Managing Knowledge within Big Companies for Strategic Decisions and Increase of Revenue

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Worldwide companies with more than one hundred employees, multinational organizations, are structured in pyramidal form, based on an employee evaluation, accomplishments, and dedication/years of service and/or management skills. The strategic decisions for enlargement or new investments are usually taken by the higher part of the pyramidal structure, by the managers, the board, and the investors or by the CEO. These decisions did not rely on the aggregate knowledge evaluation within the lower part of the pyramidal structure of the organization; and by this, I mean the employees working in production, development, research and so on.

This article is presenting some methods on behalf of big organizations to progress based on strategic decisions made by a good management of knowledge within those two parts of the pyramidal structure.

Keywords: strategic decisions, company's knowledge, knowledge based decision systems.

1 Introduction

Usually the collective knowledge of the organization is not taken in consideration when strategic decisions are made in order to start the development of a new product, to change the production line, to buy a new company, or even to participate to a sport contest with other companies.

2. Strategic decisions

To manage correctly the comprehensive knowledge of the company can establish a real asset. Let us take for example Oracle Corporation that has around 75,000 employees worldwide. The most recognized strategic plan that keeps Oracle in the top of IT companies is the acquisition plan of new rising medium-small organizations that have great potentials in the eyes of Oracle headquarters. In this way, Oracle diversifies its range of products and can keep the growth phase that is so important in the life cycle of a company. Every company has five phases in its life cycle. [1] Different experts will argue on how many phases there are, but there is elegance in using something easy to remember. We divide the organizational life cycle into the following phases:

- Startup (or Birth)
- Growth This is sometimes divided into an early growth phase (fast growth) and maturity phase (slow growth or no growth). However, maturity often leads to
  - Decline When in decline, an organization will either undergo
  - Renewal or
  - Death

Oracle Corporation is trying to keep its place in the growth phase by using this acquisition strategic plan. This strategic plan was put in action since year 2005 and so far, Oracle bought 44 companies. The most important ones are People Soft, Siebel, Hyperion and the recently BEA. With these companies Oracle, extends and strengthens its product offerings. The other relative small acquisitions, Oracle is trying to improve its products by merging these technologies. For example by acquiring Bharosa, a leading provider of fraud prevention and strong authentication security solutions, Oracle, will extend Oracle's Identity Management capabilities by adding proactive real time risk-analysis, strong authentication and fraud prevention.

In any way a company decides the plan for keeping a growing phase, the aggregate knowledge of employees is important and must be taken in consideration when developing this plan.

The important knowledge (or the knowledge
that counts) is usually found at the bottom of
the pyramid structure. In our example, can
Oracle offer the support, training and main-
tenance for the new products? The em-
ployees that are working in production are, of
course, competent for the tasks required for
them, but these employees could have skills
in different fields also that could make a
competitive advantage for the company. How
this knowledge can be aggregate and used by
management to make this advantage?

3. Company’s knowledge
In big companies, the knowledge or skills of
the employees are usually known by the
manager of each individual employee. I con-
sider the knowledge of an employee divided
in three categories:
− the knowledge that counts – are frequently
the skills and aptitudes that are required for
the position the employee have. This can
be measured on a scale by the employee (as a
self-evaluation) or by the manager based on
the work, results and accomplishments of the
employee.
− the collateral knowledge – the skills and
aptitudes on the same field of work (same
domain) that are not required in the job role
or position that the employee has
− not-related knowledge – the skills, apti-
tudes, hobbies that are not related with the
field of work or the requirements of the job
This can be hobbies, sports, talents. For ex-
ample, a design skill can be useful in the cur-
rent job although is not related with the job
description or the field of work.

Direct managers usually know the knowledge
that counts, the one that are needed for the
current job but it is important to know the
other two as well and in specially the colla-
leral knowledge.
The problem in big organization is that: not
all these types of knowledge are transmitted
properly on the managerial chain and the
negative result is that the decision group is
not aware about the knowledge within the
company.

