Knowledge-based strategies as a competitive advantage in the Fast Moving Consumer Goods Industry
-A case study of Adcock Ingram Homecare

presented by
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CONFIDENTIALITY CLAUSE

15 SEPTEMBER 2003

TO WHOM IT MAY CONCERN

RE: CONFIDENTIALITY CLAUSE

Due to the strategic importance of this research, it would be appreciated if the contents remain confidential and not be circulated for a period of five years.

Sincerely

R. Govindasamy
DECLARATION

This research has not been previously accepted for any degree and is not being currently submitted in candidature for any degree.

Signed: ..................................................

Date: ..................................................

15/09/2003
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ABSTRACT

A qualitative exploratory research on knowledge management was conducted using Adcock Ingram Homecare as a case study. Adcock Ingram Homecare trades in the fast moving consumer goods industry, an industry where consumer insight, brand loyalty and innovation are key to ensure market growth and sustainable top line profitability. Knowledge management was seen in the light of providing the organisation with the competitive advantage of meeting and sustaining its growth and profitability targets especially in a rapidly evolving environment. Informal interviews, with five company personnel, provided great insight on the topic of research.

First and foremost, the structure of the research was discussed, including the motivating reasons for conducting the study, its value to the organisation, the objectives of the study, how these objectives were met, the research methodology used and the limitations of the study. Literature on knowledge management was then review and accompanied with strategic management tools, it was used to develop a knowledge management model for Adcock Ingram Homecare. A critical analysis of Adcock Ingram Homecare’s external and internal environment was first carried out. The company’s present and future business strategies were assessed and the knowledge management model was aligned to that business strategy. The knowledge management model focussed on crafting a knowledge-based strategy along the following dimensions: governance, culture and behaviour, content management, technology, application, measurement and communication. A three-stage strategy horizon for Adcock Ingram Homecare’s implementation of knowledge management was also developed. An implementation and measurement proposal of the strategy was made. The knowledge management model and strategy was evaluated in the context of the Adcock Ingram Homecare environment. Finally, recommendations were made to the company regarding the implementation of a knowledge management strategy.
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CHAPTER 1
INTRODUCTION

"The way to do research is to attack the facts at the point of greatest astonishment"

Celia Green, The Decline and Fall of Science

1.1. INTRODUCTION

The knowledge management discipline was said by many to be "relegated to organisational backwaters within a few years of its original conception. Instead the knowledge-management community has flourished" (Internet 1). The knowledge within an organisation has only recently been recognized by many organisations as their intangible asset, which gives them their core competency to be successful in a very competitive global marketplace (Internet 2). This crucial element provides organisations with a major competitive advantage when competing with and/or in global businesses. As such many organisations have embarked on the knowledge management (KM) journey to ensure the development and sustenance of this newfound yet ancient competency.

Organisations that have been associated with knowledge management have begun to see substantial contributions to their financial statements (Internet 3), which has seen several other companies launch knowledge management efforts. Buckman Laborotories, BP Amoco and Ford, Coco Cola, General Electric, IBM, Xerox, Warner-Lambert, Delphi Group, Teltech (consumer goods industry), Accenture (the former Anderson Consulting), Ernst and Young, Deloitte and Touché, and KPMG Consulting are amongst the many organisation’s that have implemented knowledge leadership and knowledge sharing programmes and have given these knowledge management activities much credit in top-line profitability within their organisations. These organisations are said to have implemented innovative ways of effectively "tapping into the commercial value of their existing knowledge-base" (Internet 4) through knowledge management.

The organisation must change in some meaningful way to take advantage of the new capabilities that knowledge management activities offer. The organisation must embrace and motivate change so that the knowledge management initiatives are aimed at the organisations primary business goals (Seeley and Dietrich, 2003).
1.2. BACKGROUND OF THE STUDY

Adcock Ingram Homecare is a branded healthcare company trading in the homecare category of the fast moving consumer goods industry. Its product profile includes insecticide, aircare, toilet care and household cleaning products.

Adcock Ingram Homecare is a subsidiary business of Tiger Brands Limited. It operates in emerging markets and provides investors with the opportunity to participate in a balanced spread of African and selected international operations. The shares are listed on the Johannesburg Stock Exchange South Africa and the London Stock Exchange (through Tiger Brands Limited).

It is a well-known fact that in this era of rapid change, and increasing opportunities, we need to grow in order to survive. And in order to grow, we need to innovate. Furthermore, in this world of increasing uncertainty, change is the only constant and consumers are putting their trust in brands. Organisation's insight on satisfying the unmet needs of consumers and anticipating and delivering on consumers' needs with new and innovative products will challenge the consumers enquiring minds and sustain brand loyalty and awareness.

Adcock Ingram Homecare is implementing an aggressive growth strategy that aims to maintain growth rate and market share of their cash cow brands, rationalise the dogs, implement cost effectiveness programmes for the question marks (to improve margins), and invest and innovate their star brands (e.g. Doom, Airoma and Jeyes). In order to meet the targets of this aggressive growth strategy great pressure is being placed on the development team to speedily innovate challenging, cost effective products for their consumers. History reveals that this department is new to the organisation and their thirst for knowledge within the new environment is imperative for them to meet their business targets.

The knowledge life cycle is a process where knowledge is created, stored, retrieved, acquired, used, learnt and then recreated for added benefit. These assets form two distinct categories of knowledge – explicit and tactic knowledge. Even within these categories of knowledge, there needs to be some means to identify which information/knowledge must be captured since not all information is valuable and the organisation has the enduring task of determining what information is intellectual and knowledge-based assets (Internet 5). Thus the organisation
must identify pockets of knowledge that will create added value in sustaining its growth and profitability in the economy. Innovation and individual projects have triggered the need for a system to capture the unique project-based learning’s that would be readily available throughout the organisation.

Whilst some authors and organisations believe that knowledge must be “managed”, others believe that knowledge management is not the management of knowledge but merely a process of information sharing (Wilson, 2002). Yet others question whether knowledge desperately needs managing? These critics believe that messages from people do not carry knowledge but rather information. Sveiby (2001) and Peter Drucker (1969) ‘founding fathers’ in the field of knowledge management have supported this view (cited in Wilson, 2002). Nevertheless, it can be concluded that knowledge is an intangible asset to create a competitive advantage for organisations in a highly competitive and volatile industry.

In crafting a successful knowledge strategy, high priority must be placed on crafting and executing the strategic moves that enhance the company’s competitive position for the long term. The knowledge strategy must be prompt in adapting to changing market conditions; unmet employee needs, invest in creating a sustainable competitive advantage. Although it is good to think big, it is safer to start small with minimum risk and show the success of the knowledge strategy. The knowledge strategy must concentrate on area of strategic importance to the organisation. The aim is to execute the strategy in a key sector of the business, get the buy in and support of the senior executives and then rollout a similar yet suitable strategy for the entire organisation.

The knowledge strategy guides the development of the organisation’s knowledge management capabilities. It is a stepping-stone to building resource strength and organisational capabilities for an organisation. It is important to note that the knowledge strategy must be aligned to the company’s business strategy, hence a knowledge strategy, as business strategy focus must be adopted. This approach has strategic thrusts, highlights the value discipline that the organisation pursues, the challenges it faces, and the opportunities it wishes to act on. The knowledge strategy will strive to open up meaningful gaps in quality, innovation and performance between an organisation and its rivals.
This study will focus on knowledge-based strategies (i.e. strategies that focus on knowledge/information sharing opinions) that would be useful in eliciting ideas and recommendations for the development of new products and innovation.

1.3. MOTIVATION FOR THE STUDY
Tiger Brands Ltd has through their wholly owned subsidiary Adcock Ingram acquired the Robertsons Homecare (Pty) Ltd business in December 2002. This acquisition was in line with the Tiger Brands strategic focus on growing their branded consumer product category, and entering new product and market sectors. The Robertsons Homecare business had well established leading brands in the insecticide and aircare markets which when combined with the Adcock Ingram household cleaning market, has significantly grown their Homecare profile, placing them in third position in the Homecare market (Internet 6 and 7).

However, with such strategic partnerships as mergers and acquisition strategies comes the advantages of growth via a stronger market position (greater competitive strength and larger overall market share), open doors to new opportunities both locally and globally, filling in the resource gaps and huge cost saving opportunities. However some of the disadvantages often outweigh the advantages especially when there are management and culture clashes and/or expertise not realised, which often affects the profit line.

Following the Tiger Brands acquisition, the turnover of staff and key managers in the former Robertsons group was high. Even more concerning was the lack of a formal knowledge management or knowledge sharing system. As a result the wealth and pockets of knowledge that resided in the minds of the ex Robertsons Homecare employees was ‘lost’. Managing knowledge during such organisational changes as mergers, acquisitions, downsizing, joint ventures and strategic redirection is very crucial.

Furthermore employing a new compliment of staff on board the Adcock Ingram Homecare business makes knowledge sharing and creation imperative. To make matters worse, it was observed that neither did Adcock Ingram have a formal knowledge-sharing programme making it a challenge for the new compliment of employees to function in their roles and achieve their set business targets.
The aim of this study was to craft a knowledge management/innovation strategy that would promote the sharing of knowledge within Adcock Ingram Homecare and the rest of the Tiger Brands businesses. In addition an implementation and evaluation programme was also proposed.

1.4. VALUE OF THE STUDY

Business research is a "systematic inquiry that provides information to guide business decisions" (Cooper and Schindler, 2001:15). The research that is proposed in this document would serve to extend the knowledge of employees within Adcock Ingram Homecare to allow for more efficient, effective and knowledgeable decision-making and new product innovation, which is said to contribute to Adcock Ingram Homecare’s aggressive growth strategy. Furthermore, it is proposed that knowledge sharing will create greater opportunities for innovation and also increase the speed to market of these new products. As a result the organisation would have a competitive advantage in the industry and hence be able to create sustainability and top-line growth and profitability.

This study is hoped to develop knowledge management-based strategies, digressing from the traditional methods used by companies, which would help senior management in determining the future growth strategies for the organisation through new product innovation.

The knowledge management strategy proposed is a pilot strategy for the Adcock Ingram Homecare Development department. With focus placed on the core competence of the business – Research and Development /Innovation, this study could create areas of improvement and opportunities that would give the organisation the competitive edge to be first to market in the highly competitive fast moving consumer goods industry where “winning” the consumers buy in to a product is crucial. Serving the needs of consumers through product innovation would deepen their brand and grow their brand market share. After all, the growth in market share grows the company and is reflected on the bottom line.

If the proposed knowledge management strategy is well executed and delivers, then knowledge can spawn creativity, innovation and improved performance within Adcock Ingram Homecare and in turn within the rest of the businesses under the Tiger Brands
umbrella. It will produce the rewards of sustainable growth through competitive advantage and top-line profitability for Adcock Ingram Homecare.

1.5. PROBLEM STATEMENT
Will a knowledge management/innovation strategy ensure effective decision making and contribute to Adcock Ingram Homecare's aggressive growth strategy by spawning greater creativity, innovation and speed to market of products that would create sustainability and top-line growth and profitability, providing the company with a competitive advantage to be leaders in the Homecare category of the fast moving consumer goods industry?

1.6. OBJECTIVES OF THE STUDY

a) To establish whether there is a need for a knowledge management/innovation strategy within Adcock Ingram's Research, Development and Implementation (RD & I) departments – with focus on the RD & I Homecare department.

b) To craft a pilot knowledge innovation/management strategy that would increase and speed up product innovation to the fast moving consumer goods (FMCG) industry, which would give Adcock Ingram - Homecare the competitive advantage to achieve and sustain world-class performance and deliver top-line growth.

c) To propose an implementation programme for the pilot strategy.

d) To propose an evaluation programme that would measure the success rate of the knowledge innovation/management strategy.

1.7. RESEARCH METHODOLOGY
1.7.1. Research Design
This research study has taken the form of a qualitative case study approach. It is an exploratory study. An exploratory study was chosen as the research design because there is a lack of a clear understanding of knowledge management and knowledge sharing within Adcock Ingram Homecare. An exploratory study allows one to craft a model that would overcome the difficulties and satisfy the unmet needs of having a knowledge-sharing programme for Adcock Ingram's employees.
The qualitative case study approach achieves topical scope (i.e. breadth and depth) of the study. Furthermore, an exploratory approach was taken were secondary and primary data fulfilled the degree to which the problem statement had been crystallised.

The research design constitutes a blueprint of planning and structure of an investigation into knowledge management within Adcock Ingram Homecare so conceived as to obtain answers and provide solutions to the research question or management dilemma highlighted above. The flow of such a blueprint is illustrated below for a qualitative case study.

**Figure 1.1: Qualitative research design blueprint for Adcock Ingram Homecare**

1.7.2. Sample Design

A non-probability sampling technique was used where a subjective/judgmental, convenience sample of five well-established and knowledgeable employees of Adcock Ingram/Tiger Brands was informally interviewed. The characteristics of this sampling technique are its low cost, low accuracy and reasonable acceptance of the results, which often cannot be generalized. Although not much confidence can be placed on this technique, the informal interviews with the convenience sample (i.e. selected employees of the organisation) was
suitable in addressing the problem statement and as a result will instill confidence and support of the results, since this is an exploratory study. In addition a judgmental sample conforms to the criteria based on the researchers judgement. This type of sampling was selected to fulfil the purpose of ensuring that all respondents are experienced and/or knowledgeable on the topic of study or exposed to it in some other way within the organisation. These sampling techniques are often used in the early stages of exploratory studies or to obtain and/or test ideas.

1.7.3. Bias Control
Since this was a non-probability sample, there was greater opportunity for biases however, this technique also allows for informed information on the research topic. Researcher biases could have occurred during the informal interviews due to the researchers preconceived ideas on the topic. Allowing the respondents to openly and freely share their opinions prevented this. The researcher ensured that unexplored areas that were of interest to her were discussed at the end of the interview with the respondents so as to prevent initial deviation of their thoughts.

1.7.4. Survey Method
- Primary Data
Qualitative techniques such as informal interviews and brainstorming with information gatekeepers, key middle mangers and employees within the Adcock Ingram and Tiger Brands businesses was carried out to gain an understanding of the need for and/or the extent to which knowledge management has been implemented within these businesses. In addition to communication, primary data was also gathered through observation. Furthermore, internal business conferences and workshops were attended where the topic of knowledge sharing was highlighted.

The great strength of the communication approach, through informal interviewing, as a means of primary data collection for this study was its versatility in the information gathered. This was particularly useful in providing a clear understanding of knowledge management in Adcock Ingram Homecare, which was the focus of this study. It bridged the understanding of knowledge management of the employees within the organisation and the need for a
knowledge-sharing programme within the organisation. Furthermore, it is a more efficient and economical technique.

A close relationship was established with Juliet Stephens, the Account Manager of Melcrum Publishing, a USA/UK based research and information company focusing on knowledge management (Internet 8). They publish a bi-monthly magazine, *KM Review*, which consists of articles on various aspects of knowledge management from knowledge professionals all over the world.

- **Secondary Data**
Exploratory studies through literature reviews from the Internet, journals and library books were conducted. The literature reviews emphasize the results and conclusions of other studies conducted in the field of knowledge management and helped to build on the strength from previous research when conducting this new study on Adcock Ingram Homecare.

### 1.8. LIMITATIONS OF THE STUDY
This research survey method has its shortcomings in the quality and quantity of information that is obtained or secured as it depends heavily on the respondents' opinions and their willingness to co-operate. One of the shortcomings was overcome by selecting respondents that were fairly knowledgeable or exposed to the area of knowledge management (i.e. through their job function, they have realised the need for knowledge sharing and communication). This ensured that the depth and detail of the information obtained or secured was pertinent to the topic of research.

A convenience sample will be selected which restricts the study to areas and people most accessible at that time. This could also result in some selection biasness. Furthermore, this could reflect on the representation of the information collected about the sample selected with regards to the sample population as a whole.

Exploratory studies, as highlighted by Cooper and Schindler (2001), are linked to the following biases of qualitative research: subjectiveness, non-representativeness and nonsystematic design. Furthermore, it can be considered an intuitive exploration due to the interpretation and rational approach.
1.9. ETHICAL REQUIREMENTS
As cited by Cooper and Schindler (2001), “the goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from the research activities.” An informed consent from Mr. Maurits Rood, Managing Director of Consumer Health in Adcock Ingram was secured before the commencement of this research. During the information gathering process and when conducting the informal interviews with selected employees of Adcock Ingram and Tiger Brands, it was explained that this study was conducted for the partial fulfilment of the requirements for a Masters in Business Administration dissertation and that confidentiality will be maintained with all information obtained by respondents. In addition a five-year non-disclosure clause was implemented which would protect the rights of the respondents and the organisation before public viewing which is especially important should the proposed strategy be implemented by the organisation. Thank you notes were also administered to all respondents. Furthermore, respondents were informed of the benefits and value of this study to the organisation. The respondents will also be provided with feedback on the conclusion of the dissertation.

