Establishing a knowledge management programme for competitive advantage in an enterprise

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Abstract

This article is concerned with the establishment of a knowledge management programme that will ensure sustainable competitive advantage within an enterprise. The main problem under investigation is to assess the importance of knowledge management within an enterprise and to ascertain how it can ensure sustained competitive advantage in an enterprise. An empirical survey was conducted in the Eskom Transmission Group, Johannesburg, South Africa to investigate understanding of the knowledge management concept amongst business leaders, determine enablers and barriers to implement a knowledge management programme and to determine whether knowledge is seen as a source for competitive advantage. It is suggested that enterprises should adopt a holistic and integrated approach when establishing such a programme. Broad recommendations for establishing a knowledge management programme that will be a source of sustainable competitive advantage are proposed. © 2001 Elsevier Science Ltd. All rights reserved.

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1. Introduction

The role of knowledge as the key source for competitive advantage in enterprises has become a hotly debated topic. The idea that knowledge can be managed is fundamental to the related notions of the knowledge-based business, the learning enterprise and the management of intellectual capital. The recent interest in these overlapping concepts reflects important phenomena which enterprises have to deal with, such as perceptions of increased competition, rates of change and market turbulence. Enterprises are hence looking for new ways to remain in business or compete...
effectively. One crucial way of achieving effectiveness is to recognise or rediscover assets the enterprise already has but is not utilising to their full potential.

This article is concerned with developing a framework for establishing a knowledge management programme that will ensure sustainable competitive advantage in an enterprise. It investigates how knowledge management can be a source of competitive advantage to the Eskom Transmission Group in Johannesburg, South Africa and how managers within the enterprise perceive this.

2. Importance of knowledge management

The successes of enterprises in the 21st century in an increasingly competitive market place depend critically on the quality of knowledge which those enterprises apply to their key business processes. The challenge of deploying the knowledge assets of an enterprise in creating competitive advantage and ensuring a sustained business edge is important. Macintosh (1998) highlights some of the reasons listed below as drivers for knowledge management:

- **Competition**: The market place is increasingly competitive and the rate of innovation is rising, therefore knowledge must evolve and be assimilated at an ever-faster rate.
- **Customer focus**: Enterprises are organising their businesses to be focused on creating customer value. Management structures as well as staff functions are being reduced. There is a need to replace informal knowledge management of the staff function with formal methods in customer aligned business processes.
- **The challenge of a mobile workforce**: There are trends for employees to retire earlier and for increasing mobility, which leads to loss of knowledge. The mobility of the workforce will increase to the point where many employees will regard their career as a series of projects sponsored by a series of companies.
- **Equity in the workplace**: With the implementation of the Equity Bill in South Africa this implies that enterprises have to ensure equity in terms of gender, race and creed. This may lead to knowledge being lost due to giving some employees severance packages and early retirement. Enterprises need to ensure that there is knowledge transfer from employees leaving the enterprise to those remaining within the enterprise.
- **The global imperative**: Most corporations are becoming international in the sense that they have foreign customer and supplier relationships. More and more enterprises are becoming transnational—operating as truly global companies in the sense that no one region is predominant. Transnational operation requires strong organisational communications and knowledge retention capabilities, which depend on organisational and individual learning and a unifying culture.

3. Corporate culture as a foundation for successful knowledge management

People are the key component to knowledge management; hence the type of culture existing in the enterprise is very crucial to the success of knowledge management. Davenport and Prusak
(1998) highlight that as enterprises interact with their environment, they absorb information, turn it into knowledge and take action based on it in combination with their experiences, values and internal rules. Enterprises that are serious about knowledge foster an environment and culture that support continuous learning. Culture is a basic building block to knowledge management. It must be considered when introducing a new knowledge management programme, because it affects how the enterprise accepts and fosters that programme. If knowledge management is to be an integrated aspect of how work gets done in an enterprise, it must become an integrated aspect of the culture. It should be addressed in the enterprise’s mission, vision and goal statements as well as emphasised in enterprise-sponsored training and enterprise communication in order to ensure successful implementation of knowledge management.

