Creating value through knowledge management

There are various agencies that SMEs can approach to learn more about effective solutions

SINGAPORE continues to transform itself into a highly innovation-oriented economy aimed at leveraging on knowledge as a new driver of production. This presents both opportunities and challenges for the local small and medium-sized enterprises (SME) sector which is an important vehicle for increasing the economy’s competitiveness in the global market system. While public-sector organisations and government-linked companies (GLCs) such as Jurong Town Corporation (JTC) or the Urban Redevelopment Authority (URA) have successfully launched various knowledge management projects, partially in response to the Knowledge Management experimentation programme launched by the Prime Minister’s Department in 2001, most local enterprises have yet to appreciate the power of strategic knowledge management.

We define the latter as a business process that recognises knowledge as a vital asset that can be leveraged to create business value. Knowledge management can enhance the efficiency of everything from products and services to the way organisations acquire the inputs or capital that used to be used by individuals. SMEs face major challenges when it comes to strategic knowledge management.

First, unlike well-known “Mass Admitted Knowledge Universities” such as Singapore Airlines (SIA) with its sophisticated customer relationship management system, most SMEs find it difficult to maximise returns on their organisational knowledge assets such as customer feedback and in turn to transfer that into new products and services innovation.

Secondly, while SME owners-managers do make use of various knowledge management tools in their day-to-day business such as maintaining CV data banks or having discussions with suppliers, the development of a visionary knowledge management strategy is in combination with an information technology-enabled knowledge system would enable them to apply intelligent business analytics such as performance management tools such as scorecards. Thirdly, small entrepreneurs do not always create structures to capture existing knowledge assets within the enterprise or the creation of new knowledge. Barriers such as the workers’ belief in knowledge is power which allows (un)intentionally to maintain a central position of influence, in organisations of underperforming or job-hopping personnel can disable the development of a robust management framework that could enhance knowledge sharing and collaboration innocence.

Two local SMEs which have successfully tackled such challenges are regional export management company Origin Extermina- tors Pte Ltd and United Food company Old Chang Kee. Origin Exterminators Pte Ltd and United Food company Old Chang Kee. Origin has implemented a Web-based Enterprise Resource Planning (ERP) solution to integrate information between major functions such as human resources, operations and sales. As a result, the company, which continues to leverage on the latest pest management science and techniques, has greatly enhanced its organisational intelligence and unique business model.

Old Chang Kee collaborated with Spring Singapore and the Intellectual Property Office of Singapore (IPOS) to develop a strategy to create, own, protect and exploit its signature curry puf-related intellectual property rights. Part of that is a value-added franchise programme. Just like Old Chang Kee and Origin Exterminators, other SMEs can derive significant benefits if they learn to manage intraorganisational knowledge processes strategically, which includes:

- Locating and capturing knowledge such as innovative ideas and best practices, enable small enterprises to improve revenue and service quality.
- Blogging solutions, for instance, allow business owners to mine customers’ opinions about their company quickly and to set upon that knowledge.

Sharing experiences and knowledge Congregating around the water cooler, social gatherings or groupware platforms represent valuable knowledge management tools in this regard. Through the analysis of completed projects and the generation of lessons learned through after-action reviews, small entrepreneurs can avoid potential costly future mistakes.

Creating new knowledge, for example, through small product development teams or dedicated innovation units can help SMEs stay ahead of the competition.

Without a good business case, however, knowledge management will not take off. Important strategic business objectives and knowledge management include:

- Risk management and uncertainty reduction, which can be integrated into scenario planning activities aimed at predicting and preparing for the future. For example, by assessing the impact of changing regulatory regulations on small businesses sustainability (or the context of a 2007 WTO rate increases), small firms can generate actionable knowledge about competitors’ behaviour and technological strategies.

Operational efficiencies can be improved by capturing knowledge about intelligent practices in specific areas such as production scheduling or supply chain management. Often, ideas of knowledge exist in the organisation that could be effectively linked with the help of a knowledge management system so as to improve knowledge exchange, learning and productivity.

Strategic innovation goals can be attained through the creation of new knowledge in the form of new ideas or innovating processes in the context of practice-based learning groups or Communities of Practice (COPs) which are widely practiced by global firms such as IBM or Siemens to optimise product design or sales strategies. For example, SMEs could use a COP comprising employees and customers to identify new service forms such as augmented loyalty credits for young male retail customers.

SMEs interested in knowledge management/intellectual property can approach agencies such as Enterprise associations, universities or specialised contracting firms in order to learn more about effective solutions. Before purchasing any specific system, knowledge management needs should be examined with the help of a COP comprising employees and customers to identify new service forms such as augmented loyalty credits for young male retail customers.

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