Article

Knowledge Sharing is Key to Win in the Transient Advantage Era

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Abstract

The article explores the changing landscape of competitive advantage, and its impact on leadership and management. The idea of transient advantage, and a shift in the traditional assumptions of strategy which focus on an industry perspective are being questioned in the article. The article uses the Rita McGrath model of arena perspective, where the industry analysis is replaced with the connections between customers and solutions. In a transient advantage world that we are in, it is critical for organisations to monitor trends, look at the interplay of technology and other industries and business models, and so on. To this end, leadership mindsets must change, and there must be a renewed focus on building a knowledge-sharing culture. The author recommends the creation of a social intranet for organisations in order to get the bad news to travel faster to the decision makers to grab new advantages and discard old ones.

Keywords

Transient advantage, arena perspective, social intranet, changing leadership, knowledge-sharing culture

Introduction

The biggest disruption organisations face today is the demolition of two fundamental assumptions of strategy, which are gospel to most of us who are familiar with strategy frameworks such as the five forces of Michael Porter. According to my business partner and one of the leading minds in the field of strategy and innovation, Rita McGrath (a professor at Columbia University Business School), the first one is the assumption that 'industry matters the most'.[1]

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In B-schools and elsewhere we were taught that industries comprise of relatively stable competitive forces. And if you take the time and effort to analyse the forces, you will be able to create a roadmap for your business, which may last for some time. Since industries were considered to be mostly stable, as most of us believe even today, one might believe in getting a reasonable return on investment in the analysis of industry trends and plan one's strategy accordingly. Five-year plans were very normal decades ago but today we find the time span is getting much shorter and in some companies they even have quarterly evaluations for updating strategy.

That brings us to the second assumption that is getting derailed. This is the holy grail of strategy: Sustainable competitive advantage. Having derived a competitive position within an industry, organisations should be optimising their value chain, people, resources and systems around its value proposition to the customers in that industry.

In the old world of lasting competitive advantage, organisations tended to promote employees who were good at running big businesses, driving operational excellence, improving supply chains and so on, keeping the advantage intact. Management structures that directed resources and talent to strategic business units were associated with high performance. The core assumption here was that you could optimise your systems and processes around a set of sustainable advantages.

However, in more and more sectors, and for more and more businesses, this is not what the world looks like any more. Examples galore: Music, technology, travel, movies, communication, consumer electronics, the automobile business, healthcare and even education are facing situations in which advantages are copied quickly; either technology changes or customers seek other alternatives and things move on. In any field today, even when a high technology product is launched, the advantage will not last more than six or nine months.

The bias that was inherent towards the assumption of stability had been fatal to many enterprises and industries from Blackberry, Nokia and Kodak to banking and music. My business partner's research suggests that rather than 'stability' being the normal state of things and 'change' being the abnormal state of things, it is actually the other way around today. Stability, not change, is the state that is most dangerous in today's hypercompetitive era.

The presumption of stability leads to all the wrong reflexes. It encourages inertia and power to build up along the lines of an existing business model. Remember what happened in the telecom business in India? Existing players knew about the imminent launch of Jio at least two years before and yet none of them thought of a disruptive business model by the new entrant. They assume that there would be price wars and were bracing up for that. What Jio did was disrupting the unit of business model from mobile calls to data, which till then was unheard-of and that ignited the imagination of the consumers while destabilising the business models of incumbents.

Just as you have seen in the telecom business example, stability allows people to fall into routines and habits of mind. It creates the conditions for turf wars and organisational rigidity. It inhibits innovation. It tends to foster the 'denial' reaction rather than proactive design of a strategic next step. And yet, 'change management' is seen as other than normal activity requiring special attention, training and resources. A Google search on the very term 'change management' turned up 21,600,000 results—that is 21 'million' citations!

The digital revolution and technological changes are changing the marketplace very quickly and the preference for stability and equilibrium has blindsided companies and employees from seeing the writing on the wall. This is one reason why we hear the denial statements of such changes by many CEOs. Remember what the senior executives of Research in Motion, the parent company of BlackBerry devices, continued to maintain in 2007 when the first iPhone hit the market? Their co-CEO, Jim Balsillie, was adamant that the iPhone would never be a threat as it was simply the entry of yet another competitor in the smartphone market.

