Best KM Practices in Asia

Dr. Serafin D. Talisayon
Chief Expert, Asian Productivity Organization
Chairman, Knowledge Management Association of the Philippines
Director, CCLFI.Philippines

Outline

• Conclusions
• Comparison of Asian countries: APO study covered India, Indonesia, Malaysia, Singapore, South Korea, Philippines, Taiwan, Thailand, Vietnam (Hong Kong and Japan are absent)
• Observations on 2006 Global MAKE winners from Asia:
  • Tata Group
  • Samsung Advanced Institute of Technology (Asian MAKE)
  • Toyota
  • Buckman Laboratories - Singapore
• Lessons and insights from KM journeys of 24 selected organizations in 9 Asian countries
Sources

- Asian Development Bank’s 2006 survey of good practices in knowledge-based economy (KBE) and knowledge-based development (KBD) in Asia and the Pacific
- Proceedings of APO’s International Productivity Conference (IPC 2007) on KM entitled “From Brain to Business” (Bangkok, January 2007)
- Initial results of APO 9-country survey on KM practices (August 2006 to December 2007)
- My professional observations

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Conclusions

• A shift in focus is going on:
  Only productivity/quality management → Also facilitating innovation
  Only copying best practices → Also innovating “next practices”

• Linkage between value creation and KM is often unclear

• There are weaknesses in KM frameworks
  • Stakeholder capital
  • Organizational learning
  • Measuring results

• Most KM initiatives are operational KM instead of strategic KM

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Comparison of Asian Countries

• According to APO, KM has not taken off in: Bangladesh, Cambodia, Fiji, Iran, Laos, Mongolia, Nepal, Pakistan and Sri Lanka
• Presence of a national policy or strategy towards a knowledge-based economy (KBE) is a factor that affects acceptance of KM in the private and public sectors
  • National KBE/KBD policy or strategy present in:
    • Korea: e-Korea Vision 2006
    • India: Vision 2020
    • Singapore: Singapore 21, iN 2015
    • Malaysia: KBE Master Plan (2002)
    • Thailand: IT 2010 (includes KBE/KBS)
• Government programs to promote KM: Taiwan
• Absent in: Indonesia, Philippines, Vietnam

Comparison of Asian Countries

• Strengths:
  • Singapore: KM in government, policy shift to innovation
  • Taiwan: KM in SMEs
  • Korea: broad Internet penetration, general acceptance of KM
  • Thailand: requires KM in all government agencies

• Significant statement from APO Secretary-General Takenaka (January 2007):
  “The days when incremental or continuous improvement preoccupied corporate managers are over. It is to innovation and breakthroughs that those managers have turned their attention. For achieving innovation, the most relevant tool is no longer quality control or quality management. It is KM in its broadest sense, which includes value creation or knowledge creation that is the most relevant.”
Knowledge Creation: Innovating “Next Practices”

“Companies have defined so much ‘best practice’ that they are now more or less identical”

– Jesper Kunde

→ Innovate next practices (forward-looking) instead of merely copying best practices (backward-looking).

Comparison of Asian Countries

• Moving from knowledge-based economy or KBE (World Bank) to knowledge-based development or KBD (ADB):

<table>
<thead>
<tr>
<th>ADB Model of Knowledge-based Development</th>
<th>Economic (KBE)</th>
<th>Social</th>
<th>Natural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education (development of human capital)</td>
<td>Education for a skilled workforce</td>
<td>Education for total human development</td>
<td>Education for sustainable development</td>
</tr>
<tr>
<td>Innovation (Development of structural capital)</td>
<td>Systems, processes and technological innovations</td>
<td>New institutions and protocols for peace, equity and human rights</td>
<td>Environmental technologies, e.g. renewable energy technologies</td>
</tr>
<tr>
<td>Building Networks (Development of stakeholder capital)</td>
<td>Financial and physical networks, e.g. ICT infrastructure</td>
<td>Social networks, social trust, cultural integrity</td>
<td>Agreements to protect and sustain planetary life support systems</td>
</tr>
</tbody>
</table>

Comparison of Asian Countries

- Knowledge-based development at the national level is visible in terms of the same three categories of intellectual capital at the corporate level:

<table>
<thead>
<tr>
<th>National Level</th>
<th>Corporate Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education for a skilled workforce</td>
<td>Human capital</td>
</tr>
<tr>
<td>R&amp;D/innovation systems; governance</td>
<td>Structural/process capital</td>
</tr>
<tr>
<td>Institutional and social networks</td>
<td>Stakeholder capital</td>
</tr>
</tbody>
</table>


Managing Intangible Assets → Superior Corporate Performance

"These findings indicate that the nine companies rely on intangible assets more than the rest [of the companies] do... their ability to generate value from knowledge-intensive intangibles such as copyrights, trade secrets, or strong brands..."

