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**UE17CS342–Knowledge Management**

PROJECT REPORT

ON

**KNOWLEDGE MANAGEMENT PRACTICES IN BMW MOTORS**

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**INTRODUCTION**

*Knowledge Management is a process that helps organizations identify, select, organize, disseminate and transfer important information and expertise that are a part of the organizational memory that typically resides within an organization in an unstructured manner.*

This enables effective and efficient problem solving, dynamic learning, strategic planning and decision making. Knowledge management focuses on identifying knowledge, explicating it in a way so that it can be shared in a formal manner, and thus reusing it. Knowledge management enables the communication of knowledge from one person to another so that it can be used by the other person.

Knowledge management is necessary for companies because what worked yesterday may or may not work tomorrow because market needs are changing rapidly. The same holds for assumptions about the optimal organization structure, the control and coordination systems, the motivation and incentive schemes. To remain aligned with the dynamically changing needs of the business environment, organizations need to continuously assess their internal theories of business for ongoing effectiveness.

Knowledge management involves a strategic commitment to improving the organization’s effectiveness, as well as to improving its opportunity enhancement. The goal of knowledge management as a process is to improve the organization’s ability to execute its core processes more efficiently.

The four broad objectives of knowledge management systems in practice are:

¨ create knowledge repository

¨ improve knowledge assets

¨ enhance the knowledge environment

¨ manage knowledge as an asset

The aim of knowledge management is to continuously improve an organization’s performance through the improvement and sharing of organizational knowledge throughout the organization . Knowledge management is the set of proactive activities to support an organization in creating, assimilating, disseminating, and applying its knowledge.

**BMW series 7 flagship series model**

**ABOUT BMW MOTORS**

Bayerische Motoren Werke AG, commonly known as Bavarian Motor Works, BMW or BMW AG, is a German automobile, motorcycle and engine manufacturing company founded in **1916**. It also owns and produces Mini cars, and is the **parent company** of **Rolls-Royce Motor Cars**. BMW produces motorcycles under BMW Motorrad. BMW is **part of the “German Big 3”** luxury automakers, along with Audi and Mercedes-Benz, which are the three best-selling luxury automakers in the world. Today, the BMW Group, with its 31 production and assembly facilities in 15 countries as well as a global sales network, is the world’s leading manufacturer of premium automobiles and motorcycles, and provider of premium financial and mobility services. Automobiles are marketed under the brands BMW, Mini and Rolls-Royce, and motorcycles are marketed under the brand BMW Motorrad. In 2015, BMW was the world's twelfth-largest producer of motor vehicles, with 2,279,503 vehicles produced.[[2]](https://en.wikipedia.org/wiki/BMW#cite_note-2)

In June 2012, BMW was listed as the #1 most reputable company in the world by Forbes.com. Rankings are based upon aspects such as “people’s willingness to buy, recommend, work for, and invest in a company is driven 60% by their perceptions of the company and only 40% by their perceptions of their products.”

The BMW Group sets trends in production technology and sustainability as an innovation leader with an intelligent material mix, a technological shift towards digitalisation and resource-efficient production. At the same time, flexibility and continuous optimisation of value chains ensure competitiveness. Long-term thinking and responsible action are the basis of economic success. Ecological and social sustainability, comprehensive product responsibility and a clear commitment to conserving resources are therefore an integral part of our strategy.

BMW produces complete automobiles in the following countries:

* Germany: Munich, Dingolfing, Regensburg and Leipzig
* Austria: Graz
* United States: Spartanburg
* Mexico: San Luis Potosí
* South Africa: Rosslyn
* India: Chennai
* China: Shenyang
* Brazil: Araquari

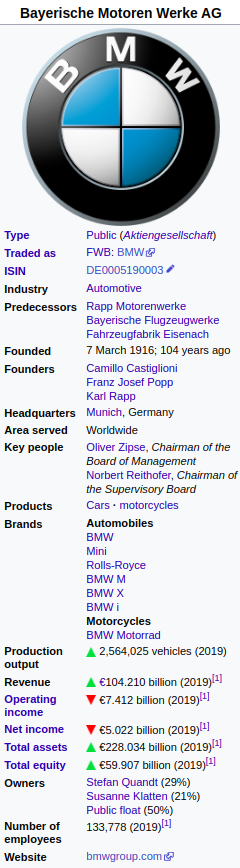
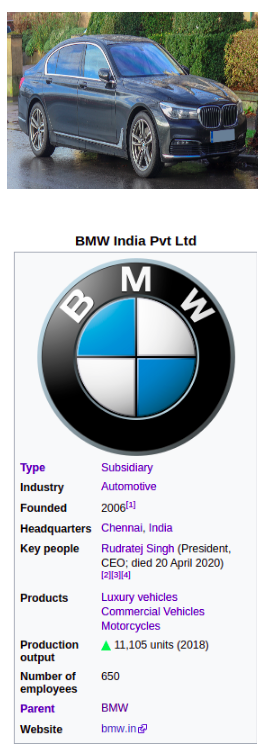
BMW also has local assembly operations using complete knock-down (CKD) components in Thailand, Russia, Egypt, Indonesia, Malaysia and India.

