Knowledge management initiatives taken by organizations

Knowledge Management is defined as the systematic approach that invents, understands, shares, creates and utilizes knowledge in order to create values such as customer's value, employee's value, stockholder's value, business partner's value and also social value to achieve the vision and goal of the organization.

Knowledge Management develops and operates effective system, which realizes for right person at right time to transfer smoothly and utilize their knowledge.

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INTRODUCTION

Knowledge management is defined as the ability of an organization to create, share and use the collective knowledge of its products, processes and people to increase workplace productivity and reduce activities that " reinvent the wheel"-is being moved to the forefront of many corporate agendas. As firms seek to build competitive advantage in increasingly competitive markets, they are turning to a previously untapped resource: their employees' knowledge.

In the later half of the 1990s both IBM and Nortel Networks were facing significant external pressures. From 1986 to 1992, IBM's market shares dropped from 30% to 19% with each percentage point representing $3 billion in revenues. Rather than paying attention to customer needs, IBM focused on its own financial needs and tried to reduce costs by cutting customer service staff and levels of support. In the end, customers were driven away.

Thus by mid-1990s the changing market environment and downsizing necessitated that IBM rethink the basic way that it serviced customers in order to reduce customer defections and increase sales. Throughout the 1980s and early 1990s, IBM's primary point of contact with its customers was through business partners, the direct catalog, and the traditional " Blue suits." Given that theses points of contact were not supporting the business strategic goals and requirements to remain competitive, an internal task force was charged with reengineering IBM's customer relationship management (CRM) process.

Customer relationship management (CRM) involves attracting, development and maintaining successful customer relationships over time. At the core of CRM are the development of a learning relationship that engages customers in a two-way collaborative dialogue that is effective and efficient for both customers and the firm. When effective, this knowledge-based process leads to a relationship that gets smarter and deeper through every interaction. The task force charges with addressing the business problem recognized that advanced information technology, the burgeoning internet, and the emerging network-centric environment presented great opportunities for reengineering IBM's CRM process and leveraging its knowledge assets.

Similarly at Nortel Networks, the Telecommunications Reform Act of 1996 produced intense competition in the telecom industry, yielding an explosion in the development of innovative telecommunications technology. The new rules of the deregulated telecommunications marketplace forced Nortel to recognize that differentiation through innovation was one of the few strategies that might allow the company to continue to succeed. Like IBM, an

internal group was charged with the task force of addressing this strategic business goal and requirement. After preliminary research, the group discovered that the generation and existence of innovative ideas within Nortel was not the issue. Rather, Nortel's existing new product development (NPD) process had no formal mechanism to systematically capture, develop, and mange internally generated ideas (i. e, ideas that could be developed into product or service concepts and evaluated for funding). Developing ideas and evaluating concepts is knowledge-intensive work based on the individual and collective expertise of the employees. The Nortel task force set out to reengineer its NPD process in order to leverage its knowledge assets.

The efforts of this two organizations initiatives were guided by strategic business goals and requirements that in turn, led them to focus on business processes that were most relevant to achieve desired performance.

Core business processes like CRM and NPD represent the fundamental link between business and knowledge workers performance. The reality for both IBM and Nortel was that their respective business requirements would be achieved through processes, and both organizations were only as good as their processes, which ultimately depend on the behaviors of knowledge workers. Driven by this performance reality, IBM's reengineered CRM process was designed to enhance the customer relationship, while Nortel's reengineered NPD process was designed to produce a continuous stream of products and services. Both organizations structured their new processes be decomposing the process into knowledge-based activities, simultaneously

identifying the required flows of data, information and knowledge between activities and knowledge workers.

This analysis led to the specification of knowledge-base drivers (types, sources, and receivers) of each activity, decision or information flow.

The reengineering of IBM's CRM and Nortel's NPD process created new knowledge worker performance requirements, triggering requisite changes to individual work behaviors. Ultimately, both IBM and Nortel designed and implemented technology-based interventions to support the performance of knowledge workers. Drawing from the disciplines of Knowledge Management and CRM, IBM developed an internet-based system called inside IBM. The system allowed customers to link directly to IBM's intranet and backend cross-functional knowledge-based resources. Inside IBM subsequently was adopted as a corporate standard leading to IBM's e-Services, as it is known today. IBM's effort facilitated a collaborative and learning relationship between IBM and its customers. This led to improved decision-making for both customer and the organization's sales and services workforce, leading too increase loyalty. IBM estimated that $525 million of incremental revenue and $50 million of productivity savings were realized over a three-year period as a result of this initiative.

Similarly, Nortel developed a Knowledge Management system called Virtual Mentor, which supported both the performance of knowledge workers (engineers) engaged in developing raw ideas into robust concepts and decision makers (managers) tasked with making funding decisions. Virtual mentor subsequently was integrated into a broader corporate time-to-market

strategy that is in place today. Nortel's efforts led to decreased time-to-market acceptance, and improved funding decisions. Over a three-year period, Nortel's new product introduction rate increased by more than 50%.

CONCLUSION

The bottom line for IBM and Nortel was to increase profitability, sales, share and return to investment by leveraging and managing its knowledge assets. As evidenced, IBM's and Nortel's Knowledge Management initiatives were guided by holistic understanding of interdependent multi-level (business, process, knowledge worker) performance goals and requirements.