Creating a knowledge friendly culture, one of the most crucial factors of success for a knowledge management project, is very difficult. It requires strong leadership and change of both attitudes and behaviours. When knowledge management is introduced properly, with concurrent efforts to manage change in the enterprise great things are achieved. It has enabled enterprises to be more competitive, and to do more in a shorter period of time.

4. Framework for implementing knowledge management

To identify the value of an enterprise’s knowledge resources as well as the proper role of knowledge management programmes in managing the knowledge resources to achieve such an advantage, one needs to ask four questions. These questions include questions on value, rareness, imitability and organisation or what is referred to as the VRIO framework (Barney, 1995, p. 50).

4.1. The question of value

Enterprises create value through either decreasing product/service costs or differentiating the product/service in a way that allows the enterprise to charge a premium price. Thus, the ultimate goal of any knowledge management leader is to create value through knowledge use. The first question that a leader must address is as follows: how can knowledge aid in either decreasing costs or increasing revenue?

Most knowledge managers in enterprises fail to show how knowledge aids in decreasing costs in monetary terms and yet through improving knowledge flow and understanding where the knowledge within the enterprise resides, it is often possible to avoid the costs associated with searching or regenerating it, by using what already exists. This is typically achieved by identifying and mapping knowledge, and making it accessible.

Enterprises have to be cautious in applying downsizing and affirmative action in an enterprise because there are several cases of downsizing where enterprises have realised that valuable expertise was lost and have recruited back former employees as consultants. Usually, bringing back former employees as consultants costs enterprises more. Therefore, enterprises should ensure that tacit knowledge is made explicit through knowledge sharing, documenting knowledge and encouraging piggy backing.

On the question of value, it is important that the knowledge management practices impact both the costs and revenues of the enterprise and as long as this is not seen within the enterprise, the
value of knowledge management will not be realised by the enterprise. Today’s focus on knowledge has illuminated the importance of viewing intangibles as assets that can be developed and used to create business value.

4.2. The question of rareness

The value of an enterprise’s knowledge management is a necessary but not sufficient criterion for competitive advantage. If the same characteristic of knowledge management is found in many competing enterprises then that characteristic cannot be a source of competitive advantage for any one of them. Valuable but common characteristics provide only competitive parity, ensuring that the enterprise is not at a substantial competitive disadvantage because it does not possess that characteristic. Therefore, the knowledge management leader must examine how to develop and exploit rare characteristics of the enterprise’s knowledge management programme to gain competitive advantage.

Usually, enterprises are very good at accumulating knowledge and data, but few enterprises ensure that the knowledge is put to good use. Enterprises have developed a culture of acquiring the knowledge base, i.e. employees, who equate knowledge with power, but it seldom goes beyond that. For enterprises that want to improve productivity and global competitiveness, the knowledge management leader needs to understand what is the rare thing they could do within the enterprise to be a major source of competitive advantage to the enterprise. If the knowledge management programme within an enterprise aims to contribute in placing the enterprise at a competitive advantage, it should provide rare knowledge that will place the enterprise strategically in the market.

4.3. The question of imitability

Valuable and rare characteristics of the knowledge management programme in an enterprise can enhance the enterprise’s profits in the short term; however, if other enterprises can imitate these characteristics, then over time the characteristics will provide no more than competitive parity. The knowledge management leaders must attempt to develop and nurture characteristics of the knowledge management resources that cannot be imitated by competitors. This implies focusing on having a good and unique knowledge infrastructure, which will support the business goals and may be focusing on the importance of socially complex phenomena such as an enterprise’s unique history or culture in providing competitive advantage. Every enterprise has a unique business goal and history that defines the present situation. This often provides a foundation for a competitive advantage, which other enterprises would find impossible to imitate.

The knowledge management programme within an enterprise should also ensure that what it provides is not easily imitated by having a unique knowledge network (architecture) which is based on the enterprise’s objectives and supports the existing/desired culture of the enterprise and is based on the enterprise’s history.

4.4. The question of organisation

Finally, in order for any characteristic of an enterprise’s knowledge management programme to provide a source of sustained competitive advantage, the enterprise must be organised to exploit
the resource. An organisation requires having in place the systems and practices that allow knowledge management characteristics to bear the fruit of their potential advantages. The question of organisation focuses attention on systems, as opposed to a single knowledge management practice.

