

## Chapter 13

# When Knowledge Management Drives a Strategic Transformation Project: The Case of a Brazilian Air Force Organisation

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### ABSTRACT

*This article introduces and explores the case of a Brazilian Air Force Organisation, the Aeronautical Economy and Finance Secretariat, which based on different findings provided by knowledge management (KM) research, started a broad strategic transformation process to address KM specific issues while improving organisational performance. The case description is complemented by theory regarding strategic management applied to public organisations to underpin the perception that, for such organisations, not driven by market variables, KM may exert a positive influence as a trigger to strategic changes rather than other performance related aspects.*

### INTRODUCTION

*That knowledge has become the resource, rather than a resource is what makes our society 'post-capitalist'. It changes, fundamentally, the structure of society. It creates new social dynamics. It creates new economic dynamics. It creates new politics.-Peter Drucker*

The scenario shows the year 2008 and the Aeronautical Economy and Finance Secretariat (SEFA), which is the Brazilian Air Force organisation responsible for the top level management of all budgeting, financial and accounting procedures within the Air Force. Conscious about the intense flow of highly specialized knowledge through the organisation structure and also aiming at mitigat-

DOI: 10.4018/978-1-4666-2151-0.ch013

ing the systematic risk of memory and knowledge loss, the Secretariat Administration took the decision of sponsoring an academic research about the organisation proneness to knowledge management (KM). The research was conducted in the Brazilian Air Force University, in 2009, supervised by the High Staff and Command Course Team, having brought a set of conclusions regarding the main difficulties and positive aspects that would be faced by the Secretariat to embark on a KM project.

In this sense, the purpose of the article is to explore the transformation process that is being experienced by that Air Force Unit which, starting from specific conclusions produced by a KM research, has decided to implement a broad strategic project that is changing its “status quo” in different aspects which, to a certain extent, may transcend the regular scope of typical KM initiatives.

Initially, the article describes the main drivers, the theoretical approach and the methodology adopted in the research. This is followed by a summary of the research findings, allowing, on the sequence, the analysis concerning the links built by a project team at SEFA to elaborate the “Organisational Strategy Project” plan as well as the concrete results achieved by such project up to now. Finally, the article suggests that for public organisations, which are not driven by market forces, KM may work as a stronger inductor to changes in the strategic field than other factors, including those purely regarding the organisation’s performance.

## **THE KM RESEARCH DRIVERS**

In 2008, the Aeronautical Economy and Finance Secretariat (SEFA), although displaying a hierarchical structure, inherent to military units, gathered some important features of intensive-knowledge organisations. With four main functional areas, the Secretariat was a unanimous reference within the Air Force in the fields of budgeting, financial, ac-

counting and controlling procedures. At that time, SEFA’s Senior Officers, in average, accumulated 10 to 15 years of experience in their areas, in most cases with a strong postgraduate background.

Nevertheless, the organisation as a whole and particularly the middle managers struggled with typical KM issues, starting from an apparently excess of information, described by Girard (2006) as syndrome of the “information anxiety”. In this respect, some typical symptoms of the “information anxiety” could be noticed in the Secretariat, such as managers feeling overwhelmed by the amount of information to be understood, not knowing if certain information existed and not knowing precisely where to find the right information.

Another challenge faced by SEFA top administration was a systematic memory loss, caused by managers at different levels frequently retiring or being assigned to other organisations and taking away years of experience and memory, with significant impact on the organisations’s ability to make a proactive use of its past experiences (Nevo & Wand, 2005). Such difficulty was particularly visible whenever an attempt was made to find the complete memory of past decisions (Alvarado, 2005), including those produced by work groups, a common tool used by the Secretariat to deal with complex subjects. In that context, the urgent need to retrieve the large amount of sticky knowledge, qualified by Coakes (2004) as something context-and-process-specific, before people could simply quit by the front door, became a priority for the top managers at SEFA. Moreover, it became clear that the organisation would need to be able to identify what could be considered important knowledge, to compose the corporate memory (Becket, 2000).

In addition to the memory loss problem, the Secretariat was interested in fastening the learning process involved in managers’ succession at different levels. Even without a clear picture about the practical impact caused by the cyclical replacement of managers assigned to attend career courses and other events, the Secretariat knew that a better induction program, combined with

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