Fast forward to 2012, BlackBerry was heaving for survival with several failed attempts to position different devices against the iPhone. Subscribers moved away, service outage increased and shareholders demanded changes! Heads rolled and new executives took charge but their inability to listen to their biggest users' problems did them in. Lessons for others? A long track record of relatively stable success caused the ambition to hungrily search for new opportunities to atrophy. Once gone, it is hard to regain quickly in the face of fast competitive onslaughts. BlackBerry could have moved onto different areas of mobile businesses where they could have had an edge, especially in the corporate services where they had a firm grip.

Welcome to the Era of Transient Advantages

Competition today does not come from within the same industry. Yet, enterprises define other companies within the same industry as their most important competitors, which means firms offering products that are a close substitute for one another. In more and more markets, we are seeing industries competing with other industries, business models competing with business models even in the same industry and entirely new categories emerging out of nowhere. Look at the banking industry for instance. The competitors to a bank are not just the other banks, but also Apple Pay, Google Wallet, Paytm, Alibaba Group and even the post offices.

Industries are still relevant but using industry as a basis to analyse competitive forces is not relevant anymore. A new level of analysis that reflects the connection between market segment, offerings and geographic location at a granular level is needed. Rita McGrath calls this as an 'arena'. According to her, arenas are characterised by particular connections between customers and solutions, not by the conventional description as offerings that are near substitutes for one another.

There is a big difference between thinking about strategy in terms of arenas as opposed to industry. In industry analysis, the goal is often to determine one's relative position with respect to other players in the same industry. It's good to have a large market share. And competitive threats are of the traditional kind—moves around product introductions, pricing, promotions and so on.

In the arena, enterprises need to constantly monitor for changing trends, different ways to meet a customer need, the interplay of technology and other industries on business models, and so on. In essence, management must be asking constantly what jobs of customers we can they do next. When sustainable competitive advantage is in jeopardy, there are many opportunities that offer shorter competitive advantages. Spotting these advantages, scaling up quickly and exploiting these advantages, and eventually disengaging from that business and moving resources to other opportunities are the skills for competing effectively in the transient advantage era.

How to Win in the Transient Advantage Era

With temporary advantages that would not last long as before, the existing business model will always come under pressure suggesting the need for reconfiguration and renewal of the advantage (in essence, launching a new 'wave'). Table 1 below shows a pattern for the new strategy playbook from industry to arenas.

Table 1. Where to Compete: Industry versus Arena

	Industry Perspective	Arena Perspective
Goal	Positional advantage	Capturing territory
Measure of success	Market share	Share of potential opportunity spaces
Biggest threat	Intra-industry competitive moves	Inter-industry moves; disruption of existing model
Definition of customer segment	Demographic or geographic	Behavioural
Key drivers	Comparative price, functionality, quality	'Jobs to be done' in total customer experience
Likely acquisition behaviour	Within industry consolidation or beyond industry diversification	Bolt-on for new capability acquisition, often across industry boundaries
Metaphor	Chess	Japanese game of 'Go'

Source: The author.

The reconfiguration process is central to succeeding in transient advantage situations as it is through reconfiguration that assets, people and capabilities make the transition from one advantage to another. During reconfiguration, teams that might have been engaged to ramp up or exploit an advantage are shifted to some other set of activities; assets are changed or redeployed, and people move from one assignment to the next. Rather than viewing this change as negative, they are taken for granted as necessary and useful in a transient advantage world.

The most difficult situation for any business is to disengage from an existing business even when all the telltale signs of its demise are visible. Through the disengagement process, a firm disposes of the assets and other capabilities that are no longer relevant to its future, either by selling them, shutting them down or repurposing them. The objective is to manage this process gracefully and quickly. Long drawn-out disengagements do little more than consume resources while not making the end result any more pleasant. In a transient advantage context, unlike a conventional one, disengaging is not confused with business failure. Indeed, disengagement can and should take place when a business is still viable, rather than when a desperate organisation has no other choice as was in the case of Nokia, for instance.

Winning in the transient advantage era that we are in today requires six major changes in strategic thinking, according to Rita McGrath, based on her research on outliers in stock markets for 10 years delivering at least 5 per cent year on year profit growth. She could find only 10 such companies across the world those were traded in stock markets. This list included HDFC Bank, Cognizant and Infosys among others.

Organisations should continually reconfigure their businesses, think about healthy disengagement before it becomes painfully embarrassing, develop ability to skilfully reallocate resources, make innovation a way of life within the organisation, develop new leadership mindsets and enable individuals to manage their own career progress for the transient advantage era. Rita has elaborated these steps in her book *The End of Competitive Advantage* (McGrath, 2013).

