

# Integrating KM to create a learning organization at Tata Steel

By Ravi Arora, Tata Steel



**Ravi Arora** is head of knowledge management for Tata Steel. He's responsible for designing and implementing KM processes to support the company's goal to become a learning organization.

At Tata Steel knowledge management is used to bolster the process of organizational learning. Here, Ravi Arora explains how KM integrates with other programs, including a specialized index to measure organizational learning.

Tata Steel doesn't over-emphasize KM to employees. The real goal is to create processes and an infrastructure so that when one individual learns, the rest of the organization learns simultaneously. That process involves many programs, of which KM is just one part.

Tata has used the Balanced Scorecard (BSC) to measure KM progress for three years. Recently, we've replaced this with a newly designed organizational learning index (OLI). OLI measures the effectiveness of various processes that promote learning, including knowledge management. Now, rather than simply focusing on how KM systems help learning and innovation, senior managers can look at a bigger picture that not only reflects the progress of KM but also everything that indirectly or directly affects learning.

The OLI measures how well Tata is addressing three questions:

1. Is Tata nurturing an environment that creates a quest for more knowledge among employees?
2. Are we creating and providing enough learning opportunities for individuals and teams?
3. Do we ensure the availability of infrastructure and systems, so

when one individual learns, the whole organization learns?

## Generating a quest for knowledge

The first challenge is to create an environment that generates a quest for more knowledge among employees. This is being done through our Aspirational Initiatives to Retain Excellence (ASPIRE) program, and it uses a mixture of "push" and "pull" strategies. Every employee has a set of aspirations, which are aligned to the organization's goals in the following ways:

- Tata involves all employees in the creation of the organizational and personal vision.
- The vision is converted into long-term and short-term strategies.
- All individuals are given "stretched targets," that cannot be achieved without learning.
- Executives give a lot of independence to managers, with almost no interference.
- Employees performing well on any part of the vision and strategy are rewarded and brought closer to their personal aspirations.

## Creating learning opportunities

There are many ways to deliver employee learning – some give good value, and some are very expensive. When presenting choices to management, it's important to give a comprehensive view so they can prioritize. Some of the learning opportunities that have been considered in the OLI are training, job rotation, task forces, and assessments and audits.

### 1. Training

Tata uses two main methods – blended learning (e-learning and classroom training), and training that

provides benchmarking opportunities. Benchmarking training is very expensive, because it is held abroad with other companies in and outside the industry, but it's vital and worth the money. We undertake benchmarking training based on the following criteria:

- When an analysis shows a large gap between Tata Steel's practice and world-class practice;
- A major gap exists in the performance index of one of our processes and the benchmark;
- If a process is very new;
- If a process is core and important for growth and profitability.

### 2. Job Rotation

Job rotation has a lot of resistance in many organizations that do not have a systematic, well-defined process. Managers are often hesitant to accept a new person, and employees don't want to disrupt their comfort zones and prove themselves in a new place. In addition, managers often don't release their best people, and use the program to get rid of their non-performers. We've overcome these problems in the following ways:

- A competency profile is held centrally on every employee so we know which employees fit specific positions.
- Job rotation is built into the OLI calculation.
- Field HR managers closely monitor the job rotation process.

### 3. Task forces

Task forces have full- and part-time members, and work with very clearly defined objectives and targets for a few months at a time. If due recognition is given to the work done by these task forces (which Tata does), members of the task forces

## Tata Iron and Steel Company Ltd.

is India's largest integrated private sector steel company. It's currently in the fifth phase of a modernization program – leveraging intellectual capital for shareholder value.

come out with concepts and solutions that can have a huge impact on profitability and growth.

We spread the learning from task forces with historians (at least one historian is present on every task force), who document key learnings in reports and success stories.

**4. Assessments and audits:**

Assessments that take place prior to applying for industry standards and awards are a rich source of learning at Tata. Most of our processes are

governed by standards (ISO, quality standard, environment, safety, etc.), which need regular audits and assessments. Tata Steel also applies for industry awards. In addition, we have created internal excellence awards at divisional level, based on the Malcolm Baldrige Award.

The assessments are done by a team, which is guided by a mentor. We continuously train and coach employees to make them assessors and auditors. We also give them opportunities to audit and assess

divisions they don't work in, which has immense learning value. We spread these best practices by having winning teams make presentations across the company. We also deploy these solutions throughout the company by sharing best practices in communities. **KM**  
REVIEW

**Contact**  
Ravi Arora  
Tata Steel

E-mail: rarora@lot.tatasteel.com

# Strategies to make your portal pay

**Nucleus Research, the independent IT analysts, held several in-depth interviews with customers of three of the world's biggest portal solutions providers – Plumtree, SAP, and IBM. In a new report, they identify five ways companies achieve positive ROI on their portals, and four reasons why some companies never do.**

The companies that were interviewed justified the high costs of portal implementation (see Figure 1, this page) by saving money in the following five areas:

- 1. Increased employee productivity and reduced head count:** "Time saved by employees can result in either increased employee productivity or the ability to reduce the number of employees devoted to a specific job or task," the report says.
- 2. Travel costs:** "One IBM customer was able to reduce travel costs by approximately US\$1 million by supporting meetings through the collaboration functionality," the report says. Other related savings included reduced compliance reporting costs and eliminating the costs of fraud.
- 3. Customer support:** Employees spend less time providing information and service if customers can help themselves

- through the portal.
- 4. New products and services:** Increased revenues through providing customized service, integrating partners into product development, delivering new products faster, and winning new contracts based on portal functionality and image.
  - 5. Reduced IT costs:** "Many companies leveraged the portal to reduce overall IT development and support costs, either by moving from a homegrown portal to a more automated one or by rapidly delivering users access to new applications via the portal without adding IT costs," the report says.

**The top ROI blockers**

- Nucleus found these four most common challenges to achieving ROI:
- 1. Failure to identify key benefits:** some customers didn't take the time to plan exactly what they hoped to achieve from the portal.
  - 2. False optimism:** "Portal projects that delivered a less-than-positive ROI did so because companies simply didn't expected benefits."
  - 3. Too many licenses:** "One customer purchased licenses for 30,000 users but had deployed to only 3,000," the report says. "If you're not sure how many users will access your pilot, especially in its initial stages,

- bet low and negotiate to scale up your license investment."
- 4. Content integration costs:** "For many portal customers, a cost-effective means of integrating content was a challenge that was discovered during deployment," the report says. One Plumtree customer had a solution: "Rather than slow the project or have cost overruns impact the ROI, they let budget dictate what content would be included in the first launch and integrated the additional content as resources permitted." **KM**  
REVIEW

**Contact**  
Rebecca Wettemann  
Nucleus Research  
E-mail: rwettemann@nucleus.com

**Figure 1: The average 3-year cost of a portal deployment**

	Plumtree	IBM	SAP
<b>Initial Costs</b>			
Software	\$414,375	\$378,200	\$60,000
Consulting	\$272,250	\$31,000	\$338,000
Hardware	\$125,400	\$105,000	\$95,056
Personnel	\$299,211	\$42,225	\$188,864
Training	\$38,018	\$4,543	\$82,091
<b>Total</b>	<b>\$1,149,254</b>	<b>\$560,968</b>	<b>\$764,011</b>
<b>Ongoing costs</b>			
Software maint.	\$175,784	\$202,278	\$20,400
Personnel	\$1,023,000	\$402,300	\$394,875
<b>Total 3-year costs</b>	<b>\$2,348,038</b>	<b>\$1,165,546</b>	<b>\$1,179,286</b>

Source: Nucleus Research (All figures are US dollars)