K.E.N workshop

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Supporting Partnerships in Innovation and Entrepreneurship

Building Human Capital for the Knowledge Economy

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Content

- Introduction
  - Context – knowledge economy and globalisation
  - Knowledge management capability building
- Conclusion
ACTIOM is a diversified professional services firm focused on value creation in organisations, helping them improve effectively

Profile & Capabilities

ACTIOM is a professional services firm with three business units:

Management Consulting: serving senior executives of $500m+ organisations on cross-functional customer-driven step improvements from Strategy to Operations

Human Resources (H.R): developing the end-to-end strategy of people development: recruitment, training, outplacement

Finance: advising shareholders and investors on value creation potential in their current or future operating portfolio companies

ACTIOM has a global footprint based on networks of experienced professionals:

Functional expertise:
- Strategy, Marketing
- Purchasing, Logistics, Operations
- Supply Chain Integration

Service expertise:
- Strategic Assessments & Re-engineering Design
- Transformation & Restructuring

Industry experience:
- Diversified Manufacturing
- Process Industries
- Aerospace & Defence
- Automotive
- High-Tech

Geographic Scope

United States
New York
Bay area

Europe
London (UK)
Brussels (BE)

RoW
Gulf region
China

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Our consultants have built solid credentials in consulting over decades of hands-on management project delivery for organisations.

- ACTIOM’s core consultants originate from
  - leading business schools (No. 1 MBA worldwide)
  - leading consulting firms

- ACTIOM consultants have managed large scale strategic projects across industries and geographies
Sources of information for today’s session

- “Knowledge Competency for the Knowledge Society” (KCKS) 2010 conference

- “Gulf Education” conference – London 28th & 29th May 2012

- Research articles:
  - “The knowledge economy, skills & government labour market intervention”
  - “Managing the organizational change and culture in the age of globalization”
  - “The eight key competencies for lifelong learning”
  - “Managing Assets : Knowledge management - It's all about people”

- ACTIOM’s practice with international clients
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The globalization of economic activity is an advanced and complex form of internationalization, which implies a degree of functional integration between internationally dispersed economic activities: it is the capacity to work as a unit in real time on a planetary scale.

In this globalised economy, individuals and enterprises create wealth by competitively applying knowledge globally.

"Knowledge management is more than just a simple business tool," says Jansen van Vuuren. "It recognises knowledge as an organisation's most strategic asset and represents a move away from traditional silo-based approaches to working.

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It matters to clarify the concepts of knowledge, competencies and capabilities

- **Knowledge Management capability in the Knowledge Economy**
  - Ability to identify, create, represent, distribute, transfer and enable the adoption of insights and experiences relative to the Knowledge Economy

- **Differentiating capabilities from competencies**
  - **Competency** of an individual is “the ability to apply or use a set of related knowledge, skills, and abilities (K.S.A) required to successfully perform critical work functions or tasks in a defined work setting.”
  - **Capability** is a “high level specification of the enterprise’s ability”
  - **Capability** is the ability to perform actions. As it applies to human capital, capability is the sum of expertise and capacity.
  - **Capability** is the ability to deploy Resources, usually in combination, using organizational processes, to effect a desired end’.

- **Sources of skill investment**
  - Individuals
  - Nation (educational system & research centres)
  - Organisations
Capabilities are developed from a systems perspective, along three dimensions:

- **Roles & Competencies**
- **Cultures & Motivation**
- **Evolutions & Development**

- **Processes and IT**
  - Business processes towards end-customers
  - Information requirements and flows
  - Sequencing of tasks
  - IT Systems and supporting tools

- **Organisation**
  - Governance, mission and structure
  - Allocation of responsibilities
  - Coordination mechanisms

- **“Valuation Cube” Metrics**
  - Performance
  - Capabilities

Knowledge management should be understood as a capability which organisations can develop, including with people competencies.

Example of a Knowledge Management Maturity Model

Key competencies in the Knowledge Economy

1. Communication ability - in the mother tongue and in foreign languages
2. Cultural awareness and expression
3. Digital mastery
4. Critical thinking and research
5. Information processing and knowledge acquisition
6. Problem solving in ambiguous environment
7. Networking with others (as a relationship skill)
8. Mobility (intellectual and physical)
9. Trans-disciplinary collaboration
10. Sense of initiative and entrepreneurship
11. Learning to learn and continuous learning
Competency building can take several channels

Proficiency Levels (Further Education)

Level 2  Level 3  Level 4  Level 5  Level 6  Level 7  Level 8
Foundation  Graduate  Master  Doctorate

Learning channels

Vocational institutes
Universities
Professional Training Institutes
In-house corporate training
Self-learning  Social learning

LIFE-LONG-LEARNING
Typical issues in learning vehicles

1. **Vocational institutes:**
   - Disparate quality, poor image, little innovation

2. **Universities:**
   - Government involvement, conservative mentality and silo legacy thinking
   - Lack of Marketing awareness and know-how
   - “Not invented-here” syndrome
   - “Lack of up-to-date” skills of educators (IT-wise)
   - Shift instructors from content deliverer to learning facilitator

3. **Professional institutes:**
   - Lack of reach: network externalities are stronger than internal capabilities

4. **Corporates:**
   - Lack of business case except at professional services firm e.g. McKinsey, IBM

5. **Self-learning & social learning:**
   - Adaptive & flexible but typical most often lacking structure
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Conclusions

- Need for refining and diffusing knowledge-based competency frameworks and capability maturity models → role for K.E.N ?

- Need for developing Knowledge-based competencies: how to orient the various channels? → role for K.E.N ?

- Need to link jobs to competencies: skills development for jobs → role for K.E.N ?
Innovation capability maturity model

Fig. 2 ICMM v2 framework, example capability requirement and primary role-players