Knowledge Management: Supports Value Creation

Valuable Results
Revenues and Growth, Customer Satisfaction

Business Process
Effective Decision/Action

Knowledge Assets
(Intellectual Capital)
Useful Know-How

Value Creation

Knowledge Management

Comparison of Asian Countries

- Reversed logic in the development of Asian economies towards a knowledge-based economy (KBE):

  Correct logic in KM practice in the corporate sector:

  Knowledge assets ← Business process ← Value creation
  Value proposition: what is the right thing to do →
  Knowledge management: how to do it well

  Usual sequence of national development towards KBD:

  ICT infrastructure → Knowledge economy → Sustainable development
  ICT strategy → KBE → Sustainable development/KBD strategy

Source: “Moving Towards Knowledge-Based Economies: Asian Experiences” (to be published by ADB)
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Observations on a Global MAKE winner in Asia
Tata Group

• Tata Steel leading in KM practice since 1999

• 5iKM3 knowledge management maturity model
  • To track 3 categories of knowledge assets: people (and culture), process (and policy /strategy), technology (and infrastructure)
  • Along 5 stages of maturity (patterned after CMMI): initial → intent → initiative → intelligent → innovation

• Tata Knowledge Chain
  • About 2000 experts across 16 companies, grouped into 20 knowledge areas of communities of practice (CoP)
  • Query-and-answers (groupwide)
  • Sharing of best practices and "next practices"
  • Tata Benchmarking Club: processes with comparative metrics
  • Tata Knowledge Portal (in addition to company intranets)

Source: "Connecting Strategy and Operations through Knowledge Management – The Tata Group Experience" by Mr. T. S. Rangarajan. Read in "Knowledge Management: From Brain to Business", APO International Productivity Conference 2007, Foundation for Thailand Productivity Institute, Bangkok, Thailand
Observations on a Global MAKE winner in Asia

SAIT

- Samsung Advanced Institute of Technology: central R&D facility, responsible for keeping Samsung Group (over 60 affiliate companies) at the leading edges of technology
- SAIT mission: "Boundless search for breakthrough"; global patents increased more than 20 times since 1999
- KM at SAIT: process-based KM, e.g. standardized templates for documenting various R&D stages in 16 technical areas
- 140 CoPs (cut across affiliate companies) and matrix organization (cross-functional R&D project teams)
- Patent Expo: cross-pollination among R&D experts/teams (internal) → collaboration with external R&D experts
- Praise Ground: relay of praises

Source: Case study by Dr. Jung Hoon Derick Sohn for the Asian KM Survey by Asian Productivity Organization (to be published)

Observations on a Global MAKE winner in Asia

Toyota

- KM practice is so embedded within their practices that they do not talk about "knowledge management"
  - JIT: just in time
  - Jidoka: automatic error detection, recognizing/visualizing defects
  - Genbutsu: go see for yourself
  - Eliminating muda (waste)
  - Kaizen: continuous improvement
  - Replicating mono-zukuri: making things
  - Dantotsu: far and away the best
- Mottoes: "100 times better!" and "Challenge common sense!"
  "I believe pursuing such a high goal as this will surely lead to innovation"—A top Toyota executive

Source: "Knowledge Management Practices at the Toyota Motor Corporation" by Atsushi Niimi. Read in "Knowledge Management: From Brain to Business", APO International Productivity Conference 2007; Foundation for Thailand Productivity Institute, Bangkok, Thailand
Observations on a Global MAKE winner in Asia
Buckman Laboratories (Asia)

- Systems for facilitating tacit knowledge sharing
  "90 percent of the knowledge ... in the organization... is in the form of tacit knowledge (that which is between the ears and behind the eyeballs)" – Martha Seng, Knowledge Transfer Manager, Buckman Laboratories (Asia)
- Statement of Values (a code of ethics) on communicating and working together
- Egalitarian (many-to-many peer communication) more than hierarchical structure (boss-to-subordinate communication)
- Learning: an individual as well as organizational responsibility (e.g. online Learning Centre using various media)
- BAAR or Buckman After-Action Review: learning among a team
- CSS or Customer Satisfaction Survey, with RAT or Requirement Alignment Tool: learning from customers