Many enterprises have initiatives and practices that can broadly be construed as contributing to the knowledge agenda. Such projects include implementing an Intranet, sharing knowledge on best practices and using personal development plans. Few enterprises, however, apply knowledge management broadly throughout their enterprises. To do this requires a systematic and holistic view of the knowledge agenda, i.e. understanding the strategic role of knowledge, linking it to key management decisions and business processes and improving processes for knowledge creation, sharing and use.

The knowledge management programme, through either directly controlling or strongly influencing the characteristics of knowledge management in the enterprise, plays an important role in developing and maintaining an enterprise’s competitive advantage. In order for knowledge management to truly develop and maintain sources of competitive advantage, leaders need to focus attention and activities toward those aspects of the enterprise’s knowledge resources that will provide such an advantage.

5. Steps for establishing a knowledge management programme

In establishing a knowledge management programme, it is crucial to understand what its value will be to the enterprise, determine what will make the programme rare, ensure that it is not imitable and that the enterprise has well-established systems to support such a programme. Establishing the knowledge management programme involves the following five steps:

5.1. Enterprise analysis

The first step in establishing the programme will be to assess the enterprise’s orientation to knowledge management. In analysing the enterprise the following questions need to be addressed:

- What do leadership and employees understand knowledge management to be?
- Are the leaders as well as employees committed to knowledge management?
- Is the corporate culture conducive to knowledge management?
- What technology exists in the enterprise to support knowledge management?
- What would be the barriers to implementing a knowledge management programme?
- What are our strengths, weaknesses, opportunities and threats on knowledge management?

5.2. External analysis

External analysis involves the assessment of the external elements of the enterprise. The analysis should address the identification of threats, opportunities, strategic questions and strategic choices.
This analysis should attempt to identify and understand emerging opportunities and threats created by external forces.

External analysis is crucial from a knowledge management strategy point of view, as the strategy must take into consideration the competitors’ actions, strengths and weaknesses. In order to ensure that the knowledge management programme of an enterprise has sustainable competitive advantage one must exploit the competitors’ weaknesses and bypass or neutralise the competitors’ strengths.

Only after analysing the enterprises’ orientation to knowledge management and understanding the external environment will one be in a position to formulate specific strategies for knowledge management in an enterprise.

5.3. Decide and formulate a suitable knowledge management strategy

Before formulating any strategy, it is important to establish the importance of knowledge management in the overall objective of the enterprise. One should establish how strongly it features in the enterprise’s mission statement and business plan. A strong emphasis on knowledge management in the enterprise’s business plan would indicate the importance of well-developed strategies for establishing the programme in order to achieve the enterprise’s overall objective.

Depending on the outcome of the analysis of the enterprise’s current position with regard to knowledge management orientation, strategies should be formulated to address opportunities and threats. Knowledge management strategies result from the knowledge worker’s awareness of, and responses to, trends in the marketplace.

The formulation of these strategies depends on the ability of the leadership to change corporate culture. Enterprises need to have a culture that creates opportunities for tacit knowledge to be made explicit.

It should be noted that the strategies for establishing a knowledge management programme would differ from enterprise to enterprise. The following questions can be asked in formulating the strategy:

- What is the enterprise’s vision and mission?
- Which strategies will contribute to the accomplishment of the mission?
- How can knowledge management contribute to the achievement of the strategic goals?
- Is knowledge on the same level as other enterprise assets, such as capital and labour?

5.4. Developing a plan for establishing a knowledge management programme

If an enterprise wants to be successful in its pursuit of the strategies, there should be a comprehensive plan to establish how the enterprise would approach the establishment of a knowledge management programme.

This plan should focus on successfully leveraging the cultural components to execute and sustain knowledge management. The action plan should include time frames, people involved and resources required. To implement effectively one needs to adhere to all outlined facets of the action plan. Failure to stick to the plan could send strong messages to the enterprise that the leadership is
not serious about knowledge management and the commitment needed to sustain knowledge management will be lost.

