

Strategy, Knowledge and Success

Presented by



ADVANTAGE - INDIA
CONSULTING PVT. LTD.
STRATEGY CONSULTING ■ KNOWLEDGE INCUBATION

September 2002

AGENDA

➤ Business Environment

- Challenges

- Way to go

BUSINESS ENVIRONMENT

- **Pace of Change**
 - **Pro-activeness v/s quick response imperative**
 - **Flatter organisation structure and delegation**
 - **Criticality of information and knowledge flows**

BUSINESS ENVIRONMENT

- **Business Plan**
 - **Shorter time frames**
 - **Alternative Business Models**
 - **Positioning in value chain**
 - **Role of competencies**

BUSINESS ENVIRONMENT

- **Emergence of Knowledge Worker**
 - **Nodal points for knowledge are both internal and external**
 - **Knowledge communities are becoming a new form of organisation - Communities of practice go beyond organisation structure**
 - **Collaboration enhances value of knowledge— technology facilitates this**

Sundar S:

Engine group

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VIRTUAL COLLABORATORIES

- **European ESPRIT, ACTS, Telematics projects**
- **High energy physics community**
- **The human genome project**
- **Virtual laboratory for protein chemistry**
- **Parallel computing e.g. calculation of 'pi'**
- **Biometric/dosimetry research - real time confencing**

POWER OF COLLABORATION

- **Access to scarce/expensive resources (scale)**
- **Pooling resources/expertise (scope)**
- **New insights, new expertise (reach)**
- **Cross-fertilisation of knowledge and experience**
- **Creating communities of excellence**
- **Flexibility - resources with responsiveness**
- **Role of Customers/Suppliers, Contract Research, Alliances, Universities**

BUSINESS ENVIRONMENT

- **Technology in business strategy**
 - **Determines flow of data, information and knowledge**
 - **Creates new value propositions for customer**
 - **A competitive differentiator**

BUSINESS ENVIRONMENT

Pace of Change

Business Plan

Emergence of Knowledge Worker

Technology in Business Strategy

AGENDA

- **Business Environment**

- **Challenges**

- **Way to go**

BUSINESS REALITY

**Balance of power determines
value appropriation**

**Access to
final consumer / scarce resource
enhances power**

Sundar S:

Cost v/s Value

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CHALLENGES

- **How to grow?**
 - **Inorganic growth**
 - **Newer markets**
 - **New products to leverage on customer access and resources**
 - **pipeline of new value propositions**
 - **Role of R&D**

Sundar S:

One dial v/s entire front panel

White space v/s Adjacent Segment

R&D

- **India's ranking**

– 1980 No. 8

– 1995 No. 13

– 2002 No. 15

Source – Economic Times, August 22, 2002

R&D

- **Changing environment demands innovation in products, services & process**
 - **Products and services carry more information and knowledge content e.g. ICI says it sells 'effects' not chemicals**

R&D

- **The customer demands added value. How do we respond to them?**
 - **Time to market**
 - **Out-learn the competition**
 - **Capture project lessons for re-use**

R&D

- **An unsuccessful R&D initiative today may be a success story tomorrow. R&D results recorded and made available through corporate memory need to be easily accessible by people responsible for framing future R&D initiatives**
- **Senior leadership in organization to benchmark the success rate of previous R&D initiatives**
- **Protecting intellectual property**

CHALLENGES

- **How to maintain cost competitiveness?**
 - **Institutionalised continuous improvement program**

Sundar S:

Review interfaces of Kaizen / TQM with strategy

CHALLENGES

- **How to make the organisation scalable?**
 - **Making corporate strategy understandable, accountable and measureable at the ground level**
 - **Helping organisation and people leverage on each other**

CHALLENGES

How to grow?

**How to maintain cost
competitiveness?**

**How to make the organisation
scaleable?**

AGENDA

- **Business Environment**
- **Challenges**
- **Way to go**



Mr. Smith, you have a rare disease. It probably needs special treatment. But I'm too busy to find out what my colleagues and the medical profession know about it. So let's just operate."