1.10. STRUCTURE OF THE STUDY
1.10.1. CHAPTER 2 – Theory and Strategy in Context
In this chapter the theory of the knowledge cycle and knowledge management will set the scene for discussion. Literature reviews on the opinions of professionals in this field, industry views, models developed and implemented within organisations in the industry and the outcome of such knowledge-based strategies are of key focus. Rowan Wilson’s guidelines for embedding a knowledge management strategy leads the roadmap to crafting a suitable knowledge-based strategy for Adcock Ingram Homecare in the context of where the business wants to go. The model developed focuses on six key principles of the knowledge management puzzle and then highlights a three-horizon growth profile of the knowledge strategy. Furthermore, it focuses on areas of strengths that would create opportunities for the company and improves on areas of weaknesses as identified through literature reviews that would minimise the threats and risk for the organisation. Finally, an implementation and evaluation programme for the knowledge strategy is proposed.
1.10.2. CHAPTER 3 – Case Study of Adcock Ingram Homecare

In this chapter a case study is built on where the Adcock Ingram Homecare business is currently. An analysis of the company’s strategic management process is discussed which includes the company’s strategic vision, business mission statement, strategic intent, business strategy and objectives. An analysis of Adcock Ingram Homecare’s external and internal environment was carried out. Based on this analysis, Adcock Ingram Homecare’s present strategy was identified and evaluated.

1.10.3. CHAPTER 4 - Evaluation of Knowledge Strategy

In this chapter the five research objectives highlighted earlier was critically assessed to determine if they were optimally met. The proposed knowledge strategy and model was evaluated against Adcock Ingram’s business strategy, as per the discussion in chapter three. Various strategic management techniques from literature were used to evaluate the model. Furthermore, the proposed implementation and execution programme was also evaluated in the context of the Adcock Ingram Homecare business environment. The strengths and weaknesses of the model were critically evaluated. Most importantly, the model was measured against a cost-benefit versus difficulty of implementation-strategic fit matrix. Adcock Ingram’s strategic options and an assessment of the suitability, acceptability and feasibility of the knowledge strategy were also conducted. Stating what the organisation is doing well to be placed in a competitive position in the industry and also what they are doing not so well concludes this chapter.

1.10.4. CHAPTER 5 – Recommendations and Conclusions

The dissertation is concluded in this chapter with short-term and long-term knowledge strategy and knowledge innovation recommendations to Adcock Ingram Homecare which ensures that they create sustainability and achieve top-line growth and profitability through their product innovation and decision making to gain leadership in the Homecare category of the FMCG industry. Recommendations are made on how the organisation should reinforce its strengths based on what it is doing well. Furthermore, areas of improvement based on what the organisation is not doing well are also discussed. Areas of focus for further research are also highlighted which creates opportunities for the organisation to remedy problem areas and be more competitive.
1.11. SUMMARY

In summary, this exploratory case study of Adcock Ingram Homecare, a fast moving consumer goods company, uses the qualitative technique of informal interviews as a means of primary data collection to obtain information on knowledge management and knowledge sharing among the employees of the organisation and within the organisation.

The aim of this study is to craft knowledge-based strategies (i.e. strategies that focus on knowledge/information sharing) that would elicit ideas and recommendations for the development of new products and innovation within Adcock Ingram Homecare and the rest of the Tiger Brands businesses. Focus is placed on the core competence of the business i.e. Adcock Ingram Homecare’s development department for which a pilot strategy is developed in Chapter two along with an implementation and evaluation programme. It is proposed that knowledge from these knowledge-based strategies would spawn creativity, innovation, and improved performance and create sustainable growth through competitive advantage and top-line profitability for Adcock Ingram Homecare.

This chapter highlights the background to the study, the motivation for the study and the value of the study. Furthermore, it concisely states the problem statement/management dilemma and the objectives of the study. A detailed qualitative research methodology appropriate for this study is then discussed accompanied by any limitations that this study may have. No study is complete without an analysis of ethical considerations. This chapter is concluded with the structure of the document that follows.

The discussion, which follows in the next chapter, will focus on the theory of knowledge management upon which the development of the knowledge management strategy and model has been built. This strategy will emphasise where Adcock Ingram Homecare would like to be.
CHAPTER 2
THEORY AND STRATEGY IN CONTEXT

2.1. INTRODUCTION

Knowledge management is an important construct (an image/idea specifically developed for a theory building purpose) from both the individual and organisational perspective. It has received much focus in recent years as a means to improve organisational effectiveness by giving organisations the competitive and leading edge in the industry in making well-informed decisions.

A knowledge management strategy incorporates a framework that could assist the process of where Adcock Ingram Homecare wants to be in the business context. Under these circumstances, the focus of this study is on determining the need for a knowledge strategy within Adcock Ingram Homecare, its conceptualisation, implementation and measurement. Literature is reviewed with the main stream of focus being on the knowledge management journey. This included the theory of knowledge management, the process of managing knowledge work and the requirements for an effective knowledge value creation. An assessment of Adcock Ingram Homecare’s future business strategy was also carried out and coupled with the theory from literature, was used to craft a knowledge management strategic model. A brief insight is given on the implementation and measurement process for this model.

2.2. WHAT IS KNOWLEDGE?

Knowledge within the business context is said to have a life cycle of its own. Figure 2.1. depicts this knowledge life cycle (cited in Internet 9). The knowledge life cycle starts with the creation of knowledge either within or outside the organisation. The knowledge is then stored in a central place where it is accessible for others to find and use. Those people who are looking for specific knowledge must then search and find the required knowledge either by searching the right place or asking the right people. Once found, the knowledge is then acquired from its source. The knowledge gained can then be used productively and new knowledge learned in the process (either positive or negative) can feed into the cycle by adding to knowledge creation.
In recent years, many organisations have placed great focus on knowledge within and outside the business as a means of improving organisational effectiveness and creating a competitive advantage in the industry. This competitive advantage is achieved when organisations can identify knowledge within their business as an intangible asset. In identifying these pockets of knowledge, they will create added value in sustaining their growth and profitability in the economy. Innovation and individual projects are examples that have triggered the need for a system to capture the unique project-based learnings that would be readily available throughout the organisation and create added value. Organisations also gain the leverage of better well-informed decision-making and strategies through the knowledge that exists and circulates within the business.

Literature has highlighted that not all information is valuable and organisations have the enduring task of determining what information is intellectual and knowledge-based assets (Internet 5). These assets form two distinct categories of knowledge – explicit and tactic knowledge.

Explicit knowledge include assets such as patents, trademarks, business plans, marketing research, customer lists, in fact anything that is found in documents, databases, emails etc. Such information is documented, archived and codified often with the use of information technology.
Tacit knowledge is the information, expertise and know-how stored in people’s minds. This form of knowledge is often difficult to document and more so to even grasp. The challenge faced by many organisations is how to recognise, generate, share and manage tacit knowledge. Information technology can facilitate the later, but the major hurdle is identifying tacit knowledge, as often we do not know what we know i.e. “knowledge is hidden from the consciousness of the knower” (Wilson, 2002). Thus tacit knowledge cannot be captured but rather demonstrated through expressible knowledge and action.

2.3. WHAT IS KNOWLEDGE MANAGEMENT?
Knowledge management (KM) also referred to, as knowledge innovation or organisational learning is a set of practices that improves and enhances the business’s ability to share what they know. The objective of knowledge management is increasing the effectiveness and efficiency of the knowledge cycle. It involves the “use of information strategically to achieve one’s business objectives” (Internet 11). As such, corporate or business knowledge (which includes tacit knowledge of the employees) must be in a readily available and user-friendly form.

Before 1997, knowledge management was associated with some or the other computer application (Wilson, 2002). Furthermore, it included such knowledge encompassed in documents, processes, procedures, best practices etc., which were often embedded in human resources and information technology facilities. Knowledge management practices have over time been implemented in various areas including higher education and customer services. Knowledge management is said to be the key to developing organisations of the future.

The knowledge management discipline was said by many to be “relegated to organisational backwaters within a few years of its original conception. Instead the knowledge-management community has flourished” (Internet 1) and more so has become such a fashionable status in the business world. The knowledge within an organisation has only recently been recognised by many organisations as their intangible asset, which gives them their core competency to be successful in a very competitive global marketplace (Internet 2). This crucial element provides organisations with a major competitive advantage when competing with and/or in global businesses. As such many organisations have embark on the knowledge management journey to ensure the development and sustenance of this newfound yet ancient competency.
This emerging field of study has reflected "a constellation of changes in the business environment" (Internet 4). "In today's information and knowledge-driven economy, companies uncover the most opportunities – and ultimately derive the most value – from intellectual rather than physical assets" (Internet 5). The knowledge embedded within the organisation's processes and employee's skills are the greatest asset as they are unique capabilities within the organisational environment that will ignite the delivery of effective and efficient business decisions.

What other reasons could explain the recent awareness of knowledge management in the business world?

With organisations restructuring in the attempt to be more strategically focus and profitable, downsizing and high turnover of staff either through promotions or new jobs are becoming ever increasing. As a result the "intimate knowledge of the job" and the "myriad of salient facts and experiences evaporate" (Internet 10) and organisations tend to spend an enormous amount of time re-inventing the wheels. A well-crafted and implemented knowledge system that can capture the valuable tacit knowledge would be a preventative measure.

It is through knowledge management or knowledge innovation that organisation can come up with unique solutions to their specific problems that would provide them with the competitive edge in the industry – rather than implementing proffered solutions that could turn out to be very expensive (Wilson, 2002).

When the country's economy switches focus from tangible products e.g. production to intangible services etc., the knowledge within a company can be used to their advantage to compete in the marketplace (Newcombe, 1999).

"There has been a growing realisation that investments in information technology hasn't paid off in performance" (Newcombe, 1999). According to Yogesh Malhotra, "what's absent is worker creativity and innovation fuelled by knowledge. There's been too much emphasis on treating people as passive recipients of technology and not enough emphasis on individual enterprise" (Newcombe, 1999). Thus knowledge management also explains why companies
that have invested heavily in information systems, still find their employees lacking the knowledge to perform effectively.

The Standard and Poor’s Index has shown that 70% of a companies’ value is in their intangible assets i.e. knowledge and intellectual property (Newcombe, 1999).

The primary function of knowledge management is to create, obtain, import, deliver and help the right people apply the right knowledge at the right time (Internet 9). Thus knowledge management solutions must reflect the way individuals and organisations have effectively managed and shared information.

Knowledge management is not knowledge engineering through computer science but rather a business problem that requires information systems and management. It is not just digital; instead it is about encompassing and improving business processes. Most importantly, it is not about building a smarter Intranet but rather using the Intranet as a front end to provide a stable messaging and collaboration platform. Knowledge management is not about a one-time investment but rather a future-orientated investment that requires consistent attention in maintenance. In addition, it is not only about capturing knowledge but rather building on that knowledge.

Whilst some authors and organisations believe that knowledge must be “managed”, others believe that knowledge management is not the management of knowledge but merely a process of information sharing (Wilson, 2002). Yet others question whether knowledge desperately needs managing? These critics believe that messages from people do not carry knowledge but rather information. In a study by Wilson (2002), he concluded “knowledge management is an umbrella term for a variety of organisational activities, none of which are concerned, with the management of knowledge. Those activities that are not concerned with the management of information are concerned with the management of work practices, in the expectation that changes in such areas as communication practice will enable information sharing.” Thus the “…confusion of ‘knowledge’ as a synonym for ‘information’ is one of the most common effects of the ‘knowledge management’ fad” (Wilson, 2002).
In line with the definition of knowledge, Wilson states that "knowledge involves the mental processes of comprehension, understanding and learning that go on in the mind and only in the mind" which is then expressed as messages through oral, written, graphic, gesture or body language. He further supports his argument that such messages do not carry ‘knowledge’ but rather constitute information or data, which can be manipulated by the mind through the process of assimilation, understanding, comprehension and incorporation into its own knowledge structures."[12]. Wilson (2002) says that data, information and the information resources may be managed, "but knowledge (i.e. what we know) can never be managed, except by the individual knower and, even then, only imperfectly." He supported this by saying that "we often do not know what we know: that we know something may only emerge when we need to employ the knowledge to accomplish something" (Wilson, 2002). As is often the case "much of what we have learnt is apparently forgotten, but can emerge unexpectedly when needed, or even when not needed" (Wilson, 2002). This shows that we have little control over what we know and the experiences and lessons learnt are often stored in the subconscious mind. It is this vital component - knowledge sharing - that creates the foundation for good, effective and efficient decision-making in an organisation.

Sveiby (2001) considered one of the ‘founding fathers’ (Wilson, 2002) in the knowledge management field answers the question “why should knowledge be managed?” in the following excerpt: "I don’t believe that knowledge can be managed. Knowledge Management is a poor term, but we are stuck with it, I suppose. “Knowledge Focus” or Knowledge Creation” (Nonaka) are better terms, because they describe a mindset, which sees knowledge as activity not an object” (Wilson, 2002). Peter Drucker (1969) another father in the field also “disputes the notion that knowledge can be managed” (Wilson, 2002). He said, “... it’s really about what individual workers do with the knowledge they have.” Furthermore, he said “when employees leave a company, their knowledge goes with them, no matter how much they’ve shared” (Wilson, 2002).

Thus knowledge is not managed per se; instead it is the innovative strategy that is crafted to ensure business success. It is for this reason that knowledge management will interchangeably be referred to as knowledge innovation.
2.4. DEFINITIONS OF KNOWLEDGE MANAGEMENT

There is no universal definition of knowledge management; instead it is composed of several factors. Various individuals submitted creative definitions that encapsulated the essence of knowledge management in their mind (Internet 11). Some of these have been laid out below to show the diversity of knowledge management.

"Knowledge innovation is fundamentally sustaining a collaborative advantage for the excellence of an enterprise, the sustainability of a nation’s economy and the advancement of society" – Debra M. Amidon (Internet 11).

"It is the art of creating value by leveraging the intangible assets. To be able to do that, you have to be able to visualise your organisation as consisting of nothing but knowledge and knowledge flows" – Karl Eik Sveiby (Internet 11).

“'It is the attempt to recognise what is essentially a human asset buried in the minds of individuals, and leverage it into an organisational assets that can be accessed and used by a broader set of individuals on whose decisions the firm depends’” – Larry Prusak (Internet 11).

“'It is creating value based on the intangible assets of the firm through relationships where the creation, exchange and harvesting of knowledge builds the individual and organisational capabilities required to provide superior value for customers’” – Hubert Saint-Onge (Internet 11).

“Knowledge management is the systematic and explicit management of policies, programmes, practices and activities in the enterprise which are involved in sharing, creating and applying of knowledge. The management of knowledge aims to enhance existing knowledge and its networking and reuse. The management for knowledge aims to enhance new knowledge and the ability for innovation” – Joseph Hofer-Aleis (with acknowledgement to P. Seeman and K. Wiig) (Internet 11).

“Knowledge management is the systematic process of finding, selecting, organising, distilling and presenting information in away that improves an employee’s comprehension in a specific area of interest. Knowledge management helps an organisation to gain insight and
understanding form its own experience. Specific knowledge management activities help focus the organisation on acquiring, sorting and utilising knowledge for such things as problem solving, dynamic learning, strategic planning and decision making. It also protects intellectual assets from decay, adds to firm intelligence and provides increased flexibility" – University of Texas knowledge management server (Internet 11).

Knowledge management practice can be broadly defined as "the acquisition, sharing and use of knowledge within organisations, including learning processes and management information systems" (Internet 4).

"Knowledge management is the process through which organisations generate value from their intellectual and knowledge-based assets. Most often, generating value from such assets involves sharing them among employees, departments and even with other companies in an effort to devise best practices" (Internet 5).

"Knowledge management is a discipline that promotes an integrated approach to the creation, capture, organisation, access, and use of an enterprise’s information assets. These assets include structured databases, textual information such as policy and procedure documents, and most importantly, the tacit knowledge and expertise resident in the heads of individual employees." – the Gartner Group consultancy for Deloitte and Touche (Wilson, 2002)

"Knowledge Management caters to the critical issues of organisational adaption, survival and competence in face of increasingly discontinuous environmental change.... Essentially, it embodies organisational processes that seek synergistic combination of data and information processing capacity of information technologies, and the creative and innovative capacity of human beings” - Dr Yogesh Malhotra (Internet 12).