5.5. Implement and evaluate knowledge management strategies

In implementing the strategies one must prioritise activities and ensure integration with other business processes. Effective implementation of knowledge management strategies is about defining what needs to be achieved and about motivating capable people to want to achieve it (Campbell & Luchs, 1997, p. 146).

An evaluation of the strategies compares performance with objectives and measures the overall efficiency and effectiveness of the enterprise’s attempts to attain its stated aims and objectives. After all the information has been obtained regarding the success of the knowledge management programme, the necessary modifications should be made to the strategy.

6. Empirical survey

There was a need to investigate the establishment of a knowledge management programme within the Eskom Transmission Group and to determine whether it could be a source of sustained competitive advantage to this enterprise. Eskom is the largest South African electricity utility that generates and transmits electricity over the long distance to the load centres. Eskom is among the top five utilities in the world in terms of size and sales. It supplies 98% of South Africa’s electricity requirements, in addition to which it also transports power to the neighbouring countries like Botswana, Swaziland, Namibia and Zimbabwe. Eskom is divided into three major business groups that are regulated by the Electricity Supply Industry, namely Generation, Transmission and Distribution. Each group functions as a separate entity in terms of internal resource allocations. The Transmission Group is made up of about 2114 employees.

6.1. Research methodology

For the purpose of the survey, it was decided to interview senior managers within the enterprise. Since the concept of knowledge management has recently been formalised, it was necessary to purposively handpick the senior people in the enterprise with the assumption that they are information-rich individuals and that they would have an understanding of knowledge management. The 10 respondents were considered to have a holistic view of the enterprise and are aware of the value of knowledge on all levels in the business, particularly for the strategic advantage of the business. For the interview, a semi-structured interview schedule was used containing knowledge management related aspects.

A large amount of in-depth information was generated which makes it difficult to see underlying patterns in the data and the authors considered the grounded theory as the most appropriate method for the analysis and interpretation of the data. To analyse data according to the grounded theory, the data are coded or analysed according to a number of coding procedures which follow one another in the degree of intensity, that is, open coding, axial coding and selective coding. In the analysis of the data of this survey, the authors used selective coding. Selective coding is the highest
level of coding and is the process of selecting the core categories, relating systematically to other
categories, validating these relationships, and filling in categories that need further development
and refinement, again by means of memoing (Strauss & Corbin, 1990, p. 116).

In order to organise and categorise the data obtained through the interview schedules, the
following procedure was followed:

- All recorded interviews were transcribed verbatim.
- The completed transcriptions were carefully analysed according to selective coding. From this
coding, categories were developed that reflect the response of the respondents, and also cover the
various themes present in the interview schedules.
- According to selective coding eight core categories were identified as follows: understanding of
the concept knowledge management, current knowledge management practices, identification of
critical knowledge in the enterprise, information systems that could support knowledge manage-
ment, knowledge management enablers, effect on knowledge management of people separating
from the enterprise, and barriers to establishing a knowledge management programme as
a source for sustainable competitive advantage.

6.2. Findings

6.2.1. Knowledge management understanding

Knowledge management is a fairly new concept and a common observation made during the
research is that individuals understood its importance to the business but there were different
definitions given of what it entails. The findings are that knowledge management as a formalised
concept is a subject in its infancy and there are no common definitions as to what it entails.
However, senior management believes that the managing of knowledge is very important to the
success of the enterprise.

It appears that a global need exists to market the concept to senior management in order to
ensure a general and common understanding of the concept. Senior management in enterprises
need to understand the concept so that the implicit knowledge management practices can be
recognised and formalised.

6.2.2. Existing knowledge management practices

The majority of respondents could not really say that the enterprise is practising knowledge
management but felt that it is practised to a certain extent and not to its fullest extent. The findings
indicate that people are the key to the implementation of the knowledge management programme.
Enterprises, therefore, need to have a change management programme in place in order to get
support from employees.

6.2.3. Critical knowledge

Knowledge about the core business was seen as critical business knowledge that could be
interpreted to mean knowledge about the services of the business as well as products. Knowledge
about business competencies, skills and capabilities was seen as being important.
Different industries will definitely show wide differences as this could be based on business needs and focuses at a particular moment in time. Therefore, each enterprise will have a different strategy for knowledge management which will support its overall business strategy or intent.