BMW is a charter member of the U.S. Environmental Protection Agency's (EPA) National Environmental Achievement Track, which recognizes companies for their environmental stewardship and performance. It is also a member of the South Carolina Environmental Excellence Program.Since 1999, BMW has been named the world's most sustainable automotive company every year by the Dow Jones Sustainability Index. The BMW Group is one of three automotive companies to be featured every year in the index. In 2001, the BMW Group committed itself to the United Nations Environment Programme, the UN Global Compact and the Cleaner Production Declaration. It was also the first company in the automotive industry to appoint an environmental officer, in 1973. BMW is a member of the World Business Council for Sustainable Development.

For the fiscal year 2017, BMW reported earnings of EUR 8.620 billion, with an annual revenue of EUR 98.678 billion, an increase of 4.8% over the previous fiscal cycle. BMW's shares traded at over €77 per share, and its market capitalization was valued at US 55.3 billion in November 2018.





**NEED FOR KM IN BMW MOTORS**

Bmw motors spans a wide array of sectors: manufacturing, spare parts inventory, distribution, work order management, original equipment manufacturing, sourcing, and more. Each activity benefits from knowledge management in automotive design, manufacturing, and delivery.

If you are a dealership, you have options for integrating knowledge management in automotive sales. These systems offer components such as business intelligence and customer relationship management, and are designed to support the specific demands and needs of an auto dealer.

Knowledge management in automotive sales is useful for single dealerships, but more importantly, the systems provide robust capabilities that standardize data across all of your locations. For instance, if you own seven or eight car dealerships, you need a standardized system that allows you to streamline training staff on translating and managing data. This gives them the power to meet the demands of consumers, such as with fast, reliable services and purchases. Your customer’s satisfaction improves as goods and services are coordinated, ensuring that you are prepared and equipped with all the essentials.

Knowledge management for auto dealers has been developed through close partnerships between software designers and automotive dealers. The technology integrates the knowledge from front-line staff with the capabilities of database specialists. For instance, many auto manufacturers developed in-house solutions to handle their products. Later, they established collaborations with software designers to begin adapting their in-house systems for more efficient operations. This resulted in streamlined inventory management, product ordering, supplier networking, sales, and customer tracking. For you, this means higher efficiency in providing superior service to your customers and greater loyalty to your particular brand.

In this highly competitive industry that is no longer local due to the adoption of auto sales through the internet, you must continuously improve every area for efficiency. Fully integrated knowledge management in automotive sales is a necessary tool for providing superior service while minimizing costs.

Today’s systems for car dealerships facilitate communication across multiple locations while promoting and selling products and services. The technology lets you collaborate across dealer networks while preventing tedious errors that can lead to increased costs and slower services. It is no longer an option to cultivate only your local consumers. You must reach out and proactively develop a wider consumer base. Knowledge management in automotive dealerships is the cornerstone product to help you achieve this objective.

**REQUIREMENTS FOR KNOWLEDGE MANAGEMENT IN BMW:**

* Advance search capabilities
* Multidimensional access
* Scalable
* Easy to use
* Secure
* Web-based document management
* Should be project oriented
* Consistent hyperlinks.
* Other practical issues

Major problem implementing the knowledge management systems is the cost involved. Steps must be taken in such a way that the cost of production does not change. The final product may have a bit increase in the price. Another problem in the knowledge management is organising the data into meaningful categories so that it can be easily assessed which takes a lot of time and involves a new labour work force for which new recruitment has to be carried out. Proper planning if not made before the implementation may arise a huge problem may be a company may suffer a heavy loss. Companies information stored may be leaked and can go lend in the hands of the competitors which is a threat for such a big brand name.

**METHOD OF IMPLEMENTATION**

**KNOWLEDGE ACQUISITION:**

BMW needed to gain proper knowledge from the consumers and the market about what they think while buying the product and what is the reason being of them falling into a dilemma when they want to purchase an automobile. This information is collected by various knowledge management systems which can be majorly categorised as Enterprise wide knowledge management systems, knowledge work systems and intelligent techniques. This system collects information about the customer needs, feedback, and product understanding. This can be got through the firm's transaction processing systems while it requires systematic data about the sales, inventory, customer needs and preferences and other vital data. It also needs information from external sources such as news feeds, government statistics, scientific research and legal opinions. This helps the company to gain proper knowledge and help to focus on consumers which can help them learn about the product details accurately.

**KNOWLEDGE STORAGE:**

Once the proper information is received it has to be stored so that it can be used for the knowledge of employees and then can be conveyed to the consumers. Hence knowledge management enforces the knowledge to be stored and thus the system involves in creation of databases.