These definitions also epitomise the concept of knowledge innovation. Knowledge innovation can be defined “as the use of our knowledge to drive the full process of innovation from inception to successful launch of new products and services” (unpublished source). It is a new and enlightened way of getting information about a specific area aided by information
technology. This would spur innovation to continuously offer new and exciting yet cost effective products to consumers.

2.5. EXAMPLES OF ORGANISATIONS THAT HAVE IMPLEMENTED KNOWLEDGE MANAGEMENT

Many reputable organisations have implemented knowledge management systems to capitalise on it as a means of competitive advantage for the organisation. Such organisations that have been associated with knowledge management have begun to see substantial contributions to their financial statements (Internet 3), which have seen several other companies launch knowledge management efforts. Buckman Laboratories, BP Amoco and Ford, Coco Cola, General Electric, IBM, Xerox, Warner-Lambert, Delphi Group, Teltech (consumer goods industry), Accenture (the former Anderson Consulting), Ernst and Young, Deloitte and Touché, and KPMG Consulting, 3M, Dow Chemicals, Ericsson, IBM, and Unilever are amongst the many organisation that have implemented knowledge leadership and knowledge sharing programmes and have given these knowledge management activities much credit in top-line profitability within their organisations. These organisations are said to have implemented innovative ways of effectively “tapping into the commercial value of their existing knowledge-base” (Internet 4) through knowledge management. Changes in workplace practices and customer focus (employee focus) are areas where knowledge management has shown great results (Internet 3). In addition, “R&D, sales, marketing and customer services are areas where the innovative use of knowledge management has begun to deliver business benefits” (Internet 3).
2.6. MANAGING KNOWLEDGE WORK

Studies have shown that there are key areas of knowledge management that will ensure improved business performance in order for knowledge management to be successful (Internet 2, 8 and 9). Figure 2.2. lays out the framework.

Figure 2.2: Knowledge Management Framework (Source: Internet 9)
An expert understanding of knowledge management as an organisational core competency must be obtained. This is assisted by also evaluating how world-leading organisations are implementing knowledge management initiatives and identifying key strategies that are contributing to their success. Knowledge management must be part of the organisation’s policy. A well-structured knowledge management strategy for the organisation must be crafted and well executed. An analysis and evaluation of existing infrastructure accompany this. Furthermore, the knowledge management strategy must be aligned to the organisation’s business strategy. The next phase as highlight in Figure 2.2 focuses on the analysis, design and development of the knowledge management system. After exploring implementation techniques, an information technology strategy that supports and compliments the knowledge management strategy must be developed to ensure successful implementation of the knowledge management strategies.

A knowledge culture must be developed within the organisation to gain the support and commitment of the entire organisation especially senior management. Furthermore, an environment that encourages and stimulates knowledge sharing must be created within the organisation. Reward structures also help in a successful deployment. The organisation ability to manage change is also critical. The knowledge management strategy must be measurable to prove that it is working successfully. The measurement metrics could include evaluating its performance by measuring its impact, by measuring its return on investment (ROI), by providing room for improvement and thereafter refining the knowledge management system and by providing a robust basis for resource allocation.

2.7. REQUIREMENTS FOR EFFECTIVE KNOWLEDGE VALUE CREATION

Rowan Wilson’s guidelines for embedding knowledge management into business processes has been adapted as part of the architecture for the Adcock Ingram Homecare’s knowledge strategy (Internet 13).

- The knowledge strategy must be part of the company’s policy and best practices. As a result it would be part of the organisations strategic focus.
- The knowledge strategy proposed gives the organisation a competitive advantage. It includes the six key components of crating a knowledge management strategy as identified by Seeley and Dietrich (2003): governance, culture, content management, technology, application and measurement.
An analysis and evaluation of Adcock Ingram and Tiger Brand’s infrastructure was carried out and will be discussed later. Based on this analysis, recommendations will be made as to the pilot knowledge management system Adcock Ingram Homecare should embark on. It must be noted that the short-term recommendations made are based on using existing infrastructure and systems. The longer-term recommendation was based on complimenting the future information technology strategy. This approach ensures successful implementation of the knowledge management strategies.

A knowledge culture must be developed within the organisation to gain the support and commitment of the entire organisation. It is the task of the knowledge management project team to define and communicate knowledge performance so that employees know how they create value and make money for the company as well as what knowledge is required by them to attain this. Knowledge sharing proficiencies and reward-based incentives for knowledge sharing also be established and communicated. Furthermore, an environment that encourages and stimulates knowledge sharing must be created within the organisation. The project team must encourage networking and respect communities of practice i.e. spontaneous gatherings for knowledge sharing amongst the employees.

Identify key knowledge positions and knowledge performance targets that could differentiate the difference between company success and failure.

Reward structures also help in a successful deployment. The organisation’s ability to manage change is also critical. The knowledge management strategy must be measurable to prove that it is working successfully. The measurement metrics could include evaluating its performance by measuring its impact, by measuring its return on investment (ROI), by providing room for improvement and thereafter refining the knowledge management system and by providing a robust basis for resource allocation.

Finally, knowledge must be mapped.

2.8. DOES ADCOCK INGRAM HOMECARE NEED A KNOWLEDGE MANAGEMENT SYSTEM

It was of the opinion that that it is not just important for Adcock Ingram Homecare to develop and execute a knowledge management strategy, it is imperative and an absolute necessity (unpublished source). Some of the Adcock Ingram Homecare employees have mentioned that being a fairly new addition to the Adcock Ingram portfolio, i.e. the ex-Robertsons
Homecare, there is endless frustration which ultimately is as a result of the lack of information available to the new employees (unpublished source). Furthermore, it is difficult to understand and learn systems, procedures and processes and know what has happened in the past when the knowledge and information is either not available or not captured in a knowledge management system. If such knowledge was available others, could utilise it in the organisation to advance innovation - instead of spending months working on an idea that might have already been researched elsewhere in the organisation and reinventing the wheel. Cross categorisation i.e. making use of existing products and technology to use in a different areas e.g. the development of the Black Cat Peanut Butter bars promotes innovation. It was of the opinion that ‘it is important for the whole of Tiger to have a knowledge management strategy - we are duplicating too much in a very inefficient way – we aren’t even using the information we have’ (unpublished source).

On the consumer advice side of the business, customer and consumer service policies, stock levels, the introduction of new products or the change of packaging, the delisting and discontinuation of products and the brand and product portfolios in other Adcock Ingram divisions are some of the key knowledge that should be incorporated in to the knowledge management system. At present the lack of an easy access to such information is making it extremely difficult to support consumer queries. This is of great concern as consumer satisfaction is the heart of Adcock Ingram Homecare’s business.

Knowledge management is that information retained within the group as a whole, which might benefit other members of that group should it be accessible. Within such a large organisation there must be a tremendous amount of knowledge however each department or individual is retaining that knowledge whereas if a system was in place where knowledge could be stored and accessed then other’s would be able to use such information within their department or function. Of course the obvious problem is where employees are sitting with extensive knowledge and leave the company, taking that knowledge with them or alternatively hoarding that knowledge. Scarbrough (Internet 8) has identified the following four key behaviours that drive knowledge collaboration.

- Web: knowledge connects people with others
- Ladder: knowledge is shared in pursuit of status
- Torch: knowledge is shared by following a leader in the organisation
• Fortress: knowledge is a source of protection against external threats

2.9. SCENARIO PLANNING FOR ADCOCK INGRAM HOMECARE

With the theory on knowledge management reviewed and the need for a knowledge management strategy established from interviews with the organisation’s personnel, it is without a doubt the route that Adcock Ingram Homecare must journey in order to sustain top-line profitability in the fast moving consumer goods industry. This industry is a volatile and rapidly changing industry that is market and consumer focused. In order to stay ahead of the pack, Adcock Ingram Homecare would need to focus their resources on innovation. Being in a Tiger Brands business environment, surrounded by a wealth of knowledge that would materialise into top-line profitability, it is imperative that a knowledge strategy be well executed to provide their employees with access to this intangible asset.

Establishing and maintaining a relevant business-driven knowledge management strategy is achieved by meeting the business goals to achieve aggressive strategic objectives and by conducting a strategic scenario planning to see how knowledge management will transform the business. This detailed evaluation forms the basis of the discussion, which follows.

The strategic goal for the business is to achieve profitable top-line growth through a category based branded cross-functional matrix teams that would achieve local dominance and selective globalisation. Cost-asset management, revenue/turnover growth and margins drive shareholder value. Brand development and new product innovation plays a strategic role.

Figure 2.3 illustrates in a simplified diagram that in order to achieve top-line profitability, market growth, market share leadership and innovation is required. This will in turn grow the margins and growth resulting in profitability. To drive this strategy and innovation, the best people, right system and appropriate equipment are required.
According to Arthur D. Little’s life cycle - portfolio matrix (Figure 2.4), Adcock Ingram Homecare is in a strong competitive position, in a mature industry. Its options are to attain cost leadership (through innovation and cost efficiency programmes); renew and focus (on the business sector); differentiate (through innovation, excellent quality and service at reasonable prices) and grow with industry (with a variety of offerings to satisfying consumers unmet needs and introduce new innovations).
The Boston Consulting Group (BCG) model (Figure 2.5) was used to assess the strength of Adcock Ingram Homecare’s competitive position. This model assessed the company’s relative market share against market growth rate. This analysis revealed that the company is slipping in certain categories and requires improvement and innovation in order to remain competitive in a rapidly changing fast moving consumer goods industry that is consumer and brand driven.

**Figure 2.5: The Boston Consulting Group (BCG) model**

In parallel with the product-life cycle portfolio analysis, a broad differentiation strategy would be appropriate and best suited when combined with a best-cost provider strategy, with emphasis on value for money. From Bowman’s clock (Figure 2.6), with a ‘broad differentiation’ strategy, the perceived added value will be high. Adcock Ingram Homecare is currently implementing such strategies and is on the right road. However, their differentiation and cost strategy can only serve their aggressive growth strategy through innovation.
Figure 2.6: Bowman’s Clock for Competitive Strategy Options

It is a well-known fact that in this era of rapid change, and increasing opportunities, and as unveiled by the evaluation of Adcock Ingram Homecare’s external and internal environment, we need to grow in order to survive. And in order to grow, we need to innovate. As a result the company is supporting an aggressive growth strategy that places enormous focus on innovation on all levels (including cost effectiveness, supply chain and manufacturing efficiencies, marketing and product innovation). A value analysis (Figure 2.7) of the current the Adcock Ingram Homecare business reflects this need for Adcock Ingram Homecare to create a demand process through innovation. Furthermore, to create space for growth within the Adcock Ingram Homecare business it is imperative that the business strategy assesses where the business wants to go (Figure 2.8). Once such an assessment is carried out, action plans on how to get there can be put into place.
Figure 2.7: Value Analysis of Adcock Ingram Homecare’s Business

Adcock Ingram Homecare Business

- Current Portfolio
- Create Demand Process

VALUE ANALYSIS = COST EFFECTIVENESS + MAINTENANCE + INNOVATION

RESULT → MARGIN PROFITABILITY

DEFEND → GROWTH

Figure 2.8: Adcock Ingram Homecare’s Future Business Strategy

Where do we want to be?

- Pest Protection: Defend and grow leadership in this category, through innovation, hence increasing sales turnover.
- Home Enhancement: Rationalise and innovate the product range, hence increasing market share.
- Surface Cleaners: Rationalise and innovate the product range, hence improving margins.

The aim of their aggressive growth strategy is to maintain growth rate and market share of the cash cows, rationalise the dogs, implement cost effectiveness programmes for the question marks (to improve margins), and invest and innovate the stars as depicted in the sales versus profit diagram below (Figure 2.9).
Knowledge-based strategies as a competitive advantage – A case study of Adcock Ingram Homecare

Figure 2.9: Sales versus Profit of Adcock Ingram Homecare’s Growth Strategy

Adcock Ingram Homecare’s star brands: Doom, Airoma and Jeyes have a strong competitive position in a rapidly growing FMCG industry and are major contributors to the corporate revenues and profit growth. Their cash cow brand Fastkill generates surplus revenue that is used to support the star brands and also move the question mark brands (ICU) into the star category. Some of the weaker dogs (e.g. sub brands within the category) are being harvested and divested to create the presence for new innovative products that have valuable future growth potential.

An analysis of Adcock Ingram-Homecare’s strategic options reflects that the company aims to follow a concentrated growth grand strategy. They have a strong competitive position in the market and want to achieve and sustain rapid market growth. As a result much emphasis has been placed on market development, product development and innovation – as highlighted by the business strategy objectives and illustrated in the diagrams below (Figures 2.10 and 2.11).
Figure 2.10: Grand Strategy Selection Matrix

Overcome weakness

- Turnaround or retrenchment
- Divestiture
- Liquidation

Maximise strength

- Vertical integration
- Conglomerate diversification

Internal (redirected resources within the firm)

- Concentrated growth
- Market development
- Product development
- Innovation

External (acquisition or merger for resource capability)

- Horizontal integration
- Concentric diversification
- Joint venture

Source: Unpublished Papers (lecture notes - Figure 8.4 Chapter 7)
Thus, in order to meet the targets of this aggressive growth strategy great pressure is being placed on the Adcock Ingram Homecare’s newly appointed staff. This resulted from the recent acquisition of the Robertson’s Homecare business by Adcock Ingram through Tiger Brands. A new business entity accompanied by new staff unveils a thirst for knowledge within this new environment for business targets to be met.

As a result a knowledge strategy is required and should be built into the Adcock Ingram Homecare business strategy. This strategy if well executed, can spawn creativity, innovation and improved performance within Adcock Ingram Homecare and other businesses under the Tiger Brands umbrella. It will produce the rewards of sustainable growth through competitive advantage and top-line profitability for Adcock Ingram Homecare and grow market share. This will be promoted by serving the needs of consumers (through product innovation) who would deepen and sustain brand loyalty and awareness and grow brand market share. The product development department is the centre of excellence and core competence of the
especially if the turnover of innovative products into the market is high. Such strategies would create areas of improvement and opportunities that would give the department the leverage to create a competitive position for the company in the intensely competitive and rapidly changing fast moving consumer goods industry.

Before crafting the knowledge strategy model, it is essential to have a good understand of innovation especially for the fast moving consumer goods industry. Furthermore, the characteristics of innovation are critical in shaping the knowledge strategy for Adcock Ingram Homecare.

2.10. INNOVATION

Innovation is important to grow the brand. It is a company perspective that they need to consistently seek new and better ways to exceed the needs of their consumers and/or customers. This does not mean that they need to increase the number of brands but instead to innovate within the core essence of the company’s ‘motherbrand’. Furthermore, innovation must appeal to the needs of the target market. Hence the “driver of innovation is not just insight but foresight” (FitzGerald, 2002)

In this competitive environment, innovation will continue to feature highly in every effort to satisfy consumer requirements. As a repositioning for growth, innovation and gaining in-depth consumer understanding, is seen as a “view to creating a more market responsive organisation” (Internet 14). Furthermore, “innovation is starting to get lots of attention not only because of its crucial role in establishing a competitive edge but because financial markets value innovative companies” (Internet 15). As such innovation is being viewed as the lifeblood of the company.

Product development and innovation has the potential to move a company into markets and towards customers whose needs are unmet. They are key drivers that “strategically” allow the company to achieve economic and business growth. The strategic intent of new product development and innovation in an organisation includes better and more efficient utilisation of excess production capacity, to counter competitive entry, to exploit new technology, to maintain stance as a product innovator and most importantly, to protect overall market share.
The life-blood of innovation is ideas. Companies capture ideas from formal to less informal systems. Managing risk throughout the project is the key to success. Companies that take steps to understand the nature of the risk involved, actively manage it through their development and knowledge strategies and keep it within acceptable limits are successful ones.

For fast moving consumer goods industries continuous innovation is a preferred strategy. It is imperative that for a company to be successful, they must have an in-depth understanding of the dynamics of the markets in which they operate and a real perception of the needs of their customers – even those, which have not yet been articulated. Furthermore, the development team must have the knowledge or access to knowledge and expertise to innovate products that meet the markets requirements.

Figure 2.12 summarises innovation and how it should be approach by people. Innovation is a combination of inspiration, creation and connection. It is the stretching culture of the people in the organisation that fosters the inspiration to innovate with passion and commitment. A focussed team creates the innovative products and then connects it to the customer needs and market vision. This opens the door to the company's competitive advantage.

Figure 2.12: The Compliments of Innovation

There are three areas of activity which have to be present for an organisation to be truly innovative.

Only if they have the ability to inspire their people, create innovative products and connect with their markets can companies enjoy the benefits of living innovation.

