



Winning companies

compete with knowledge

Jay Venkateswaran, Senior Vice President
Research and Analytics
WNS Global Services

According to 16th century philosopher, statesman, scientist, lawyer and author Sir Francis Bacon's famous quote, knowledge is indeed power. And leveraging knowledge for competitive advantage has never been more important than now, when economic realities are dramatically changing the survival game, geographic barriers no longer exist, potential competitors are popping up around every corner and the over-arching rules of engagement in business are dynamically morphing at every turn.

In the context of this article, we define knowledge as in the WNS thought leadership paper entitled, "Armed with Knowledge: Gaining Competitive Advantage through Knowledge Process Outsourcing" knowledge is a comprehensive and linked set of insights obtained with discipline and speed, based on fact and transparent in methodology, generated by rigorously and consistently assessing all drivers of performance both inside and outside the business.

Contrary to popular perception, using knowledge for competitive purposes is far more science than art. Insights are generated through research and analytics - the quantitative methods, both investigative and predictive, used to explain and foresee trends and correlations between economic outcomes and the drivers of these outcomes.

Competing with knowledge as a competitive differentiator

The first looming question many have is what this depth and breadth of knowledge can actually achieve for their organizations. Consider Tesco, which sends its customers coupons for a product they intend to buy on their next

shopping trip; Capital One, which offers credit cards with an interest rate, spending limit and loyalty bonus features that perfectly match a particular individual's lifestyle; or Procter & Gamble, which somehow seems to uniquely address a given person's hair-care needs.

Per the above examples, the benefits and critical importance of leveraging knowledge processes for competitive advantage are obvious. Yet only a small percentage of leading brands fully, or even partially, do so. In fact, in a 2007 survey conducted by Harvard University management professor Tom Davenport and consultant Jeanne Harris to decode the amount of analytical capability embedded in organizations, only 10 percent of the 371 respondents from medium - to large-sized organizations put themselves in the highest category, which was described by the statement, "Analytical capability is a key element of strategy." Davenport and Harris further suggested that of those 10 percent, probably half are "full-bore analytical competitors."

Why this lack of uptake in making insightful knowledge-based decisions? Because truly competing with knowledge is difficult, highly detailed, time consuming, ongoing and demands expert skills to gain a full, holistic 360° view of all internal and external performance drivers. Thus, an increasing number of organizations are inking knowledge process outsourcing (KPO) agreements with third-party service providers. Doing so augments sub-optimal corporate skill sets, makes knowledge processes easily scalable, breaks down corporate silos and establishes best practices, standardizes knowledge processes and eliminates the cultural barriers that inhibit competing with knowledge.



Intuition is not knowledge

While making decisions based on intuition alone is highly alluring, it is an inferior business decision driver. However, competing with knowledge is not about disavowing the strong intuition of corporate leaders, but rather about pursuing intuition in a more measured way by utilizing research and analytics to check and verify intuition, and then take appropriate action. Competing with research and analytics-generated insights is not merely working with spreadsheets and income statements, planning and number crunching; it is about using what corporations know and discover to drive business decisions, sparked and illuminated by intuition. Business strategist Eric Bonabeau tidily summed up the benefits of knowledge combined with intuition, saying, "Our desire to believe in the wisdom of intuition blinds us to the less romantic realities of business decision making. We remember the examples of hunches that pay off but conveniently forget all the ones that turn out badly."

