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Featured article

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*Connecting with customers
and remaining competitive*

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Welcome to **Management Focus**

... and welcome to the November/December issue.

Governments are facing unprecedented challenges and opportunities brought about by the emerging knowledge economy and knowledge society, and are starting to adopt new management practices, such as knowledge management (KM) from the business. However, very little investigation has been done into knowledge management within the public sector. Read our featured article to discover more about managing knowledge within the public sector.

Established in 1850 in New York City, American Express is a world leader in providing charge and credit cards to consumers, small businesses and corporations. It operates in 130 countries around the globe and is the world's largest travel agency, offering travel and related consulting services to individuals and corporations around the world.

Andrew J. Buckley is Vice-President for Marketing & Strategy EMEA (Europe, Middle East & Asia) in the Global Commercial Card Division at American Express. He leads a team based in eight countries with responsibility for the company's marketing of its leading commercial card services across Europe. Find out what Buckley has to say about connecting with customers and remaining competitive in this interview.

Finally, in the latest issue of *Management Matters* our in-house expert gives some advice for small companies wishing to develop and implement a cost-effective sales and marketing strategy.

Remember, to expand on the topics highlighted in *Management Focus*, log on to our website at <http://first.emeraldinsight.com> where you will find a wealth of articles, interviews, executive summaries and management briefings.

Best wishes,

Debbie Read

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Knowledge management in the public sector

Governments are facing unprecedented challenges and opportunities brought about by the emerging knowledge economy and knowledge society, and are starting to adopt new management practices, such as knowledge management (KM) from the business. However, very little investigation has been done into knowledge management within the public sector.

Differences between the public and private sector

Discussions of similarities and differences between government and business thrive among academics and practitioners. Some think that the differences between the two sectors are converging; others think the differences are so large that business practices cannot be transferred directly to the public sector. However, the distinctions should not be perceived as categorical, but as a continuum.

The public sector is widely accepted as being different from the private sector and has some unique features of its own. While adopting management practices from the private sector, we must bear in mind that unique features of the public sector have to be taken into consideration. Management, as largely a generic set of activities and structures common to all organizations, can be applied to both private and public organizations; yet entirely copying management practices from the private sector without considering public sector

features and contexts is likely to fail. Each of the two sectors has its own emphasis; therefore different approaches should apply.

However, there is a tendency that the public and private sectors are converging. This tendency has been made possible by the movement of new public management (NPM) in the public sector since it started in the early 1980s.

New public management

NPM offers a set of new ideas and tools for government to run the public sector. Its key idea is the employment of private law contracts in order to provide public services. NPM is a general theory about how government can get things done; how government can get services organized and offered to citizens. NPM is not about politics, but about what happens after parliament has decided on the objectives. Its basic claims are that public administration is old-fashioned and can be replaced by NPM.

The practice of NPM and its increasing acceptance by countries around the globe show that the concept and practice of KM stemming from the private companies can be adopted in the public sector. Therefore, NPM movement has paved the way for techniques and methods in private management to be transferred to public management. Knowledge management is no exception.

Managing knowledge in the public sector

Policy-making and service delivery are the two major tasks of government. In these processes, knowledge has been an essential resource of the government and assumes special importance in every step of the process of the business of government. Most important of all, effective functioning of government rests on effective sharing and use of knowledge by public sector employees at various levels, central or local.

The business of government

Every organization, whether a business or not, has a theory of the business, which consists of three parts. There are the assumptions about, first, the environment of the organization: society and its structure, the market, the customer, and technology; second, the specific mission of the organization; and third, the core competencies needed to accomplish the organization's mission. The theory of business fits the public organizations perfectly well, just as it fits the private organizations and in principle is in alignment with that of KM.

In a democracy it is required that there is "government of the people by the people for the people" in the Abraham Lincoln version. So the chief mandate of any democratic government is to see to the welfare of its people and be responsive to the needs of its citizens. Government organizations



“Effective functioning of government rests on effective sharing and use of knowledge by public sector employees at various levels, central or local.”

coordinate interests by making and implementing policy. This policy-making process or decision-making process goes through a never-ending cycle of:

- policy formulation (collection of information, generation and analysis of alternatives);
- legitimation (choice);
- implementation (resource provision and action taken to carry out the choice); and
- evaluation (informal and formal responses to the decision).

Knowledge as the fundamental resource assumes special importance in every step of the process of the business of government.