**KNOWLEDGE DISSEMINATION:**

This is when the knowledge is distributed using many communication methods such as prints, e-mails, instant messaging, etc. In Fact provision should be made by the company for FAQs by the consumers after the message is delivered to them and they are still in dilemma.

**KNOWLEDGE APPLICATIONS:**

Despite what knowledge management systems are used if the knowledge is not applied properly that may not add any value to the firm, this may not change the minds of the customer and they may still be unclear about the product. Proper knowledge management application helps in enhanced business processes and even improves the customer relationship which BMW is more looking for to make their customers not to hesitate and buy the BMW car and also stating about the price factors explanation.

**KNOWLEDGE DISSEMINATION**

Knowledge dissemination is often referred to as the most important, yet most challenging knowledge activity due to the high complexity it possesses.Yet, this complexity stems from the fact that knowledge is not only created by and rests within individuals, but is also embedded in particular ways of thinking and acting. Knowledge dissemination practices within BMW relies heavily on its E&E units to introduce and represent its brand to various stakeholders and consumer markets throughout the globe. The successes of numerous new product campaigns and launches over the last three decades confirm the competence of their relatively small E&E workforce and external agencies. Although BMW’s products are standardised to a large degree in all markets, E&E units in different countries and regions seem to apply different approaches to marketing those products.

Our findings indicate that managers perceived five specific elements as being most influential to effective intra-organisational knowledge transfers between individual members of E&E units and E&E units as a unit. They are:

**1. Strength of network ties -** All managers agreed that the strengths of network ties have the largest influence on the knowledge transfer process between E&E units. Managers argued that knowledge transfer is not always required between E&E units. Large differences in local market requirements demand highly localised planning and implementations of home events and exhibitions. Close inter-unit network ties would potentially stimulate redundant and highly context-specific knowledge transfer, which simply would not be applicable to most other E&E units.

**2. Formality of network ties -**  Most managers agreed that both formal and informal network ties between E&E units are important drivers of knowledge transfers between E&E units. By and large, informal relationships were perceived as less important compared to formally structured ties between E&E units. In contrast to informal network ties, knowledge exchanges via formal networks were believed to be very frequent and effective among E&E units.

**3. Absorptive capacity -** All managers believe that their respective E&E units were deeply embedded in their local markets. The capacity to understand and apply knowledge developed within each unit’s respective markets was thought to be acquired in unique processes between local markets, its stakeholders and their individual E&E unit. Although managers argued that the competences gained from absorbing knowledge from their local markets was important, it was thought to be so context- and relation-specific that it was usually only important to share with other employees within the same E&E unit. Hence, the absorptive capacity of each E&E unit within its own defined market was extremely high, yet the capacity to realise absorptive capacity between E&E units was relatively small.

**4. Learning adaptiveness -** The majority of managers stress that there are undoubtedly benefits in learning from other regional E&E units’ success stories and failures. However, at the same time, they agree that learning is dependent on the complexity, usability and adaptation of the acquired knowledge. And, units rarely learnt from other E&E units’ experiences via BMW’s diverse knowledge repositories or other frequently used communication channels. Instead, outcomes of particular campaigns are shared via personal networks between individuals in cross-unit campaigns and at the annual global E&E conference.

**5. Communication channels -** Despite the existence of a digital portal for marketing-related knowledge, most managers perceive BMW’s marketing portal on their intranet as the least effective communication channel compared to face-to-face communication, telecommunication, and e-mail systems connecting E&E units. Little E&E specific knowledge is transferred via the marketing portal.

**LIMITATIONS OF THE TECHNOLOGY TRANSFER PROCESS**

With respect to the implementation process, the manager's behavior plays a very important role in the adoption of innovations. Thus, the extent to which the model was adopted was strongly influenced by purposeful actions of the manager.

Secondly, cross-cultural differences such as language, general practices and other culture-bound issues are commonly known to influence intra-organisational knowledge transfers in MNCs. E&E units at BMW did not consider cultural elements as relevant for knowledge transfer amongst them due to a number of reasons: The relatively large autonomy of all interviewed E&E units provides them with freedom to implement local events according to local cultures without the interference of other E&E units within the organisation. Cross-unit campaigns and international E&E conferences are held in English, BMW’s corporate language, in which all interviewed managers are fluent.

Thirdly, causal ambiguity was not believed to have a large influence on knowledge transfer. Although operational implementations differ, underlying strategic approaches generally follow a firm-wide guideline that most managers pursue in their individual implementation process of campaigns.

**SUGGESTIONS**

* Integrate the communication infrastructure and proper networking between the company and the suppliers.
* Designed to improve organisational processes by optimizing the flow of information, goods and services between the consumers and the suppliers in the value chain.
* Effective knowledge transfer in E&E units incorporates knowing, where to search for and which knowledge to transfer, as the time and cost spent in building communication channels and mechanisms to transform knowledge in an explicable format may exceed the benefits other units gain from it

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