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Way to go

Balanced Scorecard

Knowledge Management

Think!Strat

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Balanced Scorecard

BALANCED SCORECARD

Less than 10% of strategies effectively formulated are effectively executed

Fortune Magazine

Two-thirds of re-engineering efforts achieved marginal or no results at all.

CSC Index

BALANCED SCORECARD

68% of top-managers feel “a better translation of strategy into action would improve operating income by 20%

European Survey

BALANCED SCORECARD

The majority of management information comes through the accounting system.

Currency is a poor proxy for actual causes.

BALANCED SCORECARD

Helps -

Manage the implementation of strategy,

**Measure the performance beyond mere
financials, and**

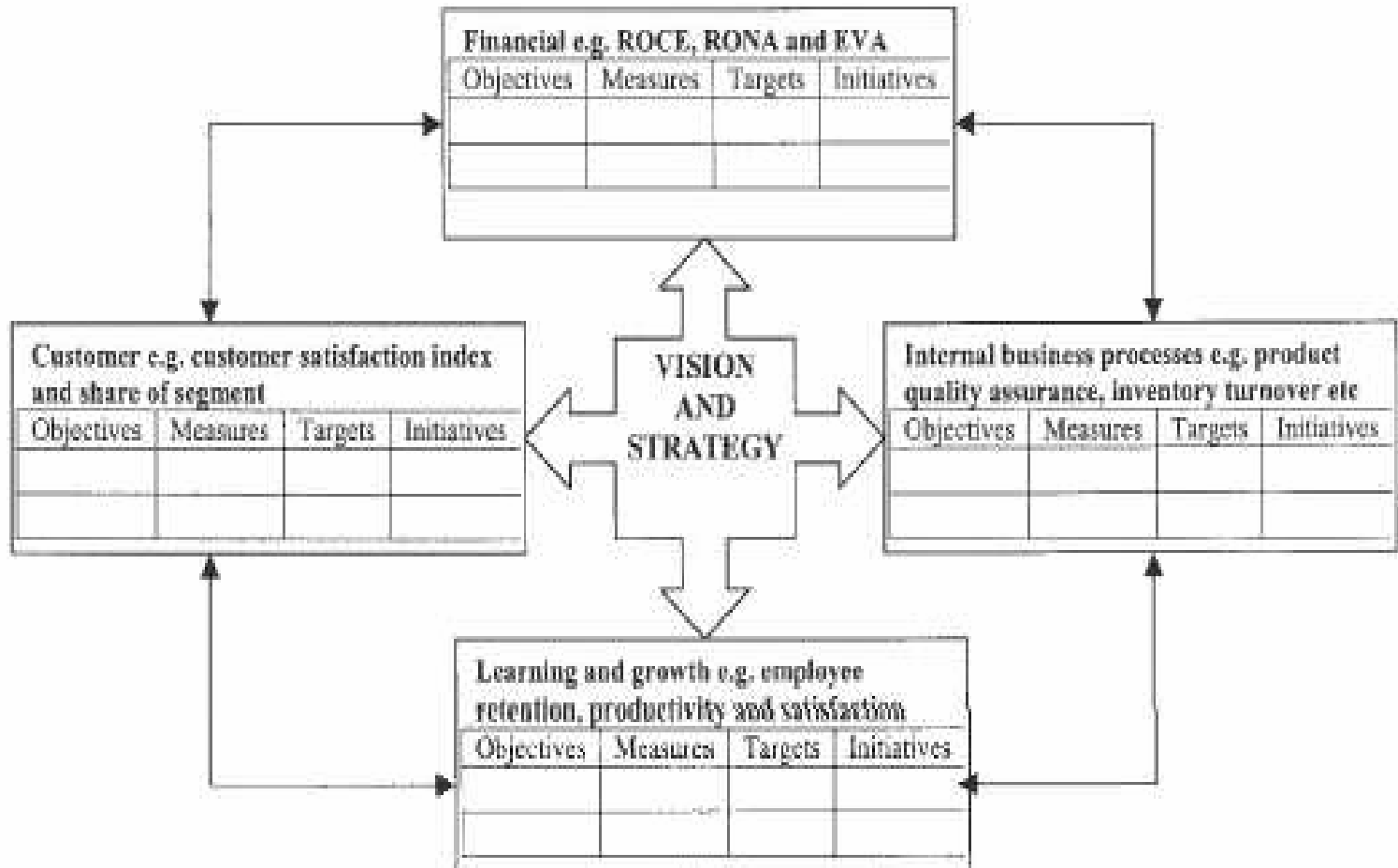
**Communicate the vision, strategy and
performance expectations to
stakeholders**