One action taken by the direct managers,
which is very common within organizations,
is making a survey in their teams asking their
employees to evaluate themselves based on
their skills and make a note on which skills
they would like to improve on the next pe-
riod. These skills can therefore be improved
through trainings and e-learning databases.
E-learning databases can contain online train-
ings that can be accessed by employees
through intranet. This database can be up-
dated by analyzing the needs and requests in-
side the organization.
The survey is commonly made at the end of
the fiscal year during the appraisal period
(this being the period when the employee is
evaluated by their direct manager).
This knowledge is not transmitted further as
an aggregated data and it is only transmitted
in type of training requests.

4. Knowledge gathering and aggregation
Starting from the skill evaluation each year
the direct manager should create a skill ma-
trix for each employee. This matrix can be
created having three sections describing all
of those three knowledge types. The know-
ledge that counts section should be created
by the direct manager and should be com-
pleted based on job descriptions. The other
two sections should be completed by the em-
ployee.

Evaluating on a scale from one to five the
skills should be marked by the employee on
all three sections. In addition, the manager
should evaluate the knowledge that counts
section, discuss with the employee based on
his notes and come to an understanding, and
mark together those skills so that the matrix
will reflect both the manager and the em-
ployee’s evaluation point of view.
This matrix should be made every year as the
skills can change from year to year after
trainings, experience and personal activities.
The matrix will be entered into a database
system that will keep track on all the
progress within the knowledge of the compa-
ny.

5. Knowledge based decision systems
Knowledge within the organization should be
considered as an important asset for the com-
pany. [3] The aggregation of the knowledge
based on the personal matrix will also convert internalized tacit knowledge into explicit codified knowledge in order to be shared and analyzed through the business intelligence system.

The main goal of Business Intelligence Systems (BIS) is to assist managers, at different levels in the organization, in taking decisions and to provide in real time representative information, to help and support them in their activities such as analyzing departmental data, planning and forecasting activities for their decision area [2][3].

A business intelligence system can improve the decision quality made by the appropriate group when analyzing the organization. Business intelligence systems are helping answer questions that are mandatory in making good and profitable decisions. [4] is giving examples about the questions answered by a BI system?

Business Intelligence: (Finance): What are the net income, expenses, gross profit, and net profit for this quarter, year?
Business Intelligence: (Accounts): What is the sales amount this month and what is the outstanding pending payment?
Business Intelligence: (Purchase): Who is the vendor to be contacted to purchase products?
Business Intelligence: (Production): How many products are manufactured in each production unit today, weekly, and monthly?
Business Intelligence: (Sales): How many products have been sold in each area today, weekly, monthly?
Business Intelligence: (Quality): How many products have been defective today, weekly, monthly, quarterly, and yearly?
Business Intelligence: (Service): Are the customers satisfied with the quality?

Another question that can be answered by the business intelligence system could be:
Is there any knowledge in our company that can support, develop and maintain our line of work?

The user-interface for Business Intelligence system should be an internal portal that can be accessed by all employees and display general statistical reports of the knowledge based in the organization. The specific matrix and the specific queries on the knowledge database should be made available using an account. This way only authorized managers and decision groups can use this information. The primary purpose of a portal is to integrate data and information from a wide range of applications and Repositories, and to create and manage a volume and variety of composite applications from that integration. [5]

6. Knowledge projects

Knowledge networks can be created between employees from different departments in order to solve project-based-tasks needed. Management can create a project by querying the knowledge database and finding the employees mostly skilled and suitable for those tasks disregarding the department and job role. Management could then make an offer to these employees and gather the perfect, motivated team to resolve those tasks.

Mentoring projects that can train employees chosen based on their training skills can be establish according to knowledge database. Mentoring is very important for knowledge organizations, as new employees need to be formed and trained by people that have this skill and can open up the person getting out the explicit knowledge and convert as much tacit knowledge as possible.

7. Conclusions

Using the knowledge within an organization can increase the competitive advantage on the market, and considering this as an important asset can be used as a production input factor for company’s line of business. The decisions made based on the business intelligence system reports of the knowledge-aggregated data will have a higher satisfying rate of income in revenue. Networks and mentoring will also increase achievements and new skills for most of the employees, making the company keep its growing phase. The knowledge as primary decision factor is becoming a trend for companies worldwide.

Bibliography
[1] Murray Johannsen - Five Phases of The