Source: Internet 16
"An organisation's leadership, management, mission and values, together with the way people are both challenged to perform and supported while they do so, will inspire those people to pursue innovation with passion, energy and commitment" (Internet 16). The organisation's culture is critical in fostering innovation.

Stretching to achieve is all about performance. Innovative cultures are supportive but demand and expect high performance. Such a culture encourages their people to go the extra mile, allows them to take risks, to persevere and to overcome obstacles when giving up would have been easier. Such a culture should be characterised by openness, which includes opening up opportunities for individuality. The management structure should be flat and should encourage face-to-face communication. This makes people feel they are trusted and supported and, as a result, there is a freedom to challenge, act and comment.

The business strategy and knowledge strategy proposed thus far in the document is in line with each other. Furthermore they are also in line with the strategic intent for the 2004 vision.

2.11. CRAFTING A KNOWLEDGE STRATEGY

Knowledge management will be defined in this paper as "playing the strategic role of putting in place the capabilities (organisational, behavioural, technological and informational) to unlock the organisational asset that is key to strategy realisation – the knowledge and ideas of people in the organisation and their ability and willingness to build on both internal and external knowledge for the good of the organisation" (Internet 2). It is also about connecting people with all types of knowledge (internal, external, tacit and explicit). This will encourage knowledge sharing and accelerate learning by linking knowledge experts, colleagues with similar experiences and people who are good at problem solving etc.

The knowledge strategy was crafted to guide the development of the organisation's knowledge management capabilities. In crafting a successful knowledge management business strategy, high priority was placed on crafting and executing the strategic moves that enhance the company's competitive position for the long-term - innovation. The knowledge management strategy and system proposed must be prompt in adapting to changing market conditions and unmet employee needs. It invests in creating a sustainable competitive
advantage and more importantly, it is that strategy must not only work in the most optimistic circumstances but more importantly must be leveraged at times of pessimism.

A knowledge management strategy prepares the organisation for attack for reactions and commitment of rival companies. It would allow the organisation to attack the competitive weakness of rivals, rather than attacking their competitive strength. This will be obtained by having a more innovative organisation that has the capability to increase the speed to market of their new products as well as to produce cost effective products without diminishing the quality of the product. Knowledge management will strive to open up meaningful gaps in quality, innovation and performance between Adcock Ingram Homecare and their rivals.

Various types of knowledge strategies have been designed, each with its specific focus (Internet 12).

- **Knowledge strategy as business strategy focus** emphasises knowledge creation, capture, organisation, renewal, sharing and use of knowledge in all of the organisation’s plans, operations, detailed activities for the purpose of having the best possible knowledge available and used at every point of action,

- **Intellectual asset management strategy focus** emphasises the management of specific intellectual assets such as patents, technologies, operational and management, customer relations, organisational arrangements and other structural knowledge assets,

- **Personal knowledge asset responsibility strategy focus** which emphasises personal responsibility for knowledge related investments and innovation as well as the ability to be accountable for the availability and application of the most competitive knowledge to the organisation’s work

- **Knowledge creation strategy focus** which emphasises organisational learning, research and development, motivation of employees to innovate, capitalising on lessons learnt to obtain new and better knowledge for improved competitiveness, and

- **Knowledge transfer strategy focus**, which emphasises the systematic approaches to transfer knowledge to the ‘knowledge access centre’.

The knowledge strategy that has been proposed for Adcock Ingram is “Knowledge Strategy as Business Strategy Focus”. This approach has strategic thrusts, highlights the value discipline that the organisation pursues, the challenges it faces, and the opportunities it wishes to act on.
In crafting the knowledge management strategy, it needs to be aligned and built on the corporate strategy to ensure that it is used to help the organisation release the strategic intent. Once in place, its capabilities will uncover and unfold new opportunities within the organisation which when acted upon will place the organisation in a more competitive position in the industry. In essence, the adoption of the above knowledge strategy is in alignment with the company’s business strategy. In addition, the other four strategies above will indirectly be covered as action points within the proposed strategy.

It is the responsibility of all within the organisation especially the knowledge gatekeepers to be aware of the challenges that the industry is facing and responds accordingly to such knowledge issues that may impact the business and organisation. They need to be knowledge-centric drivers. Knowledge is about all of us.

2.12. ADCOCK INGRAM’S KNOWLEDGE STRATEGY MODEL

A model as defined in Cooper and Schindler (2001:52) is “a representation of a system that is constructed to study some aspect of that system or the system as a whole.” He adds “a model is the result of taking the structure or function of one object or process and using that as a model for the second. When the substance, either physical or conceptual, of the second object or process has been projected onto the first, a model has been constructed.” The model developed and proposed below, is an explicative model i.e. a model, which extends the application of well-developed theories or improve our understanding of their key concepts (Cooper and Schindler, 2001).

“A knowledge management strategy is a specific plan of action, laying out the activities necessary to embed knowledge management into the organisation within a specified period of time” (Internet 2). The strategy proposed, creates a picture of Adcock Ingram Homecare’s knowledge management capabilities and proposes how it could be integrated as a whole under one cohesive umbrella. It directs investments to the organisation’s resource capabilities and highlights the skills, cultural changes, content management, technologies and toolkit necessary for its support.

The knowledge management strategy must incorporate “an easy way of capturing the knowledge. The method should be practical and easily accessible. Everything relating to the
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job function i.e. general questions that have been answered before, policy decision, findings should be included as knowledge.’’ Learnings on product and packaging development, its successes and failures and what has be done to the overcome the failures should be incorporated in the knowledge management strategy. A top to bottom approach that tries to involve as many disciplines as possible in a network that takes real notice of what is happening in the trade, overseas in similar markets, on the IT front, in our supply chain etc. must be captured in the knowledge management strategy. In fact as much "intelligence" as possible on all business affecting factors. Although each department may have their specific areas of focus, there are common areas across the greater business, hence the need for the knowledge management strategy to have a central knowledge management function.

The knowledge strategy must be easy for decision-makers to understand what implementation steps must be taken and how much it will cost them. Seeley and Dietrich (2003) have highlighted six components of the knowledge management jigsaw puzzle (Figure 2.13.) as being important when building a knowledge management strategy. These six components will be analysed as a basis for the knowledge strategy.

Figure 2.13: The Knowledge Management Puzzle
2.12.1. GOVERNANCE

Knowledge management is a new and rapidly evolving discipline, which requires governance by a key gatekeeper such as a Chief Knowledge Officer (CKO) to lead the process. The CKO should ensure co-ordination of the knowledge management activities within the entire organisation once the strategy is rolled out to that extent. Hamish McBain, the sponsor of the Tiger Brands Knowledge Portal project will also be the CKO for Adcock Ingram Homecare. However, it must be noted that each department will be the custodians of their departmental knowledge portal.

A multi-disciplinary steering community consisting of members from all facets of the business (information technology, human resources, development, marketing, procurement, production, etc.) should be formed where ideas, initiatives and lessons learnt are shared from across the corporation to help shape the portfolio of the knowledge management initiatives for the Homecare division.

There will be minimal capital expenditure and investment into the knowledge management system however should capital expenditure be required for short term-strategies, it should come from the departments allocated training and development budget. This will be a stepping-stone to getting senior executive’s buy-in as they will not be forced to allocate additional capital for the implementation of the system. Furthermore, it will ensure that the department and organisation makes use of their existing resources and not invest in extravagant systems that are really not suitable. When the strategy is rolled out to the entirety of Adcock Ingram, then the cost would need to be revisited in the light of integration with the Tiger Brands Knowledge Portal.

The knowledge management activities should be governed by the business units rather than at the corporate level. It is the employees at the organisational level that are at the heart of the situation and they should be the champions. This requires a more flat organisational structure and business culture with co-ordination at the corporate level when big decisions need to be made and executed.

The governance model fulfils the objective of ensuring that existing organisational resources are utilised with an established mechanism for the knowledge management activities. This is
consistent with the strategic direction and intent of the organisation i.e. focussing on resource building to ensure that investment is made on innovation and new product development of the company’s well-established branded goods (Seeley and Dietrich, 2003).

2.12.2. CULTURE AND BEHAVIOUR

The primary concern when crafting a knowledge strategy is to reach out and tap into what organisational members know and motivate them to share their knowledge, thus focusing on culture and behaviour. The willingness of employees to share their knowledge and contribute to knowledge management activities and also leverage explicit knowledge from within and outside the organisation are critical success factors. Knowledge management activities are usually accompanied by change management initiatives (creating an environment that would allow knowledge sharing to flourish) within the organisation, which has been shown to give the organisation high returns on their investment (Seeley and Dietrich, 2003). It usually involves breaking the cultural barriers in the organisation to improve and promote knowledge sharing. The following model adapted from (Seeley and Dietrich, 2003) can be used to understand how knowledge worker behaviour can be influenced.

Figure 2.14: Influencing knowledge worker behaviour (adapted from Seeley and Dietrich, 2003)
Organisations want to shorten the search timing for knowledge through knowledge management. Furthermore, they want to add to tacit knowledge, which is elusively held in the minds of experienced workers. However, the greater challenge lies in devising an incentive that would motivate workers to share their knowledge with others. Incentives work well in a cultural environment that has knowledge sharing supported by strong leadership. An establishment of a learning centre such as the Tiger School of Magic and the Tiger Manufacturing Academy (Internet 6) motivates and energises employees to participate in the knowledge-sharing programme and sometimes without even the expectation of being rewarded.

Despite the “growing enthusiasm of knowledge management, some people are still sceptical about its concept and benefits” (Newcombe, 1999). Literature reviews have highlighted the need to change the mindsets of managers in order for the knowledge trend to catch on in the corporate world. The change in the mindsets of such leaders has shown remarkable performance in their organisations. Most managers believe that they are already practising the knowledge management methodology and are reluctant to invest in something they believe they are already doing. Thus, in order to get the buy in of such managers, the strategy proposed must make use of what’s available for implementation.

Senior management's role in the knowledge management strategy should be to be able to understand the significance of knowledge management and support its initiatives. They should initiate the knowledge sharing (i.e. make it part of the business processes and part of their objectives, key performance areas and key performance indicators) and encourage it. Furthermore, senior management should co-ordinate the efforts of the single business units and in turn extend the knowledge gains across the entire group. Senior Management should be the driving force behind such a strategy – without their support such a strategy would not be taken seriously. Senior Management has the most to gain from such a strategy as the information is ultimately used to improve each individual's performance.

The question of would a knowledge management strategy be supported by the culture that exists within the Adcock Ingram Homecare business unit was asked? It was of the opinion that the strategy would be supported by the culture to a limited extent. The organisation as a whole might be would supportive of the strategy, but some departments might not.
Furthermore, if the right senior managers are convinced and could see real benefits for themselves and the company, especially if the process was well researched and motivated and if financial gains could be quantified, then they would support the strategy. Hence, the knowledge management strategy must ensure the buy in of senior management support. In my short time with the group, I would have to say that I don’t believe such a strategy would ever be implemented. The group is too big, the ideas to old, the systems exclusive. On the employee side, it would be something completely foreign to them as “they have never been encouraged to share knowledge or ideas” (unpublished source).

It was of the opinion that the type of leadership qualities that exists within Adcock Ingram Homecare’s senior management is fairly autocratic and superior but change is being pursued. Opinions, ideas or feedback are very rarely welcomed. Another viewpoint is that some have excellent qualities – encouraging, motivating, helpful, whereas others have poor qualities – intimidating, victimizing and bullish. Furthermore, senior management doesn’t really seem to understand the value and power of knowledge and how it is processed and internalised within the business.

It has been stated by Chris Argyris “the art of management is managing knowledge...Leadership means creating the conditions that enable people to produce valid knowledge and to do so in ways that encourage personal responsibility” (Internet 11).

It is important to remember that knowledge management is about culture and behaviour. Organisations need to turn focus to become knowledge leaders and decentralise the business unit. This approach to leaderships has been considered to be “far more organic and conducive to nurturing knowledge within the organisation” (Newcombe, 1999).

As highlighted at the WOW Conference (a multidisciplinary brainstorming workshop) held on 21-23 August 2003, the new compliment of staff to Adcock Ingram – Homecare is the “change masters” to the organisation. It is the responsibility of this team to ensure buy-in of senior management to the knowledge innovation strategy that they believe will hold the organisation in good stead to sustainable leaders in the Homecare FMCG industry.
2.12.3. CONTENT MANAGEMENT

Content lies at the heart of knowledge management and is often the one aspect that is overlooked. The organisation needs to acquire and create new knowledge quickly to be competitive in a rapidly changing and innovative industry. This is done by capturing the wealth of knowledge creation that lies in the talented minds of their employees through their ideas, judgement, experiences and efforts in fulfilling their jobs. The greatest benefit of investing in knowledge management is leveraging what the organisation collectively knows. This will become evident when the longer-term strategy is proposed. A centralised knowledge portal that controls content management is essential.

The custodian of each department will internally manage the knowledge content and externally the entire system will be managed by the CKO. The technology and software used will be user friendly and enable knowledge search, retrieval, distribution and application to help employees do their jobs better. It will also facilitate the distribution of the right content to the right people at the right time. The retrieval system is such that it allows one to gain insight on the required content the knowledge worker seeks. A knowledge mapping exercise creates a virtual roadmap that enables quick and efficient information search and expertise to make informed decisions and for problem solving. Communities of practices often trigger this.

The content manager’s primary objective is to source the type of information that knowledge workers will find valuable and relevant, to communicate this information to them in the most user friendly and efficient way, to be able to comprehend employee’s needs and respond with useful content and to be a strategic listener to employ new techniques that will fulfil the corporate strategic goals and objectives. S/he should proactively identify and evaluate new sources of tacit and explicit knowledge, update information on a continuous basis, assess user trends related to content, remove obsolete content, retrieve external information, organise and classify information into a user friendly format for knowledge workers to quickly retrieve information and keep up to date with knowledge technological advances. “The knowledge management strategy should formalise a content management process to keep content fresh, dynamic and alive” (Seeley and Dietrich, 2003).
2.12.4. TECHNOLOGY

The development of a powerful and relatively inexpensive information technology system would meet the knowledge management capabilities. The knowledge management architecture has identified Adcock Ingram Homecare’s current informational technology infrastructure and systems suffice to implement the short-term strategies.

The long-term strategy makes use of already pilot tested systems, so the cost factor is reduced tremendously. However, it is imperative that one keeps abreast of development trends in technology that support knowledge management and has the functional capabilities to meet the business needs. Furthermore, these systems must be easily integrated into the available infrastructure, thus minimising costs once again.

The following technologies have been adapted from Seeley and Dietrich. They are inexpensive and the infrastructure to have some of them incorporated into the Adcock Ingram Homecare system is already in place and is part of the knowledge management architecture:

- search and retrieval engines
- Internets and web browsers
- a user friendly Intranet
- internal and external content repositories
- electronic news and content feedback
- automated content classification, mining and mapping tools
- GroupWare and collaborative environments
- web crawlers
- agent (push) technologies
- select a technology partner that you could pilot test a system for them free of charge and capitalise on new technology innovation (as has been done with the Tiger Brands business).

Several authors have stressed that it is strongly recommended that an organisation’s knowledge management architecture should first and foremost be built upon Intranet and or Internet technologies. The knowledge management strategy architecture should then incorporate a collaborative environment where communities of employees (teams or individuals) as can link up in virtual space and share knowledge in a discussion forum.
Followed by a knowledge portal, which is "a common and unifying point through which knowledge workers can contribute, search for and retrieve knowledge assets from a wide array of source systems" (Seeley and Dietrich, 2003). The cherry on the top in then content management, which is a toolkit, designed to support the management, control and coordination of various types of content knowledge.

The Lotus Notes software has been transformed from being used for groupware and personal information management to “knowledge ware” (Wilson, 2002). It ‘replaces’ the word processor by effectively managing the organisation, sharing and dissemination of knowledge and information more effectively and via interaction (Wilson, 2002). "Learning processes determine how individuals and organisations create, acquire, interpret, transfer and retain knowledge" which also includes experimentation, benchmarking and learning from past successes and failures (Wilson, 2002).

Understanding the flow of knowledge within the organisation and understanding how new knowledge is created and leveraged is an important component of community spotting. Identifying and cultivating these communities especially those that have occurred naturally is a starting point. "Communities are networks of people who gather, formally or informally, virtually or in person, to discuss issues of mutual interest and importance, and to learn from each other" (Seeley and Dietrich, 2003). Community building encouraged by a knowledge café on the web bringing together colleagues involved in knowledge transfer from various R&D departments to set the stage of forming a community of practice that would encourage further innovation and product development through experience and knowledge sharing and to begin improving some of the developmental processes to be more efficient in transferring product knowledge from one project to the next.