Knowledge processes

The KM process consists of five key areas within a culture:

1. knowledge identification and capture;
2. knowledge storage;

3. knowledge sharing;
4. knowledge application and use; and
5. knowledge creation.

Knowledge identification and capture refer to identifying the critical knowledge, types of knowledge and the right persons who have the necessary expertise that should be captured. Then this captured knowledge is stored in a knowledge repository to be shared between individuals, departments, divisions and the like. Subsequently, the knowledge is applied in the right situations, and persons then internalize the knowledge and bring in other ideas and frames of reference to ultimately create new knowledge. As new knowledge is created, it needs to be captured, stored, shared and applied, and the cycle continues.

In government, there are many functional silos created by large and bureaucratic organizations, operating on a “need to know” basis. The “Knowledge is power”, “What’s in it for me?” “Not invented here” syndrome and fear of making mistakes are typical mindsets of the managers and

staff, with the constraint of resources. In such a culture, knowledge sharing tends not to be rewarded either formally or informally and it therefore becomes viewed as an activity which individuals are expected to do in their own time and it is an “add-on” to their daily job. This has to change if public organizations are to take knowledge sharing seriously.

KM as an emergent discipline is fairly new, and its research base is still under development. Despite the vagueness of the concept of KM, and its weak theoretical base, KM is practised in many organizations, public or private, though largely in industry. Therefore, more empirical studies need to be done for identifying building-blocks of theories and concepts to support the development of new scientific fields. □

This is a shortened version of “Knowledge management in the Chinese public sector: empirical investigation”, which originally appeared in *Journal of Technology Management in China*, Volume 2 Number 3, 2007.

The authors are Xiaoming Cong, Richard Li-Hua and George Stonehouse.

Andrew Buckley: *Connecting with customers and remaining competitive* Interview by Alistair Craven



Andrew J. Buckley is Vice-President for Marketing & Strategy EMEA (Europe, Middle East & Asia) in the Global Commercial Card Division at American Express. He leads a team based in eight countries with responsibility for the company's marketing of its leading commercial card services across Europe.

Previously at American Express, he held senior marketing, sales, relationship management and eBusiness technology roles in both the UK and in New York. Before American Express, he was a Principal Consultant with PricewaterhouseCoopers, and before that held sales and marketing roles with major telecoms and IT companies.

This experience included the start-up of Telcos such as Cegetel in France and BT NIS in Japan. He has an MBA and undergraduate degree in electronic engineering, is a Chartered Engineer and member of the Chartered Institute of Marketing (CIM).

Q: Can you tell us about your current role and your day-to-day responsibilities?

A: I am responsible for marketing leadership for Commercial Cards in Europe, Middle East & Asia; product management, advertising and promotion, channel marketing and business strategy.

We have multi-billion dollar commercial card business volumes and are number one in most European countries.

Q: On the subject of branding, Gallup Global Practice Leader William J. McEwen claims in his book *Married to the Brand* that most marketers are failing to “emotionally connect” with their customers. Would you agree with him?

A: I agree that this is a challenge for marketers. For example, we sell our products to corporate clients, but on a day-to-day basis they're used by those clients' employees, who often have a choice whether they use their company card or a personal card. Emotionally connecting with our cardmembers with our strong service value and brand is essential and our research shows that the majority of cardmembers do choose to use their American Express Corporate Card.

Q: An online component is now integrated into almost every element of your business. How has the technology revolution helped you in your quest to communicate and reinforce your brand message?

A: American Express's brand mantra is world-class service and personal recognition. To effectively deliver this, we need to service our clients online, and every year we make multi-million dollar investments enhancing our service. For example, we recently

overhauled the look and feel of the service sections of our online presence, making it more intuitive and user-friendly, and have received great client feedback.

Q: According to the 2006 annual report, your “cardmember” loyalty programme, now in its 16th year, is a proven driver of growth for American Express. What makes this kind of initiative so important?

A: Driving as much spend as possible through a Corporate Card is important for clients to reach their expense management savings goals. Our research clearly shows that our membership rewards programme is an effective way for our corporate clients to encourage their staff to use their company cards if they prefer not to mandate, therefore providing a holistic view of their expenses spend. This enables effective supplier negotiations to deliver the corporate savings goals.

Q: How does American Express keep competitive in the commercial card sector across Europe?

