Case study: knowledge sharing at a multinational company

In today’s global markets, multinational corporations (MNCs) are pushed to search for new sources of competitive advantage. These firms have to simultaneously shorten their time-to-market, improve their product quality, follow and satisfy evolving customer needs, create new businesses and exploit new markets.

Building this higher-level adaptation capability has become the central focus of strategic management today. The most important factors in the new “capabilities-based competition” are speed and agility.

In this context, sharing knowledge across geographically dispersed organizational units has become even more crucial.

GoodFood

GoodFood is a French multinational food and beverage company manufacturing and selling dairy products, baby food and bottled water. For many years its products included glass bottle manufacturing. During the 1970s and 1980s the company increasingly focused on food by selling off the glass business and acquiring Italian and Spanish food companies. The company, in its current form, is the result of many mergers and acquisitions over the past forty years.

By 2000, GoodFood had become a global leader in fresh dairy products and beverages. Present in 120 countries, it had reached its objective to become truly international, with new markets developed in Asia, Latin America, Eastern and Central Europe, Africa and the Middle East. However, this geographic dispersion, along with the need to increase its flexibility and reactivity, created new challenges for the company. It now needed to increase the rate of adaptation for the large variety of local needs while maintaining global efficiency and high profitability.

To beat the competition, GoodFood needed to react faster than its competitors. This meant that new pathways to facilitate efficient knowledge flows across geographically dispersed business units had to be created. To meet this challenge, in 2002 the executive vice president of human resources initiated the Networking Attitude project.

Networking attitude

The objective of the Networking Attitude project was to facilitate and speed up knowledge-sharing across business units in distant geographical locations based on two separate “tools”:

1. knowledge marketplaces; and
2. message in a bottle sessions.

Knowledge marketplace

Knowledge Marketplace gatherings bring together managers to participate in role-playing exercises designed to share knowledge on methods to resolve specific business problems. Since the marketplaces are thematic, the participants are in costume and use
props. They are thus stimulated to step out of their hierarchical positions and to communicate freely.

Knowledge marketplaces are organized around a specific strategic business topic allowing potential participants to decide to participate or not based on their perception of the relevance of the particular topic. To enhance the efficiency of these meetings, information on best practices is gathered from the target population ahead of time to allow for the preparation of a brochure.

Participants play three distinct roles at the marketplace:

1. **Givers** – are chosen several weeks in advance and play the role of vendors in the marketplace. They "pitch" their good practices or solutions to operational problems they have successfully implemented in their own organizational units.
2. **Takers** – play the role of shoppers looking for solutions to their operational problems. They confirm their interest in finding out more about a best practice by paying for it with a mock "interest check". Takers have a limited number of these checks to spend, encouraging them to select practices that are most relevant to their problems.
3. **Facilitators** – are the organizers and the coordinators of the marketplace. Their most important role is to identify managers who have good practices to share and who can thus act as vendors.

**Message in a bottle**

During these small meetings the participants are asked to talk about their problems in front of a group of carefully selected peers, usually specialists in a relevant domain, and to provide a brief description on a bottle shaped post-it which they stick on a board. The group listens and then proposes solutions using lifebelt shaped post-its that they affix to the corresponding problem on the board. In-depth discussions continue among individuals about the proposed solutions they consider relevant.

Prior to the Networking Attitude project, lack of effective communication routines and motivation to exchange good practices were the main obstacles to knowledge sharing at GoodFood. By focusing on specific operational problems and connecting people, the project helped to overcome both of these obstacles. The basic idea behind both the Knowledge Marketplace and Message in a Bottle was to avoid reinventing the wheel every time a manager encountered a difficulty. It was a way to motivate managers both to share their innovative ideas and to ask their colleagues for help.

**The impact of the networking attitude project**

The Networking Attitude project was designed from the start to be measurable. It had to demonstrate a positive impact on the firm's performance. The precise impact of the Networking Attitude project was estimated on the basis of:

- financial savings due to transfer of best practices;
- direct increase in product/market development;
- enhanced strategic flexibility; and
- improved employee motivation.

**Economic performance and financial savings**

GoodFood recorded revenues of €13,024 million during the fiscal year 2004-2005, an increase of 6.1 per cent compared to the previous year. The operating profit of the group was €1,706 million during the same time – an increase of 9.4 per cent. The group recorded net profits of €1,464 million compared to €449 million in 2004. In spite of the intensifying competition, GoodFood's operational cash flow continuously increased from €1,641 million in fiscal 2002 to €1,847 million in fiscal 2005.
The amount saved was calculated on the basis of the estimated amount that the company would have spent on developing the “answers” (in most cases – products) that were furnished via the project. For example, transferring from Russia to the UK a solution to optimize transport cost showed a saving of more than €1 million, well beyond expectations. Overall, the knowledge transferred during the first 18 months of the Networking Attitude project led to savings of €43.3 million.

