

Boosting competitiveness by managing knowledge well

In business, leveraging knowledge effectively can make or break a firm's competitiveness. Here's how to develop a corporate culture of knowledge management.

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It's not the businesses that "know" the most that are the most competitive, it's those that incorporate their knowledge most effectively into organizational processes and routines in order to reinforce the sustainability of their competitive advantages.

Knowledge management — the planned, continuous stewardship of practices and activities — is often low-priority. It shouldn't be. There are still firms that consider knowledge management as nothing more than information systems and document management projects, or the deployment of intranets.

In their [2016 book on knowledge management and competitiveness](#), IESE professor [Rafael Andreu](#) and Joan Baiget zero in on the potential of knowledge management to improve performance. Their approach is based on the idea of "knowledge for action," an idea put forward by fellow IESE professors [Beatriz Muñoz-Seca](#) and Josep Riverola.

Using case studies, practical examples and language that is accessible to non-specialists although still rigorous, the book offers a thoughtful take on the role of knowledge management in business today.

Focusing on distinctive capabilities

When focused on the firm's distinctive capabilities — its own ways of doing that are difficult to imitate — the knowledge management concept takes on a new dimension.

Take, for example, the case of Unión Fenosa, a Spanish electric company that implemented a strategy based on nurturing its own knowledge by taking advantage of its employees' intellectual capital and experience in the context of a specific and effective culture through a series of development and learning initiatives.

To that end, Fenosa's "Corporate University" was founded, where experienced employees played the professor role while top executives were cast as deans of the different university faculties. The result: improvements in several areas, eventually increased efficiency and profitability while at the same time enabling the company's international expansion and diversification.

Knowledge management

Many companies already regard knowledge management as a strategic asset for personnel development, innovation and, ultimately, improved economic performance. Even so, the authors assert, in many cases knowledge management has yet to reach its full potential, as organizational rigidity can be highly dysfunctional.

To fully exploit knowledge within a company, we need to approach it consistently, the authors assert. They advocate a model of knowledge management that entails:

- **Recognizing its dynamic character.** Knowledge management requires a continuous, explicit and rigorous maintenance effort done professionally.
- **Including the development of new knowledge,** which implies fostering and nurturing learning and creative processes.
- **Emphasizing and revitalizing the role of the firm's idiosyncratic knowledge,** which lies at the root of powerful differentiation possibilities.
- **Focusing on problem solving;** it's not just a matter of accumulating knowledge: you need clear objectives.
- **Making sure to put permanent attention on the ultimate objective:** competitive advantage development, deployment and sustainability.

In sum, the key to effective knowledge management is to align it with business objectives. To that end, the authors offer a wide-ranging view of knowledge management's concepts, models and guidelines for implementation.

A final section with real-life examples illustrates the use of a specific terminology that helps to pin down the concepts in play with a low degree of ambiguity.

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