I would look at the mindsets that leadership should develop to lead the enterprises to the future and examine what HR should enable as one key aspect to support the individuals and enterprise to win.

Table 2 The Leadership Mindset.

From	To
Assumption that existing advantages will persist	Assumption that existing advantages will come under pressure
Conversations that reinforce existing perspectives	Conversations that candidly question the status quo
Relatively few and homogenous people involved in strategy process	Broader constituencies involved in strategy process with diverse inputs
Precise but slow	Fast and roughly right
Prediction oriented	Discovery driven
NPV oriented	Options oriented
Seeking confirmation	Seeking disconfirmation
Talent directed to solving problems	Talent directed to identifying and seizing opportunities
Extending a trajectory	Promoting continual shifts
Accepting a failing trajectory	Picking oneself up fast

Source: The author.

Leadership Mindset Needs Change

Competing in the hypercompetitive markets has implications for the mindset that leaders bring to their businesses. They will need to take decisions faster and not like the telecom incumbents and in 'roughly right' mode rather than in more precise, but slower pace. Prediction and being 'right' will be less important than reacting quickly and taking corrective action. And unlike the most corporate decision-making processes today in which people seek out information that suggests that they are correct; in a world of transient advantage, the most valuable information is often disconfirming—it helps to highlight where the greatest risks in being wrong are.

All the listed aforementioned changes need one major support and that is solely dependent on HR to take a lead on: Timely inputs and knowledge to enable quick decision making at all levels. This is an important initiative that human resources departments need to excel in, and the CHRO will have to work closely with the CIO in quickly putting in place a knowledge management and sharing platform that is user-friendly and transparent for disconfirmation bias.

Some competitive advantages such as deep customer relationships, making highly complicated machines like airplanes, running a mine with autonomous robots and a great knowledge sharing culture are sustainable for longer periods of time. I propose a solution to enable HR to drive competitive advantage for the organisation indirectly and help it ride the transient advantage waves.

Creating a Knowledge Sharing Culture

As I have written in a couple of columns with Jeffrey Pfeffer, chair professor of organisational behaviour at Stanford University Graduate School of Business, workplace toxicity can only be removed by creating a social workplace that would pave way to social sustainability (Pfeffer & Muneer, 2018). Despite having a digital world surrounding corporate workplaces, one can bring in knowledge sharing platforms without diluting human interactions.

Sharing of knowledge requires a repository of knowledge that is inherent in employees and stakeholders and then facilitating the sharing of the same. Capturing the inherent knowledge from scratch is a mega task and without motivating the ageing workforce it will be almost impossible to capture the content. The millennials have less serious issues for sharing. Several large conglomerates in India had struggled for years to capture all those knowledge that retiring employees were carrying and not letting the company benefit from the same.

Why is knowledge sharing so necessary to compete successfully in the current world? Irrespective of the size of the company, without quick and roughly right information flowing freely from top to bottom and bottom to up, leadership will not be able to drive the different aspect of the transient advantage economy. Bad news at the top always travels fast across the organisation when people congregate near the water cooler or coffee machines, but the reverse is disastrously slow. Bad news from the market does not travel fast upwards. Changing that needs a holistic approach. And the success depends on it—not just of the project but also of the organisation.

The 'proverbial knowledge is power' and 'sharing is caring' may not always go together just as greed and charity. The task for CHRO and team to break this stand-off is beyond technology which is why this cannot be a CIO's project. According to a study by Singapore Management University in partnership with Tata Communications, DBS and KPMG, culture creates a bigger roadblock than technology for employees using digital platforms (Singapore Management University, 2018). Therefore, it is imperative that a culture of facilitating and sharing knowledge is nurtured and information sharing is enabled across the board.

While embarking on the initiative to build a knowledge sharing culture, following are a few pointers to keep in mind:

1. Encourage transparency in communication: This should start with the top and trickle down fast. For knowledge to be shared openly, HR should enable an environment for individual employees to express their ideas and suggestions on the future of the company and its strategic thrust. Having only a few loud-mouthed employees bullying the workplace with their high-handedness or superior attitude will dilute the entire project outcome. Nor should the access be allowed selectively to the digital platform. The culture will only be built on trust and openness and that can only happen with transparent communication.
2. Build a knowledge repository: Building a knowledge bank from across the nooks and corners of the enterprise is a humongous task requiring tact, stick, carrots and much more. Getting senior employees to part with the deep knowledge they have accumulated over a period of time requires a different approach than what one needs to do with new employees. Knowledge sharing can occur with formal meetings and at informal water cooler moments. How can one capture such knowledge? What processes will curate such content? Should be begin with proven and curated knowledge already available in various formats in the form of minutes of meeting, reports and interviews? What technologies can be made use of for such capturing? People may not be sharing information because of the lack of availability of proper forum or technology. Identifying and deploying the right knowledge sharing platforms will be a key first step in this process.