6.2.4. Information systems/technology

The majority of the respondents highlighted that existing information systems are mainly data warehouses with data on the network and performance as well as electrical power systems but these data warehouses could assist in managing knowledge if people can turn the data into information which will eventually help in operations as knowledge. They also mentioned that the enterprise has put massive investments into systems that had promised good business implementation; however, these systems are not fully optimised.

Information systems are enablers to managing knowledge and for an enterprise to see its full benefits, it must see information systems from a knowledge management perspective, which is, that it is a conduit for information or data and needs to be exploited fully in order to realise its full potential.

6.2.5. Knowledge management enablers

People were seen as important enablers when trying to implement a knowledge management programme and information systems or technologies were the next important enablers. The findings are that people are key enablers since knowledge resides in people’s heads and for an enterprise to say that they are managing their knowledge, employees should understand the importance of knowledge management. Employees also play a very crucial role in creating the right culture for knowledge management; they have the knowledge in their heads and should be encouraged to share their knowledge with others by making their knowledge explicit. Information systems would then support or assist the employees to have easy access to the information required to perform tasks or make decisions.

Knowledge management like any other programme in an enterprise also requires leadership commitment to create an environment within which people are able to share knowledge and are allowed to assimilate as well as practice the knowledge gained.

6.2.6. Key effects of people separating from the business

The majority of respondents said that they are not panicking about the people leaving the enterprise because there are a lot of people still in the enterprise. However, the concern was that very little is done to ensure the capturing and sharing of what people know before they are lost to the enterprise. Some respondents acknowledged that the enterprise suffered in a number of ways when key employees left the enterprise. If knowledge is managed properly, the risk of having knowledge gaps will be minimised because knowledge would have been transferred and documented.

6.2.7. Barriers

Findings suggest that people related issues, for example, people’s unwillingness to share their knowledge and lack of leadership commitment as well as time and resource constraints could be barriers when one is trying to implement a knowledge management programme. People do not like change and one has to understand that it takes time and effort to get people to accept and learn
new methods such that they are able to apply them with ease and the practices are embedded in their behaviours. Senior leaders in the enterprise have to understand the value of investing in knowledge management and the benefits of allowing people to have time for knowledge sharing or capturing.

6.2.8. Knowledge management as a source of competitive advantage

The relevance of knowledge management is clearly understood by respondents based on missed opportunities, operational inefficiencies and time lost which all show severe competitive disadvantage. Findings are that knowledge management is regarded as playing a key role in ensuring business edge or competitive advantage through the capturing and sharing of experience and information.

From the findings of the empirical survey it can be concluded that the respondents had different interpretations of what knowledge management entails. However, what was common in most definitions was that people are an important element in managing knowledge, as individuals own knowledge. This therefore implies that people must be willing to share their knowledge, to learn from others and the culture of the enterprise must be conducive and encourage knowledge sharing. There was also a clear understanding of the importance of knowledge management and acknowledgement that it could be a source for sustainable competitive advantage or business edge.

Although the majority of the respondents in the empirical survey understand the importance of knowledge management, very few enterprises in South Africa have really adopted the concept. This could be due to the fact that enterprises see it as a new concept that involves starting everything from scratch. They fail to see other projects that are currently happening in the enterprise as knowledge management projects, for example document management, human resource development and mentorship programmes.

7. Conclusions and recommendations

In view of the findings certain recommendations were made for Eskom Transmission Group. Although these recommendations are based on the findings from one enterprise in the South African context, they may be relevant to any enterprise in an international context. The recommendations are thus generalised for wider consideration. Suggestions for enterprises that want to manage their knowledge assets in order to ensure sustainable competitive advantage are as follows:

- Keep in mind the big picture and future business vision—the global strategic vision—but tackle small things, one at a time, in this bigger jigsaw—that is the way progress is made.
- Ensure close partnerships between the knowledge leader and business units, but start small and grow. This means working on a variety of small projects with different units. Small projects with tangible outcomes help to create goodwill and trust. This creates more willingness to explore new ways of doing things with the knowledge leader, and that is when the real breakthroughs come.
Instill a general awareness in employees as well as business leaders about the importance of managing knowledge.

