implementing

KM initiatives, stabilizing the initiatives and improving them to achieve the desired benefits. Portals in the areas of watch assembly, sales operations, watch-case manufacturing, design studio, new business projects and precision engineering were identified as part of the strategy. Many communities of practices (CoPs) were initiated in areas such as maintenance, service, retailing, jewellery manufacturing, tool manufacturing etc. The 3-year plan was to steadily evolve from initiation, stabilization and improvisation and evaluation of KM efforts.

The final plan covering the key areas along with KM initiatives and the annual plan of implementation is approved by the senior management after few rounds of discussion. Necessary budgets and approvals for specific projects were also cleared by the senior management. The communication plan included presentation copies, e-mails etc. A newsletter 'Quest++' was launched as a tool for knowledge sharing throughout the organization. In certain cases when the user community was generally large, a special knowledge sharing folder is made accessible to all employees. The relevant user community or function used such information to understand the KM strategy and the relevant areas. Establishing and managing relations with external organizations helped the organization to improvise the planning process.

5.0 DISCUSSION

The present paper reveals many useful insights for KM strategy planning. The very nature of strategy context, evolution of KM strategy is characterized by a set of process variables. From the standpoint of exploring the process dimensions of evolving KM strategy, the first step in the process is to evolve KM objectives for the organization, underpinning the linkage between the business strategy and KM strategy. KM objective setting simplifies the connection between strategy and process, to the extent that organizations can define KM strategy and direct resources to those processes that support it. The very requirement of linking KM strategy with business strategy is established through 5-PATS structure along with the classification of tacit/explicit knowledge across the key value creating processes. The set of KM objectives clearly links the current and future business strategies and along the value chain requirements.

The process of mapping of knowledge assets helped to identify a number of areas for leveraging strategic value from the knowledge assets. The organization has used key parameters involving specialization, people, geographical spread and the desired impact on functions to prioritize the areas. The outcome of the prioritization process had led to the choice of areas for KM development. Having established wide mapping of knowledge assets, the organization had progressed into prioritization of KM initiatives. Therefore, the process

had helped the organization to systematically explore avenues for knowledge exploitation.

The 3-year KM strategic plan was to steadily evolve in stages of initiation, stabilization, imp rovisation and evaluation. In addition to clearly stated objectives and identification of key areas, the plan also covered 'time' and 'detail' dimensions of implementation plan. The time dimension was related to schedule for completion of specific projects within the envisaged plan period. As part of the detail dimension, the plan ensures adequate distribution of efforts across key value creating processes. Moreover, it encompasses both technology-based and people-based approaches which are likely to facilitate embracing KM practices throughout the organization. The plan also encompassed different options such as Portals, CoPs, knowledge sharing sessions and use of magazines for knowledge dissemination.

The senior management of the organization set the direction by stating the vision for KM, creating necessary structures and resources. Their direct involvement started with the formulation of cross functional teams, enabling benchmarking with leading organizations and participating in the process of evolving the KM strategy. The senior management support and organization-wide readiness for implementation of strategy led to resource allocation and support. Involving user community at the stage of mapping knowledge assets is likely to be predictor of creating effective user acceptance and participation. The organization had involved key managers from business functions and used inputs from other companies of the group for mapping the knowledge assets. This was based on strategy, process and people parameters to select the specific areas for further exploitation. This approach enhanced the top management support, functional support and a proper culture implementing strategic KM initiatives.

6.0 CONCLUSION

In this exploratory case study, we have attempted to capture the process of evolving KM strategy. The approach systematically links the KM strategy with the business strategy, identifies and prioritizes the key KM opportunities and generates a proper strategic plan with time and details dimensions. The paper will be a great value to KM practitioners and senior management personnel for a worthwhile emulation. However, additional research may be undertaken to validate the approach based on experiences of organizations from different industries and geographies. Research may also be directed to analyze the implications of the present KM planning outcomes on implementation of the strategy.

REFERENCES

Bollinger, A. S. and Smith, R. D. (2001), Managing organizational knowledge as a strategic asset. *Journal of Knowledge Management*, Volume 5, pp 8-18.

Bower, W.D. & Heminger, A.R. (2002). Strategic Decision Framework for identifying and Selecting Knowledge Management Projects. *Proceedings of the 35th Hawaii International Conference on System Science.*

Choi, B. and Lee, H. (2003). *An empirical investigation of KM styles and their effect on corporate performance*. Information and Management, Vol.40 No.5, pp.403 – 17.

Civi, E. (2000). *Knowledge management as a competitive asset: a review*. Marketing Intelligence & Planning, Vol.18 No.4, pp.166 – 74.

Davenport. T, and Prusak, L. (1998). *Working Knowledge: How Organizations Manage What They Know*. Harvard Business Press, Boston, MA.

Denning, S. (2006). *Ten steps to get more business value from knowledge management*, vol.34, No.6, pp.11-16.

Earl, M. (2001). Knowledge management strategies: toward a taxonomy. *Journal of Management Information Systems*, Vol.18 No.1, pp. 215-223.

Edwards, J.S., Collier, P.M., Shaw, D. (2003). Making a journey in knowledge management. *Journal of Information and Knowledge Management* (2) 2003, pp. 135– 152.

Hofer-Alfeis, J.(2003). Effective integration of knowledge management into the business starts with a top-down knowledge strategy. *Journal of Universal Computer Science*, Vol9 No.7, pp.719 – 28.

Holsapple, C.W. and Joshi, K.D. (2002). *Knowledge manipulation activities: results of a Delphi study*, Information & Management, 39(6), 2002, pp. 477–490.

Halawi, L.A., Richard V. McCarthy and Jay E. Aronson. (2006). *Knowledge management and the competitive strategy of the firm*, The Learning Organization Vol.13 No.4, pp. 384 – 397.

McCampbell, A. S., Clare, L. M. & Gitters, S. H. (1999). Knowledge management: the new challenge for the 21st century. *Journal of Knowledge Management*, Vol: 3 No. 3, pp 172 – 179.

Miller, W. (1998). *Fostering intellectual capital*, HR Focus, January, pp.9-10.

Murray, P.C. (1998). *New Language for New Leverage, The Terminology of Knowledge Management, Corporate Education*. Biz, LLC, NY, available at: www.ktic.com/topic6/13_term2.htm.

Raub, S. & Wittich, V. (2004). Implementing Knowledge Management: Three Strategies for Effective CKOs. *European Management Journal* Vol. 22, No.6, pp 714-724.

Sharp, D. (2003). *Knowledge Management Today: Challenges and Opportunities* , Information Systems Management.

Shaw, D. & Edwards, J. S. (2005). *Building user commitment to implementing a knowledge management strategy Information & Management*, Vol. 42 , No. 7, pp 977 – 988.

Singh, M. D., Shankar, R. Narain, R. Kumar, A. (2006). Survey of Knowledge Management practices in Indian manufacturing industries. *Journal of Knowledge Management*, Vol10, No.6, pp.110-128.

Soliman, F. and Spooner, K. (2000). Strategies for implementing knowledge management: role of human resources management. *Journal of Knowledge Management*, Volume 4, Number 4, pp.337 -345.

Synman, R. and Kruger, C. J. (2004), The interdependency between strategic management and strategic knowledge management, *Journal of Knowledge Management*, Vol.8 No.1, pp 5-19.

Yin, R. K. (1994). *Case study research: design and methods*, SAGE Publications, Thousand Oaks, CA.

Zack, M. (1999). Developing a knowledge strategy. *California Management Review*, Vol.41 No.3, pp.125 -46.