Source: "Collaborative Enterprise-Wide Knowledge Sharing and Organizational Learning – Taking Knowledge Sharing to the Next Level" by Martha Seng. Read in "Knowledge Management: From Brain to Business", APO International Productivity Conference 2007, Foundation for Thailand Productivity Institute, Bangkok, Thailand

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Lessons and Insights from KM journeys of 24 selected Asian organizations

INITIATING KM
- Importance of executive sponsorship
- Get the strategy right; do not spend too much time planning and not taking off
- KM must be aligned to the business strategy
- Go for many “small wins” instead of the “big bang” approach
- You do not have to call every initiative a “KM” initiative
- Do not be trapped on a “best fit KM solution” as there is no “one size fits all”; get started, be flexible and make relevant changes on your KM journey
- A FAQ can help evolve a common KM language

IMPLEMENTING KM
- Design the learning and sharing activities to the business process
- KM application is context-dependent; KM tools must adapted to specific needs and situations of an organization, e.g. CoP in the West is bottom-up, while CoP in Asia can start as top-down
- Balance between face-to-face and virtual interaction
- Integrate KM initiatives with existing systems and processes
- Set up and involve the participation of an internal core group or KM team; engage them in “learning KM by doing KM”
Lessons and Insights
from KM journeys of 24 selected Asian organizations

INCENTIVES AND MOTIVATION
• Visible personal commitment of top leaders, as well as budgetary support for KM initiatives
• Mix rewards (money) and recognition (non-money)
• Place more efforts on the human side of KM, on the knowledge processes; KM is more about people than about IT
• Look for potential internal KM champions and advocates
• Link personal with organizational goals to motivate internal KM team
• Peer recognition or praise of excellent performance
• Mix of bottom-up and top-down approach for CoPs

MEASURING THE RESULTS OF KM
• Use KPI (key performance indicators) : you cannot manage what you cannot measure
• Focus KM on business results
• KM measurement is still largely unknown territory
Lessons and Insights from KM journeys of 24 selected Asian organizations

WHAT WORKED WELL

- A continuous learning and improvement mode: adapting, improvising, feedback, flexibility
- Prior experience in productivity and quality management helps
- Focus on results, measurement of impacts, listening to customers, success stories to get more buy-in
- Government support is important

OBSERVED GAPS

- Much more KM tools for sharing or transfer of knowledge than for innovation or creation of new knowledge
- Measurement of results of KM is weak; KM measurement needs to be integrated with other measurement systems such as BSC, Baldrige and financial/accounting methods
- Needs for change management and for design of incentives and motivation systems almost always accompany KM; more R&D is needed in this area
- Tendency to pay more attention to IT and KM solutions instead of clarifying first what is the business problem
- Weak: alignment of KM to organizational goals and value creation
Summary of 24 Case Studies from 9 Asian Countries

<table>
<thead>
<tr>
<th></th>
<th>Knowledge Sharing/ Transfer</th>
<th>Knowledge Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>Weak</td>
<td>Nil</td>
</tr>
<tr>
<td>Operational</td>
<td>Very good</td>
<td>Good</td>
</tr>
</tbody>
</table>

Strategic KM vs. Operational KM

- Superior business model (innovation; radical)
- New or better product/niche (usual innovation)
- More effective/efficient performance (productivity; incremental)

Valuable Results
Customer Satisfaction, Revenue, Growth
Effective Decision or Action
Knowledge Assets (Intellectual Capital)

Value Creation
Knowledge Management
Business Model Innovation

Reinventing Business Models

"Dreamketing is touching the client’s dream and promoting the dream, not the product"— Gian Luigi Longinotti-Buitoni, CEO of Ferrari-North America

"What we sell is the ability for a 43-year old accountant to dress in black leather, ride through small towns and have people be afraid of him"— a Harley-Davidson executive

"Club Med is more than just a 'resort'; it's a means of rediscovering oneself, of inventing an entirely new 'me'.”— Jean-Marie Dru
"The days when incremental or continuous improvement preoccupied corporate managers are over. It is to innovation and breakthroughs that those managers have turned their attention. For achieving innovation, the most relevant tool is no longer quality control or quality management. It is KM in its broadest sense, which includes value creation or knowledge creation that is the most relevant."

– APO Secretary General Takenaka

Thank you