Keep on par with new technologies that are being developed and launched international and this might provide product development and innovation with exclusivity in the technology etc. Linking with other R&D teams would make employees realise how much they have in common and then put in place mechanisms that would help them achieve the organisational objectives more effectively and efficiently. The knowledge portal must be aligned to obtain and transfer information to other Adcock Ingram business units e.g. R&D, production, marketing, international marketing, sales and distribution, etc. The system must be able to
capture assets management e.g. intellectual property and allow for personal knowledge asset responsibility.

2.12.5. APPLICATION
Although it is good to think big, it is safer to start small with minimum risk and show the success of the knowledge management strategy. The knowledge management strategy must concentrate on an area of strategic importance to the organisation. The aim is to execute the strategy in a key sector of the business, get the buy-in and support of the senior executives and then rollout a similar yet suitable strategy for the entire organisation. A pilot execution in the area of greatest need and sense of urgency coupled with a well-crafted measurement process will demonstrate the tangible impact of the knowledge management initiative to senior management and the employees. The RD & I – Homecare department has been identified as a target point. This department is strategically important and has a visible business impact i.e. it is directly linked to attaining the business objectives and sustaining the future success of the business. As such, the knowledge management strategy supports that company’s overall mission as well. This was highlighted by the business strategy discussed earlier where the greatest focus and emphasis has been placed on innovation and product development for the company to achieve rapid growth and sustain profitability. This department has shown the need for the greatest community acceptance and eagerness, as they are new to the organisation. In Adcock Ingram, with the new acquisition, the culture and tolerance of risk and uncertainty that lies in the organisation is high.

Since the development of a stream of innovative products is strategically important to Adcock Ingram Homecare, then product development and innovation are the "fruitful areas" to consider (Seeley and Dietrich, 2003). Since these business functions are important in achieving the organisation’s objectives, they become areas that are important to the knowledge management strategy (Seeley and Dietrich, 2003).

2.12.6. MEASUREMENT
Once the knowledge management strategy has been planned, one must determine how the value of the investment will be measured. The measurement of knowledge management must ultimately be linked to the performance of the business (Seeley and Dietrich). Since the knowledge management strategy is linked to the business objectives, it makes it easy to
measure the knowledge management strategy against the achievement of the business objectives. It should also be integrated into the organisational daily tasks and be measured against the organisations performance measurement system to assess its impact. The performance measurement system could be based on defining the objective and purpose of why you are measuring the strategy in the first place (Is it to gain acceptance from potential users? Is it to “sell the value” of the knowledge management strategy to other departments and to prove to senior managers the success of the strategy?); define the metrics by which the strategy could be measured (overall user satisfaction, ease-of-use, increased productivity and innovation, increased margins, market share etc.). The application benefits, the intermediate business benefits and the final outcomes must be measured.

2.12.7. COMMUNICATION

Studies have shown that communication is missing from knowledge management’s core strategies (Internet 17). It is essential for communication to form a core part of the knowledge management strategy – without effective communication even the best plan fails. Knowledge management creates an extensive communication network; hence it is imperative that a communication strategy be part of the information technology strategy for knowledge management, which in turn is in alignment with the organisation’s business strategy. Communication is the business tool that will provide continuity, interaction and networking in a successful KM program. Mary Schaefer, director of communication at MIT Sloan School of Management stresses the importance of “educating knowledge managers about the need for using communication fundamentals to do effective knowledge management” (Internet 17).

The task of motivating people to share their knowledge performance must improve. This can only be achieved by breaking the communication barriers that allow for the free flow of ‘knowledge’ (Wilson, 2002). Jerry Ash (Internet 17) has highlighted that knowledge management within an organisation includes communication as a primary element in the campaign to change organisational culture. Knowledge management is a cross-functional process, bringing professional business communicators to the table as strategic partners. In this way, one learns not only from each other, but learns together in the new context of knowledge management communication. This communication process must be expanded from the leadership team throughout the developing knowledge management network. Once
it has been determined what to measure when evaluating the knowledge management strategy and how to measure it, the project team must determine how to communicate it to all within the organisation.

Other views gathered from literature reviews, emphasis leadership and technology as critical factors for knowledge management (Newcombe, 1999). This document takes the view that open communication is the most critical factor. Open communication motivates employees to share their wealth of knowledge and experiences, which increases their output and performances.

Although much emphasis has been placed on technology literature reviews show that the most successful method for “turning knowledge into action are the results of informal employee networks and other workplaces practices” (Internet 3). It is true that in the long term the culture, behavioural patterns and support systems are key factors (Internet 3).

2.13. THREE - STAGE STRATEGY HORIZON
A portfolio of strategic initiatives has been crafted covering a three-stage strategy horizon for sustaining rapid and aggressive growth for Adcock Ingram Homecare (adapted from Thompson and Strickland, 2003).
Horizon 1: Strategic initiatives to fortify and extend the organisation’s position in existing business e.g. adding new items to the company’s present product line, expanding into new geographic areas etc. providing immediate gains in revenues and profit. This can be achieved by creating a knowledge sharing system that links all the employees of all the Adcock Ingram businesses to the organisation’s Intranet and a yellow pages index etc.

Horizon 2: Strategic initiatives to leverage existing resources and capabilities by entering new businesses with promising growth potential. Moderate revenue and profit gain but it lays the foundation for the next 2-5 years. Cross-categorization development and innovation, linking knowledge management systems of the different businesses with the Tiger Group spurring product development and launches leveraging the Group’s resources to the maximum. – medium term investment that involves all segments of the business. This would involve the migrating of the Adcock Ingram Homecare’s knowledge portal with that of the Tiger Brands Sharepoint portal server.

Horizon 3: Strategic initiatives to sow the seeds for blue sky ventures by creating businesses of the future and encouraging a spirit of entrepreneurship. Minimal revenue gains but significant contributions to revenue and profit in 5-10 years. This can be achieved by opening up the knowledge management data base of the organisation (within the confidentiality and
competitive advantage boundaries) to key suppliers and customers opening their mind to blue sky development and brainstorming with experts to create novel innovations e.g. a unique Airoma spa.

In migrating from one strategy to the next, the organisation must ensure that the strategy in the different horizon is still aligned to the business strategy and that they do not stray away from their core competencies. The organisation must strive to always have competitive advantage at all horizons. The timing of the strategic moves is crucial. Gaining the first mover-advantage builds an image and reputation that the company is a pioneer in the industry, which is unique and hard to copy. Furthermore, the company can produce an absolute cost advantage, gaining strong loyalty of first-time customers. In order to remain ahead of the pack, innovation must take place at a rapid pace and be in line with the advancing technology preventing competitors to leap frog.

2.14. KNOWLEDGE MANAGEMENT IMPLEMENTATION

The value of crafting a knowledge management strategy is seen when that strategy comes alive through its implementation and the organisation starts to realize its business benefits (Seeley and Dietrich, 2003). In the context of knowledge management implementation, knowledge management can be defined as “...the concept under which information is turned into actionable knowledge and made available effortlessly in a usable form to the people who can apply it” (Internet 11) Furthermore, knowledge management is “facilitated by technology and technology by itself is not knowledge management” (Internet 5).

The organisation can achieve phenomenal results with knowledge management, but “these positive outcomes must be paid for through significant investments of time, energy and resources” (Seeley and Dietrich, 2003).

Often, when a new strategy or restructuring of an existing strategy is spoken of, and involves information technology, it is assumed that a really high technology elaborate system is required. This is not always the case. It is true that knowledge changes with time and viewpoint and more so is informal and more tacit knowledge requiring a system that can cope with the diversity of its ‘behaviour’. Furthermore, such knowledge tends to waft through the
organisation and gather in unexpected places making it difficult to manage. Surprising but true, the unmanageability of knowledge is actually to its advantage.

Ian Davies in an article on knowledge management creates an analogy to Jujitsu, “an ancient martial art of self-defence which uses the attackers’ own weight and strength against them” (Internet 10) in saying that the knowledge management system to be implemented should not be over-engineered and over-designed. Often it is the traditional software systems that are capable of analysing, specifying, designing and implementing such systems that are more efficient and effective.

It is important to note that the system to be implement must blend in with existing technology in the organisation that the employees are familiar with or will not involve changing their work habits in any way. This will ensure an implementation with little risk and effort, and minimal capital investment. It must be a system that is adding value and benefit to the employees work and not one that creates a technology barrier for them. Davies spells it out clearly that “Knowledge management should be the lubricant that makes things work better, not the abrasive that causes friction” (Internet 10). The aim of the knowledge management system should be that of delivering something simple that produces the benefit of the knowledge management immediately. It is for this reason that existing technology was identified earlier as the route to implement knowledge management as least for the short-term.

One of the most important things about information technology is its ability to network and link communities in the organisation allowing the workers in the organisation and within those communities to share knowledge (Newcombe, 1999). Often the best implementation tool is the simplest. The idea is not to tell the organisation to invest in huge capital outflow on systems they don’t really need but rather to be more innovative and maximise or leverage the use of the resources already available to them, thus finding opportunities that would benefit the organisation (Newcombe, 1999).

The key to success is not the information technology but rather what people make of it. In keeping with the rapidly changing world, there has been a shift from a command-driven approach by information technology to a knowledge-based approach of finding, compiling
and distributing information (Newcombe, 1999). Furthermore, integrating technology into the overall knowledge strategy (IT/computer technology/systems) would ensure the delivering of high impact and high value solutions.

Knowledge management is a stepping-stone to building resource strength and organisational capabilities for Adcock Ingram Homecare. When crafting an implementation strategy, look at what resources the organisation already has and capitalizes on it. Examine improvement initiatives that are either under way or planned – these existing initiatives may accelerate or improve the knowledge management strategy execution (Seeley and Dietrich, 2003).

Look for opportunities that are “ripe for improvement” (Seeley and Dietrich, 2003) e.g. business process re-engineering adapted to the new Adcock Ingram Homecare business since the acquisition, the design and implementation of a major business information system (all Tiger businesses to be under one information technology system at some point in time), restructuring of the organisational unit (e.g. one corporate Organisational Effectiveness (OE) department that reports to Tiger Brands and not individual OE departments for each of the Tiger ‘smaller’ businesses), and the construction of a key new RD&I centre ensuring that the hub of innovation excellence for all parts of the Adcock Ingram business is localised (making for a more efficient knowledge sharing system).

The organisation's current information technology infrastructure must be well understood. Furthermore, the organisation must be up to speed with development trends in knowledge management technology. The knowledge system must be adaptable to new technology upgrades. The strategy needs to help decision-makers understand what knowledge management implementation will actually mean and how much it will cost.
2.15. STUMBLING BLOCKS THAT COULD ARISE FROM KNOWLEDGE MANAGEMENT STRATEGY

Some of the stumbling blocks or threats that could arise from the knowledge management strategy would include:

- the rewards and recognition structure
- the cost of funding incentives or rewards including structuring of the incentives for employees
- scepticism from senior management and the employees and the reluctance to accept the strategy
- the inappropriate leadership style and organisational culture could pose a barrier
- pressures to focus on other company issues
- in the efforts to foster a knowledge-sharing environment, manager’s tend to desire an increase in the productivity of knowledge workers and in do so, they break down some of the knowledge sharing barriers that are associated with worker professionalism (Internet 4).

2.16. SUMMARY

The internal organisational environment and the strategic business direction provided great insight into the need for a knowledge strategy to implement a knowledge management system. The analysis reveals that a knowledge strategy within Adcock Ingram Homecare is associated with great strengths and opportunities. In addition, it is also associated with weaknesses and threats. The greatest opportunity is the value proposition of knowledge management as a catalyst for innovation. Innovation fosters business results and creates a competitive advantage for the organisation. Furthermore, knowledge networks to support collective knowledge creation and innovation would allow for excess focus on specialisation and individual performance. The greatest threat is the organisational culture and leadership. Organisations must change in some meaningful way to take advantage of the new capabilities of that knowledge management activities offer. The organisation must embrace and motivate change so that the knowledge management initiatives are aimed at the organisation’s primary business goals (Seeley and Dietrich, 2003). The next step is to evaluate the Adcock Ingram Homecare business, its internal and external environment and where the business is presently.
CHAPTER 3
CASE STUDY OF ADCOCK INGRAM HOMECARE

3.1. INTRODUCTION
Strategy is generally the long-term plan that an organisation follows in an attempt to achieve its objectives. However, the rapidly changing business environment facing many industries requires them to have flexible strategies in order to maintain and enhance their competitive position. Flexible strategies though serve little purpose unless they can be successfully implemented.

In this chapter, the case of Adcock Ingram Homecare was examined in the light of changing times with changing organisational structure. This was achieved by analysing the organisational structure and strategic management process. An industry and competitive analysis was carried out to determine the external environment that Adcock Ingram Homecare trades in, using various analytical tools. Thereafter the company’s internal environment was assessed. Adcock Ingram Homecare’s current business strategy was discussed followed by an assessment of the leadership style and corporate culture. Finally, a brief discussion on the company’s informational technology infrastructure was carried out.

3.2. BACKGROUND OF ADCOCK INGRAM HOMECARE
Adcock Ingram is one of Tiger Brands three wholly owned subsidiary businesses, the other two being Tiger Foods and Spar as depicted in Figure 3.1. Adcock Ingram is a branded healthcare company that operates in emerging markets and provides investors with the opportunity to participate in a balanced spread of African and selected international operations. The shares are listed on the Johannesburg Stock Exchange South Africa and the London Stock Exchange (through Tiger Brands Limited).
The Adcock Ingram’s business portfolio constitutes pharmaceutical products, consumer products and critical care hospital products. The discussion, which follows, will focus on the consumer products business. This part of Adcock Ingram’s business is divided into personal and baby care and homecare products. In December 2002, Tiger Brands Ltd had acquired the Robertsons Homecare (Pty) Ltd business through Adcock Ingram. This acquisition was in line with the Tiger Brands strategic focus on growing their branded consumer product category, and entering new product and market sectors. The Robertsons Homecare business had well established leading brands in the insecticide and aircare markets which when combined with the Adcock Ingram household cleaning market, has significantly grown their homecare profile, placing them in third position in the Homecare market (Internet 6).
Adcock Ingram Homecare, the newly formed business entity of Adcock Ingram, trades in the homecare category of the fast moving consumer goods industry. Its product profile includes insecticide, aircare, toilet care and household cleaning products (Figure 3.2.).

**Figure 3.2:** Adcock Ingram’s Product Portfolio
3.3. THE COMPANY'S TRADING PARAMETERS AND CUSTOMERS

Adcock Ingram trades in both the local and selected international markets. The focus of their business is in the fast moving consumer goods industry. The success of business in this industry is dependent largely on consumer insight and brand loyalty. The discussion, which follows, provides more detail of these trading industries and their parameters.

3.3.1. LOCAL TRADING

Adcock Ingram is one of the leading suppliers of fast moving consumer goods in selected over the counter pharmaceutical products, homecare and personal care product categories. This business is part of a world that begins with consumer insight and ends with a brand in someone’s hand. This involves anticipating and delivering on consumers' needs and in turn innovative novel products that challenge the consumers enquiring minds. Since consumer insight and brand loyalty are critical factors of the fast moving consumer goods industry and for Adcock Ingram, they will be discussed in a little more detail.

3.3.1.1. Fast Moving Consumer Goods Industry

Fast Moving Consumer Goods (FMCG) industries include all consumer non-durable goods that are used daily or frequently and are purchased at least once a month. Such products include detergents, toilet soaps, airfresheners, insecticides, toothpaste, shampoos, creams, powders, food products, confectioneries, beverages and cigarettes. These goods are mass used goods directly consumable, packaged and branded having significant demand in low to middle income groups and most importantly are all highly price sensitive. As a result these goods form a major portion of the consumers budget. For fast moving consumer goods, the consumer prefers to buy these products only as and when required and then too, without doing much of a comparative study with regards to the different products offered. There is only a limited amount of time that a consumer spends on the products before making a choice to purchase - most often than not, it’s at the point of purchase. As such, brand loyalties or recommendations of reliable retailer/dealer(s) primarily influence these purchase decisions. On the other hand, purchase of a new product or brand switch over is often the result of heavy advertisement, or recommendation by retailers or neighbours/friends.

FMCG companies are among the most visible ones across the world. The need to constantly drive innovation is the name of the game. Today's global FMCG companies face various
challenges. In a world of increasing uncertainty, consumers are putting their trust in brands. For a long period of time, brands have fetched their owners, fat margins. But today, brands have suddenly become vulnerable due to the changing dynamics of the industry and the complexity and challenges that this dynamic, rapidly globalised and fiercely competitive business environment brings. Few sectors are closer to change than FMCG. In this industry, results are immediate. Ideas and strategies quickly translate into products on shelves, messages in the media, response from consumers, growth in the business. FMCG companies need to be proactive in exploiting new channels of business, and harnessing the opportunities that e-business has to offer.