BALANCED SCORECARD

- **Views performance from four perspectives –**
 - **Financial – To succeed financially, how should we appear to our shareholders?**
 - **Customer – To achieve our vision, how should we appear to our customers?**
 - **Internal Process – To satisfy our shareholders and customers, what business processes must we excel at?**
 - **Learning & Growth – To achieve our vision, how will we sustain our ability to change and improve?**

BALANCED SCORECARD

“If you can't measure it, you can't manage it.”

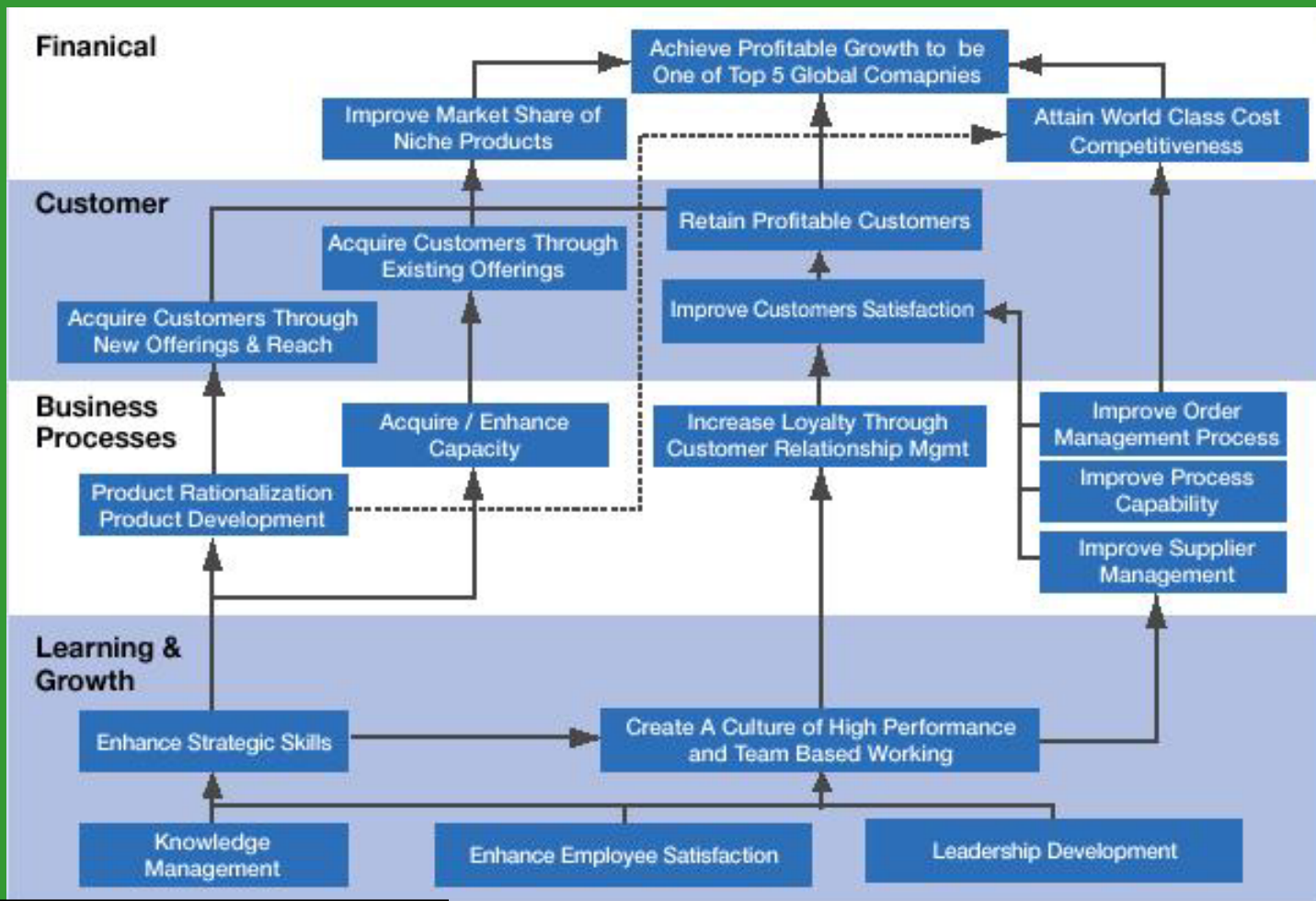


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% New product revenue

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BALANCED SCORECARD



Sundar S:
Strategy Map, Themes, Drill Down

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BALANCED SCORECARD

- **Link strategic objectives to long-term targets and annual budgets.**
- **Reduce strategy to its critical success factors.**
- **Identify the strategic goals and actions around which alignment is needed.**
- **Align customer, employee, operational, and process measures with strategy.**
- **Identify and align the action steps needed to accomplish strategic goals.**

Sundar S:

Walk the Talk

“Execution – The Discipline of
Getting things done

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BALANCED SCORECARD

- **Establish a clear link between strategy and functional tasks**
- **Translate vision into operational and quantifiable measurements.**
- **Use scorecard as a means to communicate the strategy to the organization.**
- **Establish accountability and ownership for results throughout the organization.**

BALANCED SCORECARD

- **Translate strategy into departmental, team, and individual goals**
- **Link compensation and rewards to performance against strategy**
- **Compare actual performance to planned performance so that corrective actions can be taken**

Knowledge Management

KNOWLEDGE MANAGEMENT

Sources of competitive advantage - shifting away from economic drivers, such as economies of scale, to new strategies and organization designs based on creating new sources of **KNOWLEDGE and **IDEAS** to develop breakthrough products and services to customers almost immediately**

