

STRATEGY

# Knowledge-Powered Strategy

by Mostafa Sayyadi and Michael Provitera



Image Credit | Johannes Plenio

*Companies often fail to make the connection between their strategy and organizational knowledge management.*

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Knowledge being the biggest commodity among corporations today has people wondering why large corporate financial investments sometimes go offtrack. Some companies fail to successfully implement projects. One of the most prominent examples of these companies is Nokia, which failed to implement enterprise knowledge management projects. This failure has roots in a lack of a knowledge-powered strategy in these companies.

Knowledge-powered strategy builds a company around a person with a vision coupled with sheer insight from a powerful team of innovators and creators. It is a creation of coordination among different parts of the organization with the aim of achieving synergy. Coordination leads to focus to prioritize the distribution of companies' resources to achieve their mission and vision. Over the past twenty years, we have experienced that companies often fail to make the connection between their strategy and organizational knowledge management. A fatal flaw.

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**“Research Directions for Knowledge Management”** by David Teece (Vol. 40/3) 1998.

**“Harnessing Exaptation and Ecosystem Strategy for Accelerated Innovation: Lessons from the VentilatorChallengeUK”** by Liu, Wei , Ahmad Beltagui, Songhe Ye, and Peter James Williamson (Vol. 64/3) 2022.

When a company lacks knowledge-powered strategy, a series of scattered and sometimes contradictory actions impact investments. The coherence of actions and processes face inertia and lack of focus on the future. This scattered array of contradictory actions hinders an organization to create innovative knowledge and solutions to solve its problems. In fact, the lack of a knowledge-powered strategy will prevent the creation of an innovative system and ultimately lead to the inability of the company to solve its problems.

This lack of systemic thinking that focuses on the components of the organization on different and contradictory priorities, which in turn prevent the organization from focusing on the most profitable priorities.

*Inertia causes organizations to imitate other systems that are not producing results. The solution is to design a unique system for your company that is compatible with your internal capabilities and competitive needs – a knowledge powered strategy.*

Barring the negative exposure that Elon Musk has placed in the forefront of social media, he may be developing a marketing and publicity campaign that incorporates a knowledge powered strategy. Letting potential buyers feel that orders for Tesla electric cars may be halted inflates demand. Tesla, a leading manufacturer of electric cars, uses a knowledge-powered strategy to give customers less time to search for information. One of the best examples of a vendor car purchasing engine that provides customers with the required information by implementing a knowledge-powered strategy from the onset of a \$250 deposit. The Tesla family initiative considers customers as part of the extended Tesla family. The company has also succeeded in creating a learning environment by using knowledge-powered strategy, which continuously empowers and updates its customers and human resources while making every operator a salesperson without commission.

When viewed from a knowledge powered strategy perspective, Tesla's performance makes perfect sense. By providing specific and effective solutions for uncertain and ambiguous situations. The cutting edge of customer orientation, offering well-defined and rational solutions using its organizational capabilities to meet customer needs with vendor style operations. The marketing-oriented effect of customer relations provides after-sales service to keep customers informed of their latest products through software updates. By maintaining constant communication with existing customers and attracting new customers with a \$25,000 sticker price, the company will improve diversity and open its footprint to the lives of millions of customers. By understanding its capabilities, recognizing customers as well as their interests, Tesla has developed the most effective knowledge-powered strategy

# Linking Strategy to Organizational Knowledge Management

About fifteen years ago, Apple decided to make a strategic change by understanding the future needs of customers. The company decided to use its technological capability to produce smart phones. This strategic decision required a new strategy coupled with the effectiveness of organizational knowledge management.

*“The first step in developing a knowledge-powered strategy is a measurable and accurate definition of the company’s goals.”*

Knowledge-powered strategy plays a very important role in developing better and more reliable products and services, and better after-sales service to customers. A vital role to attracting new customers. Tesla, for example, is making continuous efforts to optimize its supply chain, produce more innovative products and services, and develop software and internet capabilities to improve customer relationships. Indeed, hardware and software integration has been developed as effectively as possible to attract potential customers.

Applying a knowledge-powered strategy and attracting potential customers will motivate your competitors to emulate your services and products. There are many examples of companies that have created very strong competitors. Samsung captured the Apple business model knowledge by emulating the products and enhancing them. Once acquired, engineers can take a product apart and enhance it when they put it back together with a knowledge-powered strategy.

The best solution for new product and service providers is to maintain a constant effort and investment to optimize new products and services. Ensuring a proper ecosystem and a continuous supply chain can also be important. Ignoring the importance of continuous improvement can quickly put a leading company behind its competitors. Some of the predictions that Tesla rivals pose, such as Toyota, are bridging the gap with this leading company in the electric automobile sector which is a clear example of this vital role.

*James Morris, in a 2021 Forbes article posited that Tesla's Dominance Could Be Under Threat Sooner Than You Think.*

# The Pillars of a Knowledge-Powered Strategy

Knowledge-powered strategy can enhance competitive advantage. There are four pillars that can build the foundation for a success.

1. **The analysis strategy** is based on market analysis and technological competencies. An example of such a strategy can be seen in leading technology companies such as Microsoft, which played an important role in gaining a large market share and taking on the leading role in the industry with the introduction of Windows.
2. **The pro-activeness strategy** is a strategy based on emerging market trends to respond effectively to new technology. An example of such a strategy in digital photography can be seen by Kodak, which, with the production of this new product, outperformed competitors.
3. **Defensiveness strategy** is the opposite of pro-activeness strategy. The main challenge here is the financial challenge. While maintaining the quality of its products and services, an organization uses the best ideas to reduce costs. An example of such a strategy can be seen in Kodak digital camera, which greatly reduced photography costs by preventing waste disposal.
4. **Futurity strategy** combines long-term effectiveness with short-term efficiency. In this way, it plays an important role in continuously improving the agility of the organization. Costco offers a one-stop-shop for products about expire yet fly off the shelf.

Knowledge-powered strategy plays a decisive role in using these four strategies.

Optimization strategy plays the most important role in creating a competitive advantage.

The growing position of the Chinese tech-giant, Huawei, realizes the importance of this strategy. The point is not that companies should just use optimization strategy. Rather, the

important point is that companies, depending on the situation in which they are in, should use one or more of these strategies and constantly analyze their position to replace and reformulate these strategies when necessary or use an interchanging combination. There is no exact formula for success and careful analysis of the opportunities and threats are essential.

## Overcoming The Obstacles

Knowledge-powered strategy overcomes obstacles as it effectively prioritizes resources to achieve strategic goals. Leaders must determine whether they want to focus on emerging needs or market trends. Prioritizing and proactive decision making can help overcome obstacles.

## The Knowledge Powered Strategic Leadership Challenge

Implementing knowledge management is based on a strategy to achieve ultimate goals. Using a system approach will enhance accomplishment of goals and objectives. Questions to pinpoint success must be answered. “How does a knowledge-powered strategy lead to attracting potential customers?” “How will the knowledge-powered strategy maintain current customers and delight them?” The ultimate challenge is to continually improve their knowledge-powered strategy. Adapting to current events will also increase success. With changes in the external environment and laws and regulations, the knowledge-powered strategy must also be constantly improved to adapt to its external environment.



Mostafa Sayyadi [Follow](#)

Mostafa Sayyadi is an Associate Fellow at Australian Institute of Management. He works with senior business leaders to effectively develop innovation in companies, and helps companies — from start-ups to the Fortune 100 — succeed by improving the effectiveness of their leaders.



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Michael J. Provitera is an Associate Professor at Barry University. He is an author of "Level Up Leadership" published by Business Expert Press.