All business leaders should be ambassadors of knowledge management, they should encourage their employees to share their knowledge, to transfer their knowledge to others and to put their knowledge on paper or electronic media where possible.

Develop an infinite patience, as knowledge management will need cultural change, and that takes time and it might also take time for the business to see an increased return on the investment made.

Above all for employees to be knowledgeable they must be allowed to experiment, obviously not to the detriment of the business, in order to learn from failure. Employees should not be afraid of making mistakes but should be encouraged to share the lessons learnt in order to curb repetition of the same mistake.

Knowledge management leaders play an important role in managing the enterprise’s intellectual assets, those which possess the greatest potential for being sources of sustainable competitive advantage. The following guidelines should be followed by the top management in an enterprise:

7.1. Understand the value of knowledge in the enterprise and its role in competitive advantage

Knowing the economic value of an enterprise’s knowledge is a necessary precondition before any knowledge management leader can begin to manage the function strategically. Knowledge is now a crucial factor underpinning economic growth. Producing goods and services with high value added is at the core of improving economic performance and international competitiveness, increasing intangible investment, which is difficult to measure, has become the measure issue for enterprises. Knowledge plays an important role in the success of any enterprise. This information is a necessary starting point for any knowledge management leader to act as a strategic partner.

A number of enterprises rely heavily on innovation and product development hence their research and development scientists require relevant, up to date and accurate information as development of successful new products is the major factor that distinguishes these enterprises from competitors. On the other hand, service oriented enterprises require a lot of information about their clientele and new ideas on how to serve the customer better. Their competitive advantage can only come through an efficient, friendly service that makes their customers come around again. Similarly, while all knowledge management activities are important, some provide greater leverage for competitive advantage. Therefore, knowledge management leaders must first understand the role of knowledge management as a source of competitive advantage before being able to make decisions about how to position the deliverables of the function. This leads to the following questions for these executives:

- On what basis is the enterprise seeking to distinguish itself from competitors? Is it based on innovation, customer service or production efficiency?
- Where in the value chain is the greatest leverage for achieving this differentiation?
7.2. Understand the economic consequences of knowledge management practices in an enterprise

Once the knowledge management leader understands the specific ways in which knowledge provides value, it is necessary to examine the value that knowledge management provides or can provide. There are two ways in which knowledge management can provide economic impact. Firstly, knowledge management practices are important levers by which the enterprise develops the intellectual capital and employee efficiency and innovation. It is the knowledge management practices that can directly influence the effectiveness, allowing employees to perform their work smarter and thus providing value to the enterprise. The knowledge management practices can also help to develop knowledge-enabled employees who are willing to make value-adding decisions and contributions towards meeting objectives of the enterprise. In other words, knowledge management practices play an important role in developing the knowledge assets that provide a competitive advantage.

It is also important to understand that knowledge management practices incur costs for enterprises. Knowledge management can impact the enterprise performance through its efficiency in developing the intellectual assets that are a source of competitive advantage. The products and services provided by the knowledge management function could be too many or too few, of high quality or of low quality, directly linked to business needs or unrelated to the business. For example, knowledge management practices developed because they are the latest fad, without careful analysis of their ability to meet strategic business needs, are both excessive and inefficient. Similarly, the failure to develop practices that will help address business needs results in less than optimal enterprise ineffectiveness. Finally, knowledge management practices designed to meet business needs that are delivered at excessive cost or with low quality negatively impact the enterprise’s financial performance.

7.3. Understand how knowledge management practices in an enterprise compare to those in competing enterprises

It is necessary to examine the knowledge management functions of competitors to gain an understanding of which practices define present business edge or competition. Benchmarking identifies the rules of competition in an industry and can be valuable in providing information on two issues.