A: Premium value through innovation; we estimate we reinvest more each year than anyone else in the sector. This investment enables us to deliver premium value to our clients, and therefore attracts premium clients including some of the world's leading brands, which delivers premium value to our merchants, which then generates funds to reinvest.

Q: You recently took part in a Jacob Fleming conference on b2b branding strategies. Part of the conference covered innovative tools in brand communication. What is American Express doing in this area?

A: My colleagues in the US consumer group have a great current campaign called “wish

list”. It's an online auction, where cardmembers can bid for exclusive, hard to obtain items and experiences. It's very engaging and interactive and, on a personal level, a great example of online medium.

Q: In your presentation you discussed two American Express initiatives: “on the road” (enabling employees to manage travel wirelessly) and the “corporate meeting card”. Can you tell us about these?

A: “On the road” is an innovative, cutting edge service we're developing to help travellers, and can be accessed on the road, for example on Blackberrys. It's still in development, so watch for more information in the autumn.

Corporate Meeting Card is a product we developed for marketing people. Put simply, it's designed to get more visibility and a simpler process for paying for events and conferences. A few pharmaceutical and technology services clients were early users of the product, and they're reporting great results.

Q: American Express has scored well in Fortune's “Most Admired Companies” survey for the past few years. Can you give us an insight into the corporate culture at American Express?

A. The culture is very focused on its people and leadership. For example, for people leaders there's no annual award for achievement, there's only an award for leadership. It's a very results-focused company, but we will only win through teamwork. □

To read the full interview with Andrew J. Buckley visit <http://first.emeraldinsight.com> and select the “Marketing” community.

Management Matters

Welcome to our Q&A section – *Management Matters*, where you can find actionable advice on current management topics. In this issue our resident expert answers your question on sales and marketing strategies within small companies.

Q. What advice would you give to a small company wishing to develop and implement a cost-effective sales and marketing strategy for long-term sales growth and sustainable profitability?

Being a small company does not automatically mean you will be outmuscled when it comes to sales and marketing strategies. Many small companies are more than capable of punching well above their weight. But, on the face of it, sales and marketing can appear to be quite a daunting area to tackle. The first and most important thing to do is not to be overwhelmed. Much easier said than done, of course! But sticking to a few basics will ensure that you get off to the right start.

First off, *markets*. Make sure you really know what your markets are. Fact: many companies simply do not spend enough time learning about them. This includes which markets to be in and, equally important, which not to be in. Jack Welch's mantra at General Electric was

simple: be number one or number two in your market, or get out. Of course you don't pack the same punch as GE, but do remember that in a smaller business setting "plugging away" down the wrong path could have catastrophic consequences for the long-term prospects of your business.

Second, *customers*. Search on amazon.com and you will find over 220,000 books about customers. For a small business this area is arguably the one where you will need to make the biggest efforts. It's about much more than being proficient at customer service, though; you need to stay alert and take nothing for granted. Try to get a feel for how your company is perceived, perhaps through prize draws, personal calls, or meetings. Don't overdo the relationship

element, though. Customers want your product or service, not a relationship with you!

Third, *competitors*. Again, you need to do more than simply benchmark your offering against rivals. A good approach here is to use your market analysis to identify trends. Where is the market going? What will customers be looking for six months from now? What are your unique attributes? How can you build upon them?

Of course there are many more questions to ask, and in addition to some basics you will have to manage your customers very carefully. Remember that today's consumer is fickle, armed with more knowledge than ever before. Make sure your sales strategy treats your customers with respect.

As a growing business you cannot afford to simply rely on generating new sales leads; not only is this a more expensive process, but you will also run the risk of alienating those who have helped you get to where you are now. It's worth investing in a decent customer management package to track accounts, help settle complaints effectively, and identify opportunities. Also remember that books can show you how to get the basics right, but achieving buy-in is a whole new ball game. Make extra efforts to galvanize your sales team behind your mission by communicating, reinforcing it, and practising it. After all, a wonderful sales and marketing plan is all but useless sitting on a desk gathering dust! □

If you would like to send our resident expert a question, write an e-mail to Web Content Manager Debbie Read at dread@emeraldinsight.com and the best submissions will be featured in a future issue of *Management Focus*.

point of view

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Final thought ...

“What is important is to keep learning, to enjoy challenge, and to tolerate ambiguity. In the end there are no certain answers.”

Martina Horner

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