KNOWLEDGE MANAGEMENT

“You’ve got to remember that around 90% of the knowledge base in your organization, and ours, is in the heads of your people – not in a database,” he advised. “It’s in the human database that’s continually changing and walking around – and can walk out the door. The challenge is: How do you **get this stuff moving around from one person to another so that ideas can flow and results can be achieved?”**

KNOWLEDGE MANAGEMENT

“The coming age is perhaps best described as an era of ‘knowledge and distributed intelligence**’ -- an era in which knowledge is available to anyone, located anywhere, at any time, and an era in which power, information, and control move away from centralized systems to the individual.” (NSF Director, Neal Lane)**

KNOWLEDGE MANAGEMENT

- Knowledge Management is the **explicit** and **systematic** management of **vital** knowledge - and its associated **processes** of creation, organisation, diffusion, use and exploitation
- Develop a **knowledge strategy** to align your business and knowledge objectives

KNOWLEDGE MANAGEMENT

- **Objectives**

- **Build a knowledge-sharing culture**
- **Prevent loss of technical knowledge**
- **Prevent the loss of business knowledge**
- **Retain valuable knowledge as employees move internally**
- **Reduce “time-to-competency” for new hires**
- **Capture project lessons learned for re-use**

KNOWLEDGE MANAGEMENT

- **Customer Knowledge** - have you identified latent needs?
- **Knowledge in Relationships** - is collaboration boosting knowledge?
- **External Insights** - how good is your environment scanning?
- **Knowledge Repositories** - do you have learning histories?
- **Knowledge in Processes** - is information you need there?
- **Knowledge Assets** - have you valued patents, licences etc.?
- **Knowledge in People** - do you know who knows what?

KNOWLEDGE MANAGEMENT

- Most KM focuses on databases and knowledge bases. **Focus on individuals** and get them to move freely within the organization in order to capture their knowledge
- Technology is a tool. People need to combine with the tools to form systems that move knowledge.