3.3.1.2. Consumer Insight and Brand Loyalty

In a world of increasing uncertainty, change is the only constant and consumers are putting their trust in brands. As a result, consumer insight is essential for a brand to succeed in a volatile, diverse and competitive market. New product innovation should thus start with the consumer, end with the consumer and the gap in between should also focus on the consumer i.e. the consumer is the key to successful brands and new product innovation. This ensures that the performance of the product is matched to what the consumer requires.

A brand is one of the most valuable and critical assets of any company and they need to be nurtured and monitored regularly. Brands are "...about discovering and exploiting consumers' needs and turning them into aspiration propositions" say Malcolm Searle, Brand Development Director for Tiger Brands (Internet 19). Thus brands have to understand how they can trigger consumer aspirations and build an image around this aspiration. For a brand to be successful, it must constantly evolve and adapt to these consumer aspirations. In an environment that is offering, as many choices as the fast moving consumer goods industry, testing the level of brand awareness, trust, confidence, satisfaction, and brand loyalty of consumers is crucial. In such an environment it is undoubtedly brand dominance that becomes critical. A brand is an image that brings a product to life – it is a bundle of joy (functional and emotional benefits) to the consumer of a promise of purchase.

FitzGerald (2002) states that through his experiences, it is his view that powerful consumer insights, intense focus on the core essence of the brand and top-quality innovations are critical foundations for successful brands. For a brand to be successful not just now but in the
future it is important for brand managers to understand the evolving needs of the customer and act upon them now to give them that competitive edge in the volatile market they ‘play’ in.

In addition, brands start losing their coherence by the meddling of brand managers where they impose incompatible values on a brand e.g. endless cycles of relaunches, upgrades and brand extensions such that the core essence of the brand starts to loose its identity with the consumers. Companies should streamline and focus their brand portfolios and ensure that they invest in building their strongest brands i.e. those brands with the greatest consumer appeal. Furthermore, by staying with individual consumers, the company can innovate to meet the evolving needs of the consumer i.e. big brands can innovate and grow for their consumers.

Studies have shown that there is a great deal of consumer brand loyalty in the FMCG foods industry (Internet 19). Mari Harris, Director of Markinor points out that “the ultimate measurement of a brands worth is its ability to sustain sales from loyal customers” (Internet 20). This brand loyalty is attained to create brand awareness (in the mind of the consumer) and positive attitudes that would initiate purchase. Furthermore, it creates growth in market share. It is thus imperative to understand the evolving needs of the consumer in creating innovative offerings that will deliberately excite and surprise the consumer and fulfil their unmet product needs. Furthermore, consumers play an active role in determining brand stretching and cross categorisation strategies that the organisation can use as a competitive leverage to create innovative products within a brand without losing the brand’s identity.

3.3.2. INTERNATIONAL TRADING
Adcock Ingram Homecare is an international market player in the Sub-Saharan African region, Indian Ocean Islands and selected international markets. Trading in international markets allows the company to leverage its core competencies and fulfil a market gap on the international front before its competitors. It also allows the company to spread its business risk across a wider market base and not have all its eggs in one basket.

International markets help grow the business by gaining access to new customers through specific/tailor made product offerings that cater to the tastes and preferences of local buyers.
in the different international countries. Furthermore, international market, as with the local market has many regulations and requirements. Inside knowledge about unfamiliar markets and cultures must be gained in order to create products that are cost effective and appealing to this market. In addition, access to valuable skills and competencies are obtained through international trade. This valuable information must be captured for future use. Thus, in order to aspire to industry leadership on the international front, it is imperative to have a knowledge management strategy in place.

3.4. ESTABLISHING COMPANY DIRECTION

Before Adcock Ingram Homecare's current strategy can be evaluated, its business direction must be known. An assessment of the company's mission statement, vision, short-term and long-term strategic intents, financial and strategic objectives, which are the aim of any business strategy, reveals this. Adcock Ingram Homecare's business direction is laid out below.

Figure 3.3: The Five Tasks of the Strategic Management Process

Adcock Ingram Homecare's mission statement is:

To be the world's most admired branded healthcare company in emerging markets
Knowledge-based strategies as a competitive advantage – A case study of Adcock Ingram Homecare

This mission statement stems from Tigers Corporate Vision which is:

- To be the world's most admired branded food and healthcare company in emerging markets
- To build a world-class business with a leading position in Africa
- To build in selected markets in Africa and internationally, products and services that are branded and differentiated
- To consistently exceed the expectations of all stakeholders

Adcock Ingram Homecare's vision and strategic intent for 2004:

Breaking through the chains of convention for profitable top-line growth by progressing beyond manufacturing excellence and becoming a more market-responsive organisation

Adcock Ingram Homecare, through Adcock Ingram has identified seven dynamic factors that are critical in achieving the 2004 vision and in attaining sustainable, profitable top-line growth for their shareholders (Internet 7).

1. Understanding consumer needs
2. Developing centres of excellence across all areas of the business
3. Focus on innovation – changing the status quo
4. Brand and customer development
5. Attract, retain and develop the best people
6. Selective globalisation
7. Improved financial efficiency

Adcock Ingram Homecare’s Corporate Purpose

"Adding Value to Life"
Table 3.1: Adcock Ingram Homecare’s Strategic and Financial Objectives

<table>
<thead>
<tr>
<th>Financial Objectives</th>
<th>Strategic Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in revenue</td>
<td>Bigger market share (star brands have highest or second highest market share)</td>
</tr>
<tr>
<td>Growth in earnings</td>
<td>Quicker design and speed to market of product development/innovation than rivals</td>
</tr>
<tr>
<td>Higher dividends to shareholders</td>
<td>Higher product quality than rivals</td>
</tr>
<tr>
<td>Bigger profit margins (&gt;10%)</td>
<td>Lower or comparable costs relative to key competitors</td>
</tr>
<tr>
<td>Higher returns on invested capital</td>
<td>Broader and more attractive product line to rivals filling in market gaps identified</td>
</tr>
<tr>
<td>Bigger cash flows</td>
<td>Stronger brand-name than rivals – focus on key brands and divest under performing brands</td>
</tr>
<tr>
<td>Rising stock/share price</td>
<td>Superior customer service</td>
</tr>
<tr>
<td>Attractive and sustainable increases in market value added (MVA) and economic value-added (EVA) performance</td>
<td>Stronger local and global distribution and sales capabilities than rivals.</td>
</tr>
<tr>
<td>Recognition as a blue chip company</td>
<td>Recognition as leader in technology and/or product innovation, hence the Robertsons Homecare acquisition</td>
</tr>
<tr>
<td>More diversified revenue base</td>
<td>Wider geographic coverage than rivals</td>
</tr>
<tr>
<td>Stable earnings during periods of recession</td>
<td>Higher levels of customer satisfaction than rivals</td>
</tr>
</tbody>
</table>

The analysis thus far reveals that Adcock Ingram Homecare wants to be more market responsive.

3.5. EXTERNAL ENVIRONMENT - INDUSTRY AND COMPETITIVE ANALYSIS

Segmentation of industry and competitor analysis into economic factors (Table 3.2.), competitive forces, structure and strength (Figure 3.4.) and the business environment (Table 3.3.) allows Adcock Ingram Homecare to strategise within its operating context. This analysis is highlighted below.
Table 3.2: The Fast Moving Consumer Goods (FMCG) Industry's Dominant Economic Features

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market size:</td>
<td>Large (includes global players). Food is an essential commodity eaten by everybody, and most people require home and personal care products.</td>
</tr>
<tr>
<td>Scope of competitive rivalry:</td>
<td>Intense and fierce competition which includes supermarkets, retailers, wholesalers, on a national, regional and global market base and individual consumers, with private label brands, dealer own brands and international brands</td>
</tr>
<tr>
<td>Market growth rate and position in business life cycle:</td>
<td>Still growing in some areas (especially in homecare, baby care and health related products) but generally reaching maturity and declining in some areas e.g. oral care</td>
</tr>
<tr>
<td>Number of rivals and relative sizes:</td>
<td>Many rivals, which include S.C. Johnson, Reckitt-Benckiser, Unilever, Sara Lee amongst others. The industry is fragmented into many small companies. Adcock Ingram Homecare is the third largest margin contributor to Tiger FMCG and competes in three of the top eight homecare sectors. It is leader or second place in some of the categories it trades in.</td>
</tr>
<tr>
<td>No. of buyers/relative sizes:</td>
<td>Large (local and global, many countries)</td>
</tr>
<tr>
<td>Backward/forward integration by rivals:</td>
<td>Very little integration as the trend is to distribute and market products, there is forward integration with respect to manufacturing however the trend is to outsource most of the manufacturing, very little backward integration.</td>
</tr>
<tr>
<td>Types of distribution channels used to access customers:</td>
<td>Diverse</td>
</tr>
<tr>
<td>Pace of technological change:</td>
<td>Rapid in both production processes and innovation/new product introductions</td>
</tr>
<tr>
<td>Service and product differentiation by rivals:</td>
<td>Products are weakly differentiated or nearly identical</td>
</tr>
<tr>
<td>Economies of scale:</td>
<td>In purchasing power, manufacturing, transport, distribution and marketing/advertising are achieved.</td>
</tr>
<tr>
<td>Key industry participants clustered in a particular location:</td>
<td>Most rivals trade in the same location making it a highly competitive market</td>
</tr>
<tr>
<td>High capacity utilization crucial to achieve low-cost efficiency:</td>
<td>Yes – especially for products aimed at the lower income consumers – it decreases the product costs.</td>
</tr>
<tr>
<td>Capital requirements and ease of entry and exit:</td>
<td>High capital requirement for large scale operations, in which case there is low ease of entry and exist. However, for smaller operations, the barriers to entry and exit are low</td>
</tr>
<tr>
<td>Industry profitability above or below par?:</td>
<td>Moderate industry profitability but starting to be affected by the recession</td>
</tr>
</tbody>
</table>
From the above analysis, high competition in the industry and jockeying for position are evident, due to the availability of similar products or substitutes, high levels of rivalry and high buyer power.
Table 3.3: Forces Driving Changes In Competitive Structure And The Business Environment

<table>
<thead>
<tr>
<th>Factors Causing Changes In The Industry's Competitive Structure And Business Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Driving forces: innovation and technology</td>
</tr>
<tr>
<td>2. Globalisation of industry: large, thereby increasing the number of foreign and local competition, truly global brands has become popular and trusted.</td>
</tr>
<tr>
<td>3. Changes in long-term industry growth rate: changes are slow - mature industry, highly dependent on the economic business cycle but some business is geared towards healthcare.</td>
</tr>
<tr>
<td>4. Changes in buyers and uses of products: little change in buyers as products are generally universal, socio-economic factors can drive changes in this industry e.g. income distribution, education, health, spending patterns, inflation, interest rates</td>
</tr>
<tr>
<td>5. Product innovation: Moderate to high level of innovation due to importation of international products into the market and consumer demand for more cost-effective value added products.</td>
</tr>
<tr>
<td>6. Technological change: Moderate to high and linked to product innovation – leads to the identification and exploitation of unfulfilled consumer needs, identify new research initiatives and new patents and products, lots of research especially on insecticides, some homecare products are driven by regulation and environmentally friendly products hence the need for technological changes</td>
</tr>
<tr>
<td>7. Marketing innovation: high innovation to attract the attention of consumers who are easily bored.</td>
</tr>
<tr>
<td>8. Entry/exit of major firms: in tough economic times, companies need to evolve in order to survive or they will be forced to exit the arena. The entry of major global players into new markets is tough but highly possible e.g. entry of S.C. Johnson in South Africa with the international insecticide product Raid which affected Adcock Ingram Homecare as they were dominant players in the market</td>
</tr>
<tr>
<td>9. Diffusion of technical know-how across companies and countries: Moderate and needs much focus</td>
</tr>
<tr>
<td>10. Changes in cost and efficiency: Large changes especially on cost effectiveness programmes, as cost is a major industry driver, streamlining of business operations due to several acquisitions under the Tiger Brands umbrella including the Robertsons Homecare acquisition.</td>
</tr>
<tr>
<td>11. Buyer preferences - differentiated products or more standardized: more differentiated products are filling the shelves but there is a fair amount of standardized commodity products</td>
</tr>
<tr>
<td>12. Government policy and regulations: very high and being tightened. Registration of insecticide, disinfectant and pharmaceutical products for consumer protection – increasing the launch time frame; government ownership of industry and attitude to monopolies and competitors</td>
</tr>
<tr>
<td>13. Society’s concerns, attitudes and lifestyle changes: increasing tendency for urbanisation and globalisation has created the opportunity for a high degree of innovation, environmental friendly products required</td>
</tr>
<tr>
<td>14. Late entrants: big companies buying smaller growth opportunity companies to reduce the business</td>
</tr>
</tbody>
</table>
Thus, there are few significant drivers for change in the fast moving consumer goods industry, apart from innovation.

Strategic group mapping (Figure 3.5.) was used as a tool to determine the strongest and weakest competitive position of Adcock Ingram Homecare and its rivals.

**Figure 3.5: Strategic Group Map to assess Competitive Positions of Rival Firms**

![Strategic Group Map](image)

An analysis of the strategic group map shows that there is a general trend for companies to stretch their resource capabilities from a global to regional market coverage. Furthermore, they are also focussing more on a narrow product range. This is largely due to the importing and dumping of international products into the local market. Such international market players are squeezing the opportunity of value added products for a less sophisticated market. Simultaneous efforts will always be required in increasing the customer base and customer satisfaction. The close proximity of the companies on the strategic group map substantiates the analysis in the Porter’s Five Forces analysis, which indicates that rivalry is intense. There
also seems to be a gradual move to a broader product range as indicate by the desired end point in Figure 3.5.

The key success factors for Adcock Ingram Homecare are tabulated in Table 3.4. below.

Table 3.4: Key Success Factors for Adcock Ingram Homecare

<table>
<thead>
<tr>
<th>Key factors for competitive success</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. TECHNOLOGY-RELATED</strong></td>
</tr>
<tr>
<td>• <strong>Product Innovation:</strong> up to date with local and international trends, technology, new product innovation; good supplier and customer relations to obtain scientific research expertise</td>
</tr>
<tr>
<td>• <strong>Technical capabilities and production process:</strong> innovative improvements, knowledge and experienced staff, efficient inventory systems, raw material cost and availability, effective operation control and production planning procedures</td>
</tr>
<tr>
<td>• <strong>Expertise in given technology:</strong> through close relationships with key suppliers e.g. suppliers of poisons for insecticides, through e-technology e.g. internet</td>
</tr>
<tr>
<td><strong>2. MANUFACTURING-RELATED</strong></td>
</tr>
<tr>
<td>• <strong>Low cost production efficiency:</strong> efficiency and cost benefit of equipment, outsourcing small volume items, in-house manufacturing of high volume products (capture economies of scale)</td>
</tr>
<tr>
<td>• <strong>Quality of manufacturing:</strong> Timeous product delivery; few rejected batches, tighter QC checks</td>
</tr>
<tr>
<td>• <strong>High utilization of fixed assets:</strong> maximum use of production facility, increase the efficiency and decreases the manufacturing costs, increase production and return on investment</td>
</tr>
<tr>
<td>• <strong>Low cost plant location:</strong> closing unprofitable manufacturing plants, outsourcing some production due to their fully equipped facilities – little investment in fixed assets</td>
</tr>
<tr>
<td>• <strong>Ability to manufacture customised products:</strong> diversified manufacturing plant, meets buyers specification</td>
</tr>
<tr>
<td>• <strong>High labour productivity:</strong> Incentives and good corporate culture</td>
</tr>
<tr>
<td>• <strong>Low cost product design and engineering:</strong> skilled in-house staff, reduction in manufacturing costs</td>
</tr>
<tr>
<td><strong>3. DISTRIBUTION-RELATED</strong></td>
</tr>
<tr>
<td>• <strong>Strong network of distributors:</strong> through the history of the Tiger business and its smaller business with their own distribution facilities e.g. spaza shops, wholesale, retail, international</td>
</tr>
<tr>
<td>• <strong>Gaining ample space on retailer shelves:</strong> through well established and knowledgeable Category management and Trade Marketing staff</td>
</tr>
<tr>
<td>• <strong>Company owned retail outlets:</strong> Spar</td>
</tr>
<tr>
<td>• <strong>Lower distribution costs:</strong> shared distribution through Spar and other Tiger Brand’s small businesses</td>
</tr>
<tr>
<td>• <strong>Accurate filling of customer orders:</strong> efficient procurement team</td>
</tr>
<tr>
<td>• <strong>Short delivery times:</strong> improvement of on-time performance</td>
</tr>
<tr>
<td><strong>4. MARKETING-RELATED</strong></td>
</tr>
<tr>
<td>• <strong>Fast accurate technical assistance:</strong> through good relation with R&amp;D</td>
</tr>
<tr>
<td>• <strong>Courteous customer service:</strong> Fulfilling the needs of customers, consumer advice line to provide product usage</td>
</tr>
<tr>
<td>Knowledge-based strategies as a competitive advantage – A case study of Adcock Ingram Homecare</td>
</tr>
<tr>
<td>---</td>
</tr>
</tbody>
</table>