   The tech platform can be chosen based on the requirements the organisation has and can be customised to the way the information will be shared at various levels. Microsoft, for instance, has a knowledge management system within their organisation that identifies experts and mentors on every possible topic and allows direct requests to be made to them with appropriate problem statements. Most knowledge sharing platforms allow admin controls, metrics of usage, details of users and frequency of use. Many companies also have created rewards based on their contribution and engagements. More on this part will be elaborated in the last section of this article.

3. Engage with two-way communications: Face-to-face meetings in conference rooms around the offices should never cease in the digital age. The culture of meetings with clear agenda and open discussions to share ideas and plans must be encouraged. Round-tables in conference rooms invite two-way communication between superior and subordinates. Such open discussion rooms foster trust, boost confidence and bring forth social sharing as well.
4. Imbibe storytelling: Everyone loves stories and if they are good ones, the better it is. People who read a lot eventually will become good storytellers. Knowledge sharing becomes more fun when built into stories. In many companies, change agenda and culture are better ingrained into the fabric when built into stories. Senior executives should be encouraged to tell their stories regarding a particular topic or experience. I recall how Unilever CHRO took up the topic of building individual purpose for happier life with stories from personal life. In the digital space, it is more important to have stories instead of just training manuals and giving more training. Employees learn faster when it is in the form of stories. Besides, personal touch of senior management helps build more social and humane angle to the digital workplace.
5. Have an open door policy: Most organisations talk of transparent and open culture, yet they do not have open door policy when it comes to offices that separate executive team from the regular staff. An effective knowledge sharing culture needs an environment where even symbolism should embody the openness. Breaking barriers and making employees walk through to any office will be best for driving openness. Many of the tech upstarts have thrived on innovation and change because of that policy. Intellectual and emotional stimulation with such open doors within an organisation is unparalleled. People ask questions without inhibition when they are made to feel wanted and not mocked at.

Social Intranet for Knowledge Sharing

A social intranet is a tool that has ease of use and bundles social technology, search engine functions, multimedia and sharing capabilities. It can facilitate communication and collaboration and is easily accessible to improve work effectiveness and efficiency.

The role of culture change and social sustainability falls in the lap of HR professionals. And it is imperative that they gear up to drive this forward and create a digital workplace that is lucid and free flowing for the enterprise to ride the waves of transient opportunities.

A leading housing company that manages numerous low-income group residences used social intranet to share knowledge amongst its numerous employees who are mostly scattered in the field managing properties. They were going through a bad phase with poor employee coordination and morale and an almost fatal financial crisis. It was critical for them to consolidate the current employees and their knowledge of the market and the CEO made a bold statement while launching the Intranet: 'No rules except do not post unrobed profile pictures!'

The clear message was that everyone should be able to directly inform the CEO about any market changes or customer behaviour issues, and that everyone should directly get information of news about the organisation. Every field executive was provided with iPad and everyone had—the rather radical—right to reply.

The intranet was extensively used for notice board purposes and to debate on new changes being made. It was more of a collaborative effort to fight adverse market situation. They also used the digital space for social chats, their own fun contests and status updates—in essence whatever a social media site like Facebook or Instagram might do. They used it to build both communication and relationships amongst employees who otherwise would not have had much chance to meet face to face.

The social intranet platform provided a support system not just for the organisation to adapt, scale up or shift gear, but also for the employees. This resulted in less absence of leave due to sickness and virtually no employee turnover other than what was planned for. More important was the quick changes the top management could make based on the market feedback of customers and other property management issues. Overall their stature improved when the regulator restored their ratings and when the financial crisis faded away.

The aforementioned case exemplifies that every organisation goes through the ups and downs but how by building a culture of deftness and agility they can reconfigure the transient advantage era.

