Companies expanding across borders must corral their knowledge.

Knowledge Management in a Global Enterprise

BY NEAL GOODMAN

What happens when large corporations have gained valuable global and intercultural knowledge, learned hard lessons, and overcome major obstacles—yet have no central repository in which to capture that information? In the best-case scenario, they needlessly spend money on training and development to gain knowledge that they already have. In the worst-case scenario, they repeat old mistakes. The larger the company, the more information they don't know they have.

It goes something like this: Department A decides it needs to better understand how to sell its services to Japanese companies. It commissions a study and hires external consultants to teach its employees what they need to know. On the face of it, this is a wise investment. Unfortunately, they didn't know that Department B already has expertise in this area. A great deal of time and money has been wasted.

According to Delphi Group, employees spend 7 percent to 20 percent of their time on the job replicating existing solutions for others. Ernst & Young reports that 44 percent of employees are poor or very poor at transferring knowledge. These statistics—which are just the tip of the iceberg—can translate to process redundancy, subpar performance, marketing mistakes and inconsistencies, customer defection, low employee retention, and revenue loss.

Many multinational companies are now beginning to realize that if they are involved in multiple training and development programs to support their globalization efforts, they need to develop a centralized system to capture their collective global intelligence.

Challenges

When companies are ready to commit to a knowledge management system, they should be prepared to face the following challenges.

Poor data quality. It's not uncommon that an organization's existing electronic data are not entirely accurate or complete. Companies should not only adopt new data collection and maintenance standards, but also cleanse their existing databases.

Complications arising from internal organizational structure. In large corporations, divisions and departments typically maintain versions of the same data, categorized in different ways. Company-wide data storage protocols will be necessary for effective knowledge management.

Bias for action. A common impediment to knowledge management in some cultures, such as the United States, is a "bias for action"—favoring action over reflection—that often causes knowledge management efforts to drop on the list of business priorities.

ORGANIZATIONS MUST DEVELOP A CENTRALIZED SYSTEM TO CAPTURE THEIR COLLECTIVE GLOBAL INTELLIGENCE.

Knowledge management done right

Here are a few examples of how organizations can benefit from a successful knowledge management system.

First-round interviews for a position with a multinational corporation are conducted over the phone by U.S.-based recruiters. The candidates are located all over the world. The recruiters know, prior to each interview, to go into the company's knowledge management system to review information on cultural nuances that could influence—for better or worse—how they view the candidate.

So when the American recruiter calls a British candidate's former manager for a reference and hears the former manager say that the candidate's performance was "fine," the American recruiter, who might have otherwise considered "fine" to be faint praise, now understands that evaluative terminology tends to be relatively understated in the United Kingdom. When the same American hiring manager extends an offer to a Japanese candidate and the initial response is "yes," the manager understands that may really mean, "I hear your offer and I will consider it."

A German company is planning a new venture in Russia. The project lead asks his team to explore the organization's knowledge management database, where they find a wealth of information about Russian culture, as well as information on employees who have worked in Russia and are willing to serve as advisors to the project team.

An executive has been advised to undertake an international assignment to enhance her candidacy for a global leadership position. The company's knowledge management system assists the executive with selecting an international assignment, presents a two-year blended learning curriculum to support her in the assignment, provides access to lessons learned from previous international executives, and matches her with an executive mentor.

Knowledge management done wrong

Those were all examples of knowledge management done right. Unfortunately, there are many examples of organizations that suffered for not having an effective knowledge management system. Here are just a couple.

A large pharmaceutical company lost its privileged position with the Chinese government when its new drug discovery team failed to ask for an informational meeting with the outgoing team. This was the second time they had made this mistake—the first time this happened, no one at the company had preserved the mistake in a

knowledge management system from which a future team could learn.

A major accounting firm lost its best customer in China because the American executive whom the firm hired to oversee its Asia division met with this customer and immediately began going over the new rate structure. Offended that the executive hadn't first taken the time to build a friendly relationship, the customer went to a new provider the next day. A well-maintained knowledge management system would have offered information on how to build a strong relationship with the Chinese customer.

What's needed

Now that you understand the benefits of having a knowledge management system, it's important to know which capabilities the system should have. The following are a good starting point.

- Host a social platform that features individual employee profiles, where users can find information on employees' global challenges, personal goals, case studies, lessons learned, and contact information; and form virtual communities around common goals or interests.
- Establish curriculum "paths" to core competencies. For example, a curriculum path may focus on building cross-cultural teaming excellence, while other paths could focus on developing future global leaders, negotiators, and project managers.
- Create competency or career roadmaps for individual employees, and systematically track individual progress toward competency goals.
- Trigger (and capture information from) coaching initiatives for employees embarking on or

concluding their international assignments. These could include a predeparture discussion between the assignee and host manager to align expectations, training of the incoming assignee by the outgoing assignee, or debriefing meetings at the conclusion of the assignment.
- Record lessons learned from employees' international assignments; these would be kept in a searchable database.
- Capture international business challenges in the database so that employees can learn from them, collaborate on possible solutions,

or research them when facing similar issues in the future.
- Analyze information to identify and interpret trends, and identify process improvement opportunities.
- Host blended learning courseware, including both in-house and external programs.

Managing this knowledge is essential for preserving, maintaining, and empowering the social and intellectual capital of an organization.

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