- Attractive styling or packaging: through innovation, image, reputation and quality
- Breadth of product line and selection: through innovation, knowledge of consumer needs
- Merchandising skills: through well established Tiger Brands system
- Clever advertising: marketing establish a comprehensive marketing promotion and advertising campaign to create product awareness, brand loyalty

### 5. Skills-Related
- Superior work force talent: training and development; enabling culture.
- Quality control know-how: checklists provided
- Design expertise: more user friendly product/packaging designs
- Expertise in a particular technology: through supplier relations
- Speed to market: move from R&D to market quickly through timing plans and development process
- Develop Innovative Products and Improvements: technical know-how, consumer understanding, market knowledge

### 6. Organisational Capability
- Superior Information systems: through software and systems upgrade
- Ability to respond quickly to shifting market conditions: flexibility and versatility, acceptance by senior management and staff
- Internet/e-commerce: internet, ERP systems
- Managerial experience: knowledgeable managers with years of experience and education

### 7. Other Types
- Favourable image or reputation: Adcock Ingram and Tiger Brands are well established companies with a good reputation and image, firm has prestige through its social welfare work
- Overall low cost: negotiation with suppliers of material and manufacturing costs
- Pleasant courteous employees in contact positions: dignity and respect for all employees
- Patent protection: against intellectual property
- Access to financial capital: Successful re-negotiation through supply chain and procurement

The analysis of the industry and competitive environment reveals that the industry is an attractive one that has above average profit prospects. The industry has great growth opportunities and can use its strengths to defend and create stronger competitive forces. With favourable industry profitability, Adcock Ingram Homecare should grow its competitive position in the industry by maximising its resources capabilities to drive sales and market share away from its rivals.
3.6. INTERNAL ENVIRONMENT – ADCOCK INGRAM HOMECARE’S RESOURCES AND COMPETITIVE CAPABILITIES

Adcock Ingram Homecare’s resources and competitive capabilities were assessed through financial analysis and analytical tools such as Porter’s Value Chain and SWOT (strengths, weaknesses, opportunities and threats) analysis.

3.6.1. FINANCIAL ANALYSIS

Financial and operating analysis is a fundamental part of analysing an organisation’s internal resources. A full financial resource and performance analysis of Adcock Ingram Homecare was not available because the inception of this business took place only nine months ago. Furthermore, it would not be a true reflection of the Homecare business profitability as the business portfolio grew since the Robertsons Homecare acquisition. In addition, with acquisitions, there is business redirection, which is not always seen on the bottom line in such a short period of time as nine months ago. The business still needs to be stabilised before critical financial and operating analyses are carried out. The March 2003 interim results (Table 3.5), since the Robertsons Homecare acquisition, are discussed briefly below. These results were obtained from Tiger Brands investor annual reports (Internet 6). Detailed financial reports were not available due to confidentiality.

Table 3.5: Adcock Ingram Homecare’s Interim Financial Performance for 2003

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
<th>% revenue increase</th>
<th>% volume increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (Rands, millions)</td>
<td>199,3</td>
<td>52,8</td>
<td>277,5</td>
<td>265,9</td>
</tr>
<tr>
<td>Operating Income (Rands, millions)</td>
<td>29,8</td>
<td>4,6</td>
<td>547,8</td>
<td></td>
</tr>
<tr>
<td>% Margin</td>
<td>15,0</td>
<td>8,7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue growth was positive from 2002 to 2003, increasing from R52,8 million in 2002 to R199,3 million in 2003, a 277,5% increase. After the acquisition of Robertson’s Homecare, Adcock Ingram Homecare experienced significant increase in revenue, which is attributed to the increase in the product portfolio and basket of quality brands. Furthermore, the revenue increase was also accompanied by a volume increase of 265,9%. An increase by revenue and volume is a sure indication of a successful growing business. Operating income experienced similar trends where there was a 547,8 % increase from R4,6 million in 2002 to R29,8 million in 2003. In addition, margins grew by 6,3%. Adcock Ingram Homecare’s immediate financial challenge is to increase returns on the invested capital required for the acquisition.
3.6.2. VALUE CHAIN AND SWOT ANALYSIS

Adcock Ingram Homecare’s value chain and a SWOT analysis was used in conjunction with Porter’s five forces to identify and evaluate opportunities and threats, some of which would be addressed later in the document and others which the company should address in the future.

Figure 3.6: Porter’s Value Chain Analysis
The entire value chain is important for Adcock Ingram Homecare who is part of a customer-orientated industry.

**Table 3.6: SWOT Analysis of Adcock Ingram Homecare (adapted from Ambrosini, 1998:126-127)**

<table>
<thead>
<tr>
<th>Environmental change (Opportunities and Threats)</th>
<th>Opportunities</th>
<th>Threats</th>
<th>Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Blue sky innovation through knowledge management</td>
<td>Investment in human capital e.g. incentives to motivate Performance across all staff grades</td>
<td>Intense competitive industry</td>
</tr>
<tr>
<td></td>
<td>Expansion into foreign countries</td>
<td>Low employee morale</td>
<td>Profit margin squeeze locally and unstable foreign markets</td>
</tr>
<tr>
<td>Strengths</td>
<td>-2</td>
<td>+2</td>
<td>+2</td>
</tr>
<tr>
<td>Strong brand awareness and heritage – well established brands (consumer loyalty)</td>
<td>+3</td>
<td>-2</td>
<td>+2</td>
</tr>
<tr>
<td>New talented staff – fresh blood</td>
<td>+3</td>
<td>-3</td>
<td>+2</td>
</tr>
<tr>
<td>Reliability and consumer/customer focus</td>
<td>+3</td>
<td>-1</td>
<td>-2</td>
</tr>
<tr>
<td>Increased innovation</td>
<td>+3</td>
<td>+3</td>
<td>-2</td>
</tr>
<tr>
<td>Economies of Scale</td>
<td>+2</td>
<td>+1</td>
<td>0</td>
</tr>
<tr>
<td>Market leaders in certain sectors – competitive market position</td>
<td>+3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Investment in human capital</td>
<td>+1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Strong leadership in the market</td>
<td>+1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Specialised skills, technology and experience (or access thereof)</td>
<td>+3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Adcock Ingram’s image and prestige</td>
<td>+1</td>
<td>+1</td>
<td>0</td>
</tr>
<tr>
<td>Weaknesses</td>
<td>-3</td>
<td>+3</td>
<td>-3</td>
</tr>
<tr>
<td>Large local decision power for management – autocratic management style</td>
<td>-1</td>
<td>-2</td>
<td>-3</td>
</tr>
<tr>
<td>Geographic coverage not as strong</td>
<td>+1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Few power brands</td>
<td>+2</td>
<td>-2</td>
<td>0</td>
</tr>
<tr>
<td>Weak corporate culture</td>
<td>-3</td>
<td>+1</td>
<td>-2</td>
</tr>
<tr>
<td>Organization communication system/knowledge sharing system</td>
<td>-2</td>
<td>-2</td>
<td>0</td>
</tr>
<tr>
<td>Environmental Impact scores</td>
<td>+27</td>
<td>+19</td>
<td>+22</td>
</tr>
<tr>
<td>-9</td>
<td>+16</td>
<td>+8</td>
<td>+9</td>
</tr>
</tbody>
</table>
The greatest opportunity exists for blue-sky innovation through knowledge management. The second strongest opportunity is to focus on expanding the existing product lines with new innovation to capture a larger share of the business sector. Additionally, short-term opportunities exist in expanding into foreign markets. In summary, the opportunity for Adcock Ingram Homecare lies in the magic buzzword ‘INNOVATION’.

The most ominous threat is the intensely competitive environment that the company trades in. This challenge faces other companies in this business as well. Low employee morale closely followed as the second big threat to the company. Profit margin squeeze in local and unstable foreign markets was a close contender.

Adcock Ingram Homecare’s three best strengths are: its ability to increase innovation, its strong brand awareness and basket of quality heritage brands through consumer loyalty and its reliability and consumer/customer focus. Thus, the Adcock Ingram Homecare business can be seen as being market responsive with huge consumer and customer focus, a great strength that adds to its strong leadership in the market.

Its weaknesses rate fairly closely, ranging (from the worst) localised centralised decision making power with an autocratic management style, which is jointly accompanied by a weak corporate culture and finally by weak organisational communication and knowledge sharing.

3.7. ADCOCK INGRAM HOMECARE’S BUSINESS STRATEGY

Figure 3.7 illustrates Adcock Ingram Homecare’s current business scenario in the three business sectors: pest protection, home enhancers and surface cleaning.
An analysis of Adcock Ingram Homecare’s external and internal environment reveals that the company is adopting an aggressive growth strategy as illustrated in Figure 3.8.

**Figure 3.8: Adcock Ingram Homecare’s SWOT Analysis Diagram**

*Source: Unpublished Papers (lecture notes - Figure 6.6, Chapter 7)*
Of the five generic competitive strategies, Adcock Ingram Homecare is adopting a best-cost provider strategy and a broad differentiation strategy to support this growth strategy in the three product categories (pest protection, home enhancers and surface cleaners). In certain cost dependent markets, an overall low-cost leadership strategy is also pursued. The features of the chosen competitive strategies are laid out below in Figure 3.9.

**Figure 3.9: The Five Generic Competitive Strategies**

<table>
<thead>
<tr>
<th>Market Target</th>
<th>Lower Cost</th>
<th>Differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A broad cross-section of buyers</td>
<td>Overall Low-Cost Leadership Strategy</td>
<td>Broad Differentiation Strategy</td>
</tr>
<tr>
<td>A narrow buyer segment (or market niche)</td>
<td>Focused Low-Cost Strategy</td>
<td>Focused Differentiation Strategy</td>
</tr>
</tbody>
</table>

**Type of Feature**

<table>
<thead>
<tr>
<th>Best-Cost Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic target:</strong> Value conscious buyers giving buyers more value for money.</td>
</tr>
<tr>
<td><strong>Basis of competitive advantage:</strong> More value for money.</td>
</tr>
<tr>
<td><strong>Product line:</strong> Good-to-excellent attributes several-to many upscale features.</td>
</tr>
<tr>
<td><strong>Production emphasis:</strong> Incorporation of upscale features and attributes at low cost.</td>
</tr>
<tr>
<td><strong>Marketing emphasis:</strong> Either under-price rival brands with comparable features, or match price of rivals and provide better feature to build a reputation for delivering the best value.</td>
</tr>
<tr>
<td><strong>Sustaining the strategy:</strong> Develop unique expertise in simultaneously managing costs down and up scaling features or attributes.</td>
</tr>
</tbody>
</table>


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Knowledge-based strategies as a competitive advantage – A case study of Adcock Ingram Homecare

### Type of Feature

<table>
<thead>
<tr>
<th>Strategic target:</th>
<th>Broad cross-section of the market.</th>
</tr>
</thead>
</table>

### Basis of competitive advantage:

- **Broad Differentiation**
  - An ability to offer something different from competitors.
  - Many product variations, wide selection, strong emphasis on differentiating features.
  - Creation of value for buyers.

### Product line:

- Many product variations, wide selection, strong emphasis on differentiating features.
- Creation of value for buyers.

### Production emphasis:

- Creation of value for customers; strive for product superiority.
- Build in features that customer’s request.
- Charge a premium price to cover differentiation costs.

### Marketing emphasis:

- Build in features that customer’s request.
- Charge a premium price to cover differentiation costs.

### Sustaining the strategy:

- Communicate the points of difference in credible ways.
- Stress constant improvement and use innovation to stay ahead of imitator competitors.
- Concentrate on a few key-differentiating features to create reputation and build brand image.

### Low-Cost Provider

<table>
<thead>
<tr>
<th>Strategic target:</th>
<th>Broad cross-section of the market.</th>
</tr>
</thead>
</table>

### Basis of competitive advantage:

- Lower costs than competitors.

### Product line:

- A good basic product with few frills and limited selection and acceptable quality.

### Production emphasis:

- Continuous search for cost reduction without compromising quality and essential features.

### Marketing emphasis:

- Try to make a virtue out of features that lead to low cost.

### Sustaining the strategy:

- Communicate the points of difference in credible ways.
- Stress constant improvement and use innovation to stay ahead of imitator competitors.
- Concentrate on a few key-differentiating features to create reputation and build brand image.

### 3.8. MANAGEMENT LEADERSHIP STYLE AND CORPORATE CULTURE

The leadership style and corporate culture that exists within an organisation are critical success factors to the growth of a business. The discussion, which follows, analyses Adcock Ingram Homecare’s management leadership style and corporate culture.

### 3.8.1. MANAGEMENT LEADERSHIP STYLE

Adcock Ingram Homecare’s current leadership style is autocratic. An autocratic style of leadership as defined by Robbins and Decenzo (2001:G-1) “describes a leader who dictates work methods, makes unilateral decisions, and limits employee participation,” as depicted in Figure 3.10.
Figure 3.10: Leadership Styles

According to the need states for leadership, the current leadership can be said to have:
- a high need for achievement, which is evident by the goals, objectives and strategic intent,
- a low need for affiliation with employees of the organisation,
- high individualised power, and
- a high internal locus of control within the organisation for management to make things happen.

3.8.2. CORPORATE CULTURE

Adcock Ingram Homecare’s corporate culture is very weak. This is summarised in the Cultural Web (Figure 3.11) and the Change Cycle (Figure 3.12), two analytical tools that are very useful when assessing the culture that exists within an organisation.
The cultural web shows employees remain sceptical after the Robertsons Homecare acquisition. The culture that existed in Robertsons Homecare is vastly different to that which exists within Adcock Ingram Homecare. Robertsons Homecare had a more participate, decentralised management style and culture. Furthermore, there exists a mixed culture between Tiger Brands and Adcock Ingram, where Tiger Brands has a very strong, embedded culture. The Adcock Ingram culture is strongly driven by an autocratic leadership style and monetary incentives to a certain extent but only for senior management.
Furthermore, using the change cycle, Adcock Ingram Homecare’s employees are ranging through the stages of resistance, doubt, discomfort and the Valley of Depression, due to the Robertsons Homecare acquisition, the weak corporate culture, poor support from senior management and additional new staff.

3.9. INFORMATIONAL TECHNOLOGY INFRASTRUCTURE

Adcock Ingram Homecare is IBM centric i.e. the informational technology infrastructure is based on IBM computer software. Adcock Ingram has a website, though which the Homecare business information can be accessed externally, however it does not have an Intranet for internal employee use. It runs of BPCS, an enterprise real planning system which is used across all sectors of the Adcock Ingram business e.g. Development, Marketing, Sales and Distribution, Production, Procurement etc.
3.10. SUMMARY

An analysis of Adcock Ingram Homecare’s external and internal environment reveals a very strong company that has a lot of growth potential and opportunity. The company is currently adopting an aggressive growth strategy with focus on cost and product differentiation. An analysis of its current business strategy reveals areas of improvement. The leadership management and corporate culture and exists within the organisation is very weak from a people point of view.

The discussion, which follows in the next chapter, will focus on bridging the gap between Adcock Ingram Homecare’s current business strategy and it’s future direction. With emphasis placed on innovation and development, knowledge becomes a must. The knowledge strategy model proposed for Adcock Ingram is used to achieve this goal.
CHAPTER 4
EVALUATION OF KNOWLEDGE STRATEGY

4.1. INTRODUCTION
In this chapter, the Adcock Ingram Homecare case study discussed earlier was evaluated against the knowledge-based strategic model. A suitability, acceptability and feasibility study is conducted. The various aspects affecting strategy implementation and execution are examined. Here aspects of culture, leadership, motivation and alignment of resources are looked at. Analytical tools and models are used to evaluate the success of the knowledge-based model developed. They are then contrasted to the changes required for the successful implementation of any strategy modification.