How will you embrace the social intranet journey for knowledge sharing that is much required for competing in the transient advantage era? Here is a path you should consider taking:

First, you should do an analysis of strengths and weaknesses. This has to be applied in each aspect of your organisation such as culture, awareness, commitment of senior executives, their involvement, existing tech platforms within the organisation, strategy for social intranet and knowledge management and so on. Some of the following questions will come handy for deriving the best answers:

- Do we have a useful technology right now?
- Does the current tech platform serves our workplace knowledge sharing?
- Why do we need a new social intranet?
- What business needs should we aim to address?
- What future needs we should anticipate from this initiative?
- Do our people or departments use tools other than what we have for their needs?
- How many such users and how many employees they cover? What do the users of these tools really want?
- What approach should we adopt while deciding the tech platform?

Next, you should define the outcomes from the social intranet platform. Many of the learning systems that CIOs have introduced to companies have been disastrous in terms of usage and eventually falls on the CHRO to drive its utility. Ask some of the following questions to figure this out:

- Do we start afresh or build from the existing system?
- Should we have some early goals and then develop for the future?
- What platforms will suit us most?
- Should we look at more communicative or social strategy?
- How do we make it an inclusive project with feedback from all?

If you have any type of knowledge management systems in the intranet today, assess their use from the outcomes just defined. Also think of how success will look like from the social intranet you are proposing? Typically the purposes of social intranet include the following:

- Content development and delivery
- Two-way communication for all
- Collaborative work involvement

- Culture proliferation
- Productivity and efficiency

Now is the time to do some research and benchmarking with other companies, similar or otherwise, for their approaches and use of social intranet. Similar to the property management company example cited earlier, what the other companies envisaged doing and ended up doing. What pitfalls you should avoid? Most importantly, you should think what approach might suit you based on your unique needs and current competitive advantages. When you consider your tech platform, you should look at the tech trends that are sweeping the intranet space. You will want to ensure a mature model that can adapt to trends in the near future. The following are a few trends that may come up in your research:

- Proliferation of smarter devices including mobile phones and handhelds
- Wider collaboration possibilities with even suppliers and customers
- Social features that mimic Facebook and others
- Integration possibilities into day to day operations
- Video content and multi-location video conferencing
- Data security and transparency

The next step is to get internal buy-in from the top and elsewhere in order to succeed. Key individuals who are respected by majority in the company and who have the ears of the top management must be aligned to your proposed solution. You also need key departments aligned and get employees to be involved in the development stage just as you would have done it for ERP implementation. While getting the buy-in, keep in mind that your success with this project depends on four critical factors:

- How to map the needs of all the users well
- Selecting the right community head
- Populating the intranet with the right content
- Keeping the details updated at the speed of business, if not faster

Finally you need to look at the challenges and roadblocks ahead before starting the project so a plan can be made to overcome these. The four most common challenges faced by organisations embarking on a social intranet project are: Strategy for the project, internal politics, poor communication and limits on medium (whether it should be in computers at the office, laptops, mobile or iPads). In most organisations, top management seems not to have learnt their lessons from a failed ERP project where they had taken inputs from lower levels lightly. The social intranet project for knowledge sharing will go the same way unless managers decide to involve the feedback and requirements from all levels in the organisation. Sustained commitment from the top level is a prerequisite for such a knowledge-sharing platform to take off and help them get the disconfirmation bias from the levels below at the time the market changes are sensed. Also, the intranet usage and utility increase when it is unrestricted in terms of access. Mobile device access to the intranet is must in today's world, especially when the digital workplace today is mobile.

Final Note

I deliberately kept the discussion in the article away from return on investment (ROI) since it will open up an entirely different dimension. Measuring the ROI of your social intranet project will be a challenge in the initial phase.

It is easy to measure the involvement of employees and the usage of the intranet. What will be arguable is the derived value of the use and the participation of employees for the business. The true value will be indirect as the company succeeds in moving from one advantage to another faster than the nearest competition and build the proficiency for innovation. That is the idea of knowledge sharing of a culture.

What is certain is that without broader participation of employees, you will not realise any rich benefits, whether tangible, intangible, direct or indirect. From various client experiences, the benchmark for broader participation is about 87 per cent of employees per month (Corporate learning systems typically have usage rates of about 20% in most Indian companies).

Various metrics can be developed based on the initial definition of what success looks like to you. Building positive workplaces that seem less toxic will indeed be a side benefit. When you build a platform that meets your employees' needs, they will start using it well for collaborating, sharing and generally celebrating their achievements.

Technology alone cannot build a culture but it will be a good enabler especially when the workforce is scattered and there is no time for socialising internally at workplaces.

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