Firstly, it assists enterprises to identify what superior practices the competition is engaged in which might provide them with a competitive advantage until other enterprises are able to imitate it. Secondly, benchmarking should be used to identify ways to leapfrog other competitors. This is accomplished through developing innovative knowledge management practices and is especially successful if it is one that other competitors will find costly or difficult to imitate.

Enterprises need to understand knowledge management practices in relationship to other competitors as a means of identifying which practices should be copied to maintain competitive
parity; which practices can be innovatively delivered to provide temporary advantage, or which
practices can be linked to the unique situation (information technology, business processes, culture)
of the enterprise in order to gain sustainable competitive advantage. This understanding leads to
the following questions for enterprises:

- How do the knowledge management skills of other competitors compare to those of your
  enterprise?
- How does the commitment level to knowledge management of your enterprise leaders compare
to that of competitors?
- What are the competitors’ knowledge management functions doing in terms of practices
  and relationships with line managers? How can you beat them by doing things better or
differently?
- What unique aspect of your enterprise might allow you to develop and/or maintain high quality
  knowledge management practices?
- What knowledge management practices need to be developed or maintained to exploit these
  unique aspects of your enterprise?
- Given your enterprise’s history and culture, what unique knowledge management practices
  might you be able to implement more efficiently than your competitors?

7.4. Understanding the role of the knowledge management function in building enterprise capability
for the future

A constant tension exists in the trade-off between focusing decision making and resource
allocation on the short and long term in most enterprises. This conflict also exists within the
knowledge management area. Many such areas are struggling to meet current needs and they have
little time to explore long-term enterprise plans. This tendency must be broken if knowledge
management is to be a strategic partner in ensuring a sustainable business. Planning is the key to
any enterprise’s effective use of knowledge resources. Planning is a dynamic process that continues
throughout the year. Hence, knowledge management leaders should ensure that their practices
support the planning process for short and long term.

Enterprises must consider their future needs through answering the following questions:

- What is the enterprise’s core business and skills, or the core business and skills that the enterprise
  is trying to develop in the next 5 to 10 years?
- What will be the competitive landscape 5 to 10 years from now in terms of your enterprise’s
  markets?
- What kind of knowledge management practices will your enterprise need to compete successfully 5 years from now?
- What types of knowledge management practices are needed today to build the practices the
  enterprise will need in the future?

Knowledge management is very much a cross-functional and multifaceted discipline.
To be successful in an enterprise one should have a good understanding of the various practices
that make up knowledge management and how they interrelate; a holistic view is very important.
The following guidelines should be used when establishing a knowledge management programme:

- **Ensure a strong link to the business imperative.** A knowledge management programme and process should visibly support business objectives. There should be a clear understanding of what knowledge is vital to the enterprise's future prosperity.
- **Use the business vision.** An enterprise's vision provides the 'hook' around which to build a common language and momentum for change. It may also define key domains of knowledge and core knowledge value-enhancing processes. One should therefore ensure that the knowledge management vision is based on the overall business vision and supports it.
- **Assign a knowledge leader.** This is usually a knowledge champion with support from top management. It should not be made a separate portfolio but the knowledge champion should encourage development of knowledge management qualities in individuals throughout the enterprise.
- **Cultivate a knowledge creating and sharing culture.** A corporate culture that empowers individuals supports networking and encourages knowledge sharing across the enterprise and geographic boundaries. This might require using change management methods and it might take time. By involving employees from the beginning of the programme, the opportunity is created for them to develop an understanding of the importance as well as accept such a programme.
- **Encourage continuous learning.** Learning should happen at all levels of the enterprise structure. Individuals must be encouraged to ask questions, to challenge and to learn. The enterprise learns from its successes and mistakes. For knowledge management to be successful learning must be shared.
- **There must be a well-developed technology infrastructure.** Enterprises need to have an infrastructure that supports collaboration of knowledge-enabled workers as well as explicit knowledge databases; it should support computer conferencing and structured conversations. A well-developed technology that is accessible and easy to use will leverage knowledge management within an enterprise.
- **Develop systematic enterprise knowledge processes.** A framework and process for identifying, capturing and diffusing important knowledge in a structured way must be developed. Sources of information or knowledge carriers must be easily identifiable and accessible, whether in databases or in human brains.

**References**


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