**Networking for new products and markets**

Overall, the implementation of the Networking Attitude resulted in the integration of 42 ‘new’ products in the first year, resulting in a combined increase in market share of almost 200 per cent. This corresponded to an increase in a turnover of approximately €211 million.

Interestingly, the Networking Attitude had a direct impact on the evolution of the R&D policy of the corporation. Transferring good practices had been so clearly beneficial to the organization that in order to further enhance synergies, the company decided to create a common R&D centre with the mission of accelerating innovation in the three business lines of the group.

Today, GoodFood's R&D community across the world counts more than 800 networked specialists cooperating on the development and reinforcement of the new ‘health-nutrition’ positioning and the development of products with unique quality, taste and texture.

**Strategic flexibility**

The impact of the Networking Attitude on strategic flexibility can be evaluated on the basis of the time-to-market – the number of months saved by the company in the process of launching new products. By adopting solutions developed in other business units, time-to-market has been drastically reduced. Overall, in the first year of its existence, the Networking Attitude allowed the company to save 47 months in time-to-market.

Strategic flexibility can also be measured by taking into consideration the time necessary to respond to competitive threats. The Networking Attitude project had a positive impact on the firm's capacity to react quickly to all sorts of competitive threats. For example, when GoodFood's main competitor launched a revolutionary diet dessert in France, GoodFood's French division had fewer than three months to respond without losing the first mover advantage. GoodFood's Brazilian division, which already had the technology to produce a diet version of the dessert, transferred it (along with the idea for an advertising slogan of “pleasure without guilt”) to their French colleagues and provided them with an opportunity to react in less than two months. Only the packaging had to be adapted to the French market. As the direct result of this transfer, the French division cut its response time in half and surpassed its competitors by €20 million in sales of this diet dessert in the first year.

**Motivation and corporate culture**

According to an annual “managers” survey developed by the GoodFood's human resources department, 97 per cent of the participants considered the Networking Attitude project relevant and 68 per cent declared that the project resulted in positive change in their work context. These changes included not only the direct benefits of transferring best practices but also the fact that people began to communicate more freely and cooperate with colleagues from distant geographical locations.

Following the implementation of the Networking Attitude project, whereas in 2004 only 72 per cent of first-line managers claimed to know what their Business Unit's strategic orientation was, in 2005 this number reached 93 per cent, showing that they were increasingly interested in the coherence between their specific tasks and objectives and their business unit's overall strategy. One of the most significant results was that 91 per cent of managers stated they felt that their business problems were considered important by top management.
Beyond the networking attitude

The ultimate objective of the Networking Attitude project was to increase strategic flexibility and speed up innovation rates through efficient knowledge-sharing. While the Knowledge Marketplace is a "push" process (a person has a good practice and shares it with others), Message in a Bottle is a "pull" process (a person has a problem and asks for help). These two processes are complementary and mutually reinforcing.

The Networking Attitude project enhanced two essential elements of learning:

1. connectivity – creating the links among managers from different business units and functions affects knowledge transfer; and
2. receptivity – managers' openness to accept knowledge created elsewhere increases knowledge integration and reuse.

The Networking Attitude also had some unexpected effects. Focus on specific business problems resulted in the formation of groups of people, called communities of practice, with the same professional interests who, after having participated in the marketplaces or the message in the bottle meetings, started to communicate with one another on a regular basis. In the second year of the Networking Attitude project, there were 85 of these communities sharing practical knowledge and disseminating good practices outside the project.

A direct result of the Networking Attitude project at GoodFood is that today one manager in five regularly participates in theme-based groups addressing issues ranging from R&D and quality to purchasing, production and more. Through the publication of electronic brochures describing the best practices transferred and successfully implemented, everyone in the company has access to the information and can contact a person "in the possession" of the best practice even if he or she did not participate in the meeting. The wide accessibility of knowledge is enhanced by the creation of specialized portals, web conferences and chat rooms.

The complex, unpredictable and fiercely competitive global environment of multinational corporations requires the implementation of processes allowing for continual development and renewal. This is particularly important when combined with the necessity of local adaptation. The Networking Attitude project helped the process of knowledge creation, transfer and integration, developing a truly learning organization, capable of improving its performance and sustaining its competitive advantage.

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