KNOWLEDGE MANAGEMENT

“The best customer knowledge in my organisation is not in databases - it’s behind people’s eyeballs and between their ears”

“Knowledge applied to tasks that are new and different is INNOVATION” (Drucker, 1992)

KNOWLEDGE MANAGEMENT

- **Conceptualise**
- **Create**
- **Convert & Collaborate**
- **Commercialise**

KNOWLEDGE MANAGEMENT

- **Production:**
Creation, discovery, acquiring new knowledge
- **Validation:**
Assessment for accuracy, reliability, validity, etc.
- **Integration:** From different disciplines and sources
- **Codification:** Classifying for storage and retrieval
- **Dissemination:**
Communicating, sharing, and acquisition
- **Application:** to practical problems in various contexts

KNOWLEDGE MANAGEMENT

- **Knowledge Management Strategy**
Areas, initiatives and approach
- **Knowledge Management Map**
Your guide to knowledge for your organisation
- **Knowledge Management Activity Monitor**
Track the initiatives
- **Knowledge Management Framework**
Common terminology and understanding

KNOWLEDGE MANAGEMENT

**There are no killer applications for
Knowledge Retention.**

People are the killer application

Sundar S:

Weave a KMS around the
people

KNOWLEDGE MANAGEMENT

**Knowledge management –
not a project,
but
a continually evolving journey**

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THINK!STRAT

<p><i>Outsiders</i>, whose mental models are different from those prevailing in an organisation, can act as catalysts in prompting an organisation to rethink the way it does business</p> <p>All the Right Moves by Constantinos C Markides</p>	<p>In today's service based, information-intensive, competitive environment, leaders must recognise that <i>human creativity</i> and <i>individual initiative</i> are their most important source of competitive advantage</p> <p>Individualised Corporation by Sumantra Ghoshal & Christopher A Bartlett</p>	<p>Consultants don't teach companies how to run businesses efficiently, they provide solutions. If companies invest in their people, in the long term they need to invest less in consultants</p> <p>Dipak Jain</p>
<p>The key to future industry leadership is to develop <i>an independent point of view</i> about tomorrow's opportunities and build capabilities that exploit them</p> <p>Competing for the Future by Gary Hamel & CK Prahalad</p>	<p>The most valuable asset of a 21st-century institution, whether business or non-business, will be its <i>knowledge workers</i> and their <i>productivity</i>.</p> <p>Management Challenges for the 21st Century by Peter F Drucker</p>	<p>In bad times, one must boost organisational learning using thought leaders</p> <p>S Mahindran</p> <p>Corporate Dossier, The Economic Times, Feb 1, 2001</p>

THINK!STRAT

- **Management professionals believe –**
 - **Over-emphasis on functional expertise at lower levels can lead to a weak organisational view, when they graduate to general management roles. This can become a significant disadvantage for the organisation**
 - **Inculcating strategic thinking at an early stage promotes entrepreneurial spirit within organisations**
 - **Leaders are often frustrated by their inability to translate vision into action; people down the line do not understand the leader's vision**

THINK!STRAT

- **Think!Strat Workshops are structured on the basis of our strategic management research and consulting interactions with companies and management professionals**
- **A mix of appropriate reading material, structured presentations, case discussions, role plays and group exercises (customised based on your unique needs) will be used to encourage management professionals in your organisation to think “out of the box” & beyond functional silos**

THINK!STRAT

	Management Consultants	Advantage-India's Think!Strat	Management Gurus
<i>Offering</i>	Solution	Building employee competency and perspective	Knowledge
<i>Approach</i>	Assignment	Workshop that can be extended to assignments handled by employees	Seminar
<i>Nature of role</i>	Solution provider	Coaching	Training

Way to go

4-6 weeks

Conceptualise strategy map, balanced scorecard and knowledge management architecture. Think!Strat simultaneously.

4 weeks

Vendor selection for Balanced Scorecard and Knowledge Management

12 – 15
weeks

Implementation

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Thank You

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