4.2. SUITABILITY ASSESSMENT
The suitability assessment of the knowledge management strategy which follows focuses on the rationale for the strategy as well as the corporate culture and leadership required for the successful execution of such a strategy.

4.2.1. RATIONALE FOR THE STRATEGY
The knowledge management strategy was aligned to the business strategy, its strategic intent and its vision. When assessing the extent, to which a strategy is suitable, the rationale for the strategy must be assessed. The goodness of fit test reveals that the strategy is well matched to industry attractiveness and competitive conditions and the company's market opportunities and threats. In addition, strategy is tailored to company's resource strengths and weaknesses and competitive capabilities. The SWOT analysis and value chain analysis discussed earlier looked at how the knowledge management strategy would exploit the opportunities in the environment and avoid the threats. Furthermore, the knowledge management strategy proposed capitalises on the organisation's strengths and core competencies and avoids or remedies its weaknesses.

Some of the analytical tools that were used in assessing the suitability of the knowledge management strategy included: the life cycle portfolio matrix, the positioning of the strategy (i.e. the suitability of its resources and competencies, value chain analysis, a portfolio analysis (the BCG model) and the business profile analysis (which showed the extent to
which the strategy matched the favourable performance parameters), and scenario planning. Figure 4.1 and 4.2 summarises the information gathered using the above analytical tools. They also provide a framework of the organisations capabilities for a good strategy execution.

**Figure 4.1**: Adcock Ingram Homecare’s Components for Building a Capable Organisation

Source: Adapted from Thompson and Strickland (2003:360)
Great focus is placed on the effect of the cultural and political context of the organisation by the knowledge management strategy. This area of Adcock Ingram Homecare’s business would be the greatest weaknesses to the implementation and successful execution of the knowledge management strategy.

The knowledge management strategy-making task is top-down, as is usually the case for any strategy (Thompson and Strickland). It is important to get the buy in of senior managers. However, the employees within the organisation are going to make the difference and show
top management the effect on the profit line. Thus it is equally important to get the buy in of the strategy by the people who are going to be directly affected by it. It is often these people within the organisation that could add valuable input and amendments to the strategy.

In order for a knowledge management strategy to be successfully executed, the organisation must have the ‘win’ i.e. visible leadership and commitment, of senior management. This will also facilitate the approval of follow-up knowledge management projects. Gaining the buy in and support from senior management at the outset is critical. Furthermore, such a senior management should be strong leaders with a more participate management style.

The makings for a good leader according to the four need states are as follows:

• A high need for affiliation and a high need for socialised power are lacking in the Adcock Ingram Homecare leadership culture. Thus changes are required in the current management style to be less autocratic and more people orientated especially so, in a business that relies on teamwork for knowledge growth and sustainability. The type of management required by a knowledge management strategy is one that is decentralised and very supportive.
4.3. ACCEPTABILITY ASSESSMENT
Acceptability is concerned with the expected performance outcomes such as risk or return if the strategy is implemented. The competitive advantage test reflects that the knowledge management strategy leads to sustainable competitive advantage. In a highly competitive industry, knowledge management in the organisation would revitalise the "competitive intelligence process" (Seeley and Dietrich, 2003). A cost-benefit analysis and simulation modeling would suffice for the acceptability of this proposed model.

4.3.1. COST-BENEFIT ANALYSIS
"The significant value of crafting a knowledge management strategy comes when that strategy is implemented and the organisation begins to realise the anticipated business benefit from the investment" (Seeley and Dietrich, 2003).

The knowledge management strategy should be initially evaluated on an integrated cost-benefit matrix and difficulty-strategic benefit matrix. Once implemented, the cost versus results of the strategy should be measured. The knowledge content, processes and systems used must be results driven. The usage level of the knowledge portal would give an indication of the value of the knowledge model to the employees within the organisation.

Literature reveals that the best way to carry out exploratory data analysis is in the form of a visual and graphical representation (Cooper and Schindler, 2002). Thus, the knowledge strategy model proposed is assessed on an integrated cost-benefit matrix and difficulty-strategic fit matrix (Figure 4.4).
Figure 4.4: Cost-Benefit and Difficulty-Strategic Fit matrix

Table 4.1 analyses the cost, benefit, difficulty of implementation, and strategic fit of the Three-stage strategy horizon proposed.
### Table 4.1: Cost-Benefit and Difficulty-Strategic Fit of the Three-stage Strategy Horizon

<table>
<thead>
<tr>
<th>HORIZON 1</th>
<th>HORIZON 2</th>
<th>HORIZON 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td>Low cost – no need for elaborate systems, existing systems are sufficient. Cost of people and time</td>
<td>Medium cost. Cost of pilot testing, cost of people, materials and equipment</td>
</tr>
<tr>
<td><strong>Benefit</strong></td>
<td>Benefits of knowledge management correlate directly to bottom-line savings on the customer/consumer front, on product leadership, and on operational excellence. It improves and maximises the value chain functions. Increase market share, profit, speed to market, turnover, innovation, quality, growth, boost employee morale, improve service. Takes away the frustration and brings in motivation, knowledge growth and know how.</td>
<td>Benefits of knowledge management correlate directly to bottom-line savings on the customer/consumer front, on product leadership, and on operational excellence. Best practices and knowledge from businesses around the world to help companies make better business decisions. It improves and maximises the value chain functions. Increase market share, profit, speed to market, turnover, innovation, quality, growth, boost employee morale, improve service.</td>
</tr>
<tr>
<td><strong>Difficulty of implementation</strong></td>
<td>No difficulty. Requires the change of organisational culture and leadership.</td>
<td>Medium difficulty due to the completely different software systems Adcock Ingram and Tiger Brands use. No need for change of organisational culture and leadership.</td>
</tr>
<tr>
<td><strong>Strategic fit</strong></td>
<td>Refer to paragraph below.</td>
<td>Moderate cost/difficulty</td>
</tr>
<tr>
<td><strong>Positioning on Figure 4.4</strong></td>
<td>Low cost/difficulty, High strategic fit/benefit</td>
<td>Moderate cost/difficulty, High strategic fit/benefit</td>
</tr>
</tbody>
</table>
Studies have shown that a well-aligned business and knowledge management strategy increases the success rate of the strategy (Internet 13). The knowledge management strategy must be linked to the corporate objectives as this will lead to the proper place to start (Seeley and Dietrich, 2003). The knowledge management strategy is in alignment with Adcock Ingram Homecare’s business strategy. In fact the knowledge management strategy is the cornerstone of Adcock Ingram Homecare’s success. It will spur blue-sky innovation (e.g. cross categorisation) through the informal communities of practice and wealth of knowledge that exists within the organisation. Furthermore, considering that it is a newly acquired business with new staff and the loss of valuable knowledge through the turnover of the Robertsons Homecare staff during the acquisition, acquiring, capturing and using knowledge is the key to its success.

The knowledge strategy was a ‘outside in’ decision-making strategy since changes in the external environment was evaluated and then applied to the organisation. This ensured a strategic fit of the knowledge management strategy to the broader business strategy of the organisation.

4.3.2. SIMULATION MODELLING

Tiger Brands have embarked on a knowledge strategy to build one cohesive synergised system of their various business units. Previously, the many small businesses of Tiger Brands were acquired. These businesses ran on their own independent system that suited their business style and practices. Adcock Ingram was one such business where their systems are segregated and independent from that of Tiger Brands.

Tiger Brands intention for the future is to bring together all the businesses through knowledge management needs to bride all the business systems structurally (e.g. all the individual business units Intranet). In the past, the information technology (IT) department drove the structure of the business Intranets. Recently, a new pilot project – the development of a Tiger Brands Knowledge Portal was developed. This new project is sponsored by the IT Director, Hamish McBain. The knowledge portal is a knowledge entry point for all of Tiger brands employees. The intention and aim of this portal construction is to put back value into the business through knowledge. This project is in its pilot simulation phase that has been running for the past 3 months.
This strategy places the emphasis on each business unit to be responsible for the development of their specific needs. As such, the portal is user-friendly. It incorporates the latest collaboration tool – Microsoft Sharepoint. The infrastructure for this system is already in place and the support required is obtained through the close relationship of Tiger Brands with Microsoft.

The Tiger Brands knowledge portal creates a framework for the platform to build an information reservoir. Thus, if Adcock Ingram’s business strategy requires the reservoir of knowledge, why is it not incorporated into this knowledge portal? Adcock Ingram, runs of a completely different system to Tiger Brands. Adcock Ingram is IBM centric where their system platform is Lotus notes. Tiger Brands on the other hand is Microsoft centric. The integration and migration of the two software systems can take place, however, there are huge costs associated with licensing, replicating information etc. which is the greatest yardstick. The Tiger Brands knowledge portal pilot project can be used as a simulation model for the proposed Adcock Ingram Homecare knowledge portal.

4.4. FEASIBILITY ASSESSMENT
Feasibility assessment is concerned with whether the organisation has the resources and competencies to deliver a strategy. A performance test of the strategy would reflect boosted company performance (gains in: profits, competitive strength, long-term market position). Once implemented, this test can be conducted to verify the expected results. A funds flow analysis is required before the implementation of the model.

4.5. SUMMARY
The evaluation of the knowledge management strategy and model against Adcock Ingram Homecare’s internal and external environment reveals that there is a definite need for the implementation of such a strategy. In the discussion, which follows, recommendations are made as to the changes Adcock Ingram Homecare would have to make to achieve successful implementation and benefits of the knowledge management strategy proposed.
CHAPTER 5
RECOMMENDATIONS AND CONCLUSIONS

This study is a qualitative study assessing the opportunity of introducing and upgrading Adcock Ingram Homecare to market challenges. It has set the foundation and stepping-stone for a remarkable future to profitability and growth of the organisation. Adcock Ingram needs to create a culture of information sharing, including broad accessibility to knowledge across departments, instead of ‘stove piping’ – the WOW session was a tip of the iceberg. The organisation needs to encourage a spirit of intrapreneurship in the organisation.

It is strongly recommended that Adcock Ingram Homecare start by implementing a user friendly Intranet followed by a yellow pages index. A knowledge centre with a virtual community of practice to connect the departments within the Adcock Ingram business and also to the broader scope of Tiger Brands is recommended. This virtual community could be accessed through the newly developed Adcock Ingram Intranet and does not require Adcock Ingram to be using the same software system as Tiger Brands. A quick access knowledge system and search retrieval system for more a detailed information search is required to be built.

Adcock Ingram Homecare should practice the Tiger Brands motto of “an ability to attract retain and develop the best people” (Internet 6). The growing pool of the best quality people in their respective fields should be capitalised on in the knowledge portal. The last thing the company wants is to lose these people and more so their invaluable knowledge.

In assuring knowledge management effectiveness and the value of the knowledge management strategy, it is recommended that a knowledge management readiness survey should be performed prior to the implementation of the knowledge strategy. This survey would also determine how the strategy would transform the business before the actual implementation of the Horizon 2 strategy. Once the strategy has been implemented, a post evaluation survey should be carried out. Questionnaires can be administered to the employees to obtain feedback on the strengths, weaknesses and area of improvement within the model. In addition the performance management of employees can be measured. This can be
achieved by measuring them against their objectives i.e. key performance areas and key performance indicators.

"One of the greatest challenges is to employ motivational techniques that build whole hearted commitment and winning attitudes among employees" (Thompson and Strickland, 2003). Building in these motivational practices into the knowledge strategy and getting the employees to be part of the strategy building and crafting would overcome this. It would inspire and energise them and increase the acceptance of the strategy when it is implemented. This type of strategy-supportive reward system, coupled with incentives will gain employee buy in. Unfortunately, senior management buy in will only be gained by indicating the effect of the strategy on the profit line.

The installation of support systems also aid in managing the internal organisation to promote a better strategy execution. Adequate information systems, performance tracking and control mechanisms assist in this process. The International Computer Driver’s Licence (ICDL) is an initiative that has been launched to promote the level of end-user computer skills and knowledge within Tiger Brands and is starting to filter into Adcock Ingram. It is suggested that employees be trained in a similar program on the navigation and use of the Adcock Ingram Homecare knowledge portal.

Adcock Ingram Homecare would need to map sources of internal expertise that can be a part of the project team from the outset with each of the Adcock Ingram businesses. These teams should create networks of knowledge workers and establish new knowledge roles within the organisation. As a start it is advised that a bottom-up approach be taken to get work groups to champion their projects in their individual departments that they feel would be of high value. Further a chief knowledge officer must be appointed to oversee the entire business project.

Knowledge management demands a change in business culture to one that is more insightful as to what motivates human beings. It is recommended that Adcock Ingram encourage the creation of communities among the members of the organisation where they have the ability to develop their own ways of working and sharing their ‘unique’ expertise.
Adcock Ingram Homecare must embark on an initiative to improve communication within the company at both an individual and group level as this is the only way the organisation’s capabilities will be built and the strength of the knowledge strategy is capitalised on. The Tiger School of Magic and the Tiger Manufacturing Academy are two initiatives that are the stepping stone to knowledge sharing. Adcock Ingram Homecare can learn a lot from the Tiger Brands business. This business seems to be streaks ahead.

It is strongly recommended that leadership and management development programmes be the focus of attention to allow for a more decentralised leadership structure. This will definitely turn the organisational culture around to one that is more people focussed. When the focus in an organisation is placed on people as an asset (and in the case of this dissertation on the knowledge), instead of money, then the people are more empowered and motivated to drive profitability and sustainable growth. The focus must be on added value for the people in the organisation and knowledge management is a key driver to achieve this. Tiger Brands “sees the creation of a learning organisation as a key to survival in a rapidly changing and more competitive environment” (Internet 6). Adcock Ingram needs to adopt this mindset and transform its business.

There is an acceleration of organisational knowledge creation for increased innovation performance. As a result someone in the company must be accountable for the availability and applicability of the most competitive knowledge to the organisation’s work. The assimilation of this knowledge into the knowledge portal is crucial to knowledge management and requires a strong interaction and involvement with the knowledge management portal. As such it is recommended that each department within Adcock Ingram Homecare appoint a custodian for the implementation process of the knowledge management strategy for the long term Horizon 2 strategy stage. Each custodian should then ensure that the knowledge portal for their department aligns the transfer and search for information across the other business units e.g. RD&I, production, procurement, marketing, market intelligence etc.

A Mindset Study is an annual study that is carried out by an independent research company, Integrated Data Group. This study aims to measure the feelings, attitudes, views and perceptions of the South African population across all race groups and provides great insight.
into how South African consumers feel about their external environment. Govender (2002:120) exhibits such a study on brand loyalty across the four racial groups. Her study showed that the white population of South Africa was the most brand loyal whereas the Indian population was the least brand loyal. This information is of great significance to marketers when they are targeting new product innovation. A similar study can be conducted once the knowledge management strategy has been implemented to measure the effectiveness and speed of innovation to market. Furthermore, one could determine the impact such rapid innovation has had on the consumer, on the brands, on the industry and on the overall market (i.e. market share and profitability). This evaluation could be carried out in conjunction with the All Media and Products Survey (AMPS), which is a bi-annual survey conducted by the South African Advertising Research Foundation SAARF) across the South African population from the age of 16 years and older. Statistical information from AMPS e.g. identifying target stores where household shoppers prefer to buy their FMCG products or identifying consumer’s product preferences etc.

Strategic planning initiatives with an appropriate research component would ‘budd’ recognition of the importance of the researcher’s participation in strategy planning (Cooper and Schindler, 2002). The emergence of a strong internal research group (e.g. through Tiger Brands Market Intelligence team) would create “better methodologies that are performed by professional generating significant value to management decision making” (Cooper and Schindler, 2002).

An exploratory study is usually carried out to develop hypotheses or questions for further research. The exploratory study carried out in this research, provides a basis for a more detailed or extensive research into the following areas:

• a re-evaluation of the Adcock Ingram Homecare’s Horizon 1 stage strategy model after a period of six months to determine the validity of its implementation
• evaluate the Tiger Brands Horizon 2 stage strategy model.
• develop an implementation strategy for the Horizon 3 stage strategy of the knowledge management model.
• develop a model that would assist in knowledge management on the international front (similar) to the Horizon 3 stage model.
A detailed quantitative investigation is required to identify key areas and strategy and implementation processes e.g. in human resources, finance, procurement etc. departments. Cross categorisation between departments of the same company and between the different businesses under the Tiger umbrella is essential.

In conclusion, organisations need to understand the value of knowledge and knowledge management as an intangible asset for the success in a competitive business environment. The knowledge management model developed for Adcock Ingram Homecare has shown some great opportunities and benefits for the business. This knowledge model can also be used as a generic model that other companies can use and adapt to their specific needs.
CHAPTER 6

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