Acting on knowledge

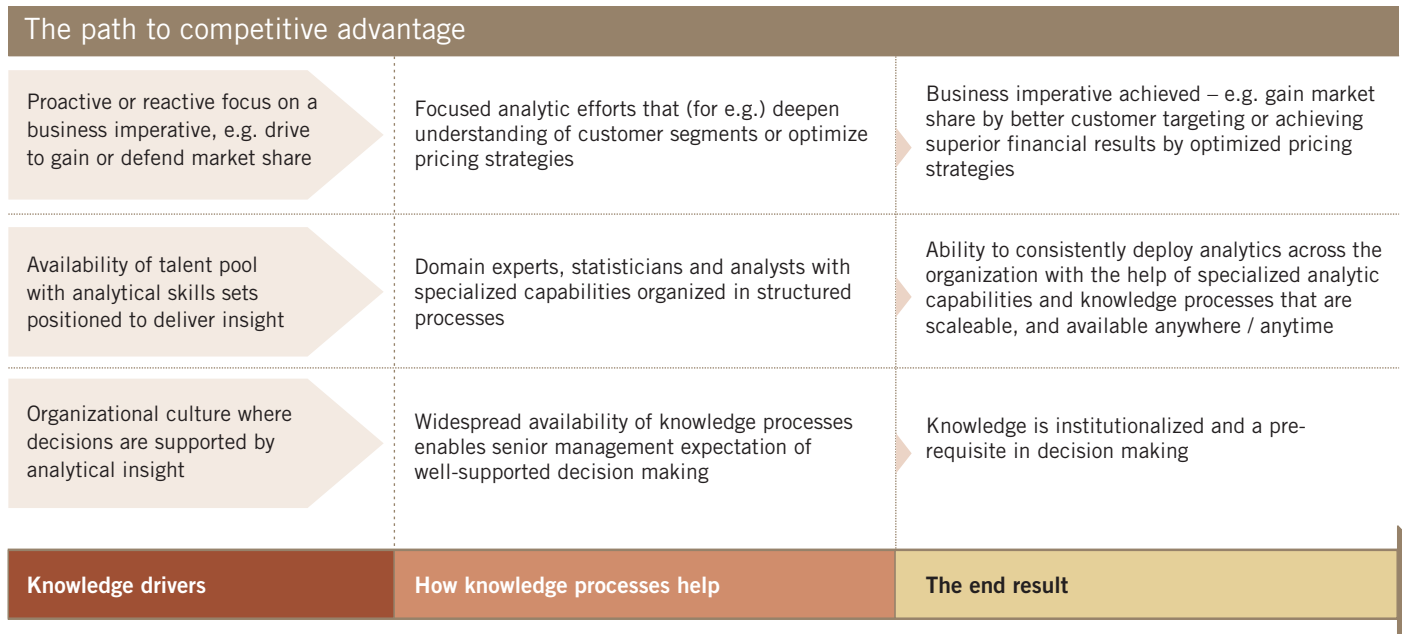
Companies which effectively compete with knowledge know that simply unearthing volumes of information won't serve their needs. Rather, these smart companies recognize it is important to make the right information available in a manner that allows an organization to act on that knowledge. In his 2001 book "Good to Great",

management consultant Jim Collins wrote, "We found no evidence that the good-to-great companies had more or better information than the comparison companies. None. Both sets of companies had virtually identical access to good information. The key, then, lies not in better information, but in turning information into information that cannot be ignored."

There's no question that better knowledge leads to superior business outcomes for companies. Knowledge processes - whether they deliver sophisticated customer segmentation studies, analyze distribution channels or support a new product launch - help organizations solve a business problem or realize an opportunity. The result? Increased market share, fewer stock-outs, faster product launches, an improved pricing strategy...the tangibles that can place a company in a position to out-compete its peers.

Knowledge centers of excellence

We believe the key to knowledge-based decision-making success is a move to a model similar to that of shared services, e.g., a knowledge center of excellence. Establishment of these centers would ensure that knowledge creation is consolidated and standardized to avoid multiple versions of the truth, is leveraged across geographies to account for unique market differences and institutionalized so that best practices are disseminated across the organization.



Author's note: This article contains excerpts and out-takes from the WNS thought leadership whitepaper entitled, "Armed with Knowledge: Gaining Competitive Advantage through Knowledge Process Outsourcing"
To access the full KPO whitepaper, visit <http://wns.com/kpoforcompetitiveadvantage>

Please write to us at info@wnsgs.com