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## **Introduction**

“Despite all the technology we have and the huge investment we make as a firm into it, people are the only way I get information that matters to me... Learning how to use the constellation of people around you requires understanding what they can and will do for you. In part this means knowing what they are good at and can be relied on for, but just as importantly, it means knowing to what degree you can trust someone or how to get them to respond to you in a timely fashion. – informant.”  
(Cross & Borgatti, 2004, p. 137)

At the same time:

“It’s hard to get the eagles to fly in formation.” Prof C. K. Prahalad,  
University of Michigan.

Brisbane Airport is operated and developed by Brisbane Airport Corporation Pty Limited (BAC) under a long term lease from the Commonwealth of Australia. BAC is part of a holding company group corporate structure, the ultimate shareholders of which are major Australian and international organisations (including Amsterdam Airport Schiphol and the Port of Brisbane Corporation), Brisbane City, and significant institutional investors. Already more than 130 businesses and nearly 8,000 people work on Brisbane Airport every day. This is forecast to exceed 40,000 people by 2025.

Brisbane Airport has been recognised as the world’s most efficient and customer focused privatised airport by the International Air Transport Association (IATA). BAC was awarded an IATA Eagle in May 2005 at the 61st IATA Annual General Meeting in Tokyo in “special recognition of outstanding performance in customer satisfaction, cost-efficiency and continuous improvements.”

It is rare to study a company that is as successful as BAC and this paper will highlight some aspects of BAC’s corporate strategy that supports its ongoing success. This case study sets out to discuss the strategic challenges that BAC faces and the importance of cultural consistency in meeting these challenges. In depth interviews with members of the executive management team were conducted between April and September 2005 to explore strategic issues. The purpose of the research is to analyse BAC from a knowledge perspective in a structured way. Innovative organisations must continuously plan for future challenges ensuring the organisational knowledge-based capabilities are in place to meet these challenges. Innovative strategic change, knowledge capability assurance, market growth strategy, creative supplier relations, and customer-service quality improvement are all knowledge-based endeavours which make knowledge management an ongoing strategic and operational task. The key issues to be discussed in this paper are as follows.

- The core values of BAC are embedded in a strong corporate culture that is built upon seeking ‘win/win’ outcomes, focuses on operational flexibility, and harnesses consultative management. These values drive BAC’s strategy, e.g.

maintaining a slim core, and underpin some of its core capabilities: establishing a network of extended capabilities through outsourcing, establishing strong relationships with clients, partners and stakeholders, and committing to shared risks and returns in commercial arrangements. In realising its vision of an 'Airport City' (see Kassarda, 1999), BAC faces four challenges: Growth, exercise of influence on more with fewer, migration from control to culture, and migration from a value chain driven airport to a self-sustaining economic city. Together, the strategy, core capabilities and key challenges have to inform both internally and externally focused knowledge management strategies.

- BAC is less exploitative and more exploratory (Zack, 1999; McKenzie & van Winkelen, 2004) by nature. An explorer meets new challenges afresh, is innovative, fluid, and populated by experienced and expert people who generate a constant flow of new ideas.
- As the number of activities at BAC increases, and more technical people move "off tools" (i.e. away from executing the work themselves) and onto managing external parties, there is an increasing need to systematically capture and transfer the organisation's core competences across more people in the slim core. These competences will need support in the medium term thereby creating a demand for formal training and mentoring in these areas.
- BAC favours a personalisation strategy over a codification strategy (Hansen et al, 1999). A personalisation strategy is based in dialogue and the exchange of knowledge principally via people. It uses technology more as a communication device than a repository. The company's synergy is created through constant dialogue. Whenever the core expands, however, there will come times when the discourse becomes difficult because the time it takes to consult with everyone will impinge on action. When this happens, organisational restructuring may enable this valuable discourse to continue between key personnel.

### **A Knowledge Management Strategy Grounded in Values and Vision**

It is important that a knowledge management (KM) strategy in an organisation aligns with corporate strategy and is consistent with corporate culture. The development of organisational KM, therefore, requires a thorough understanding of the corporate vision, values and strategic operating principles of an organisation to be contextually relevant (Hearn, 2002). This understanding helps to identify the core competences and ensures that any KM strategy supports their continued effective application in a manner consistent with the culture.

The study identified the shared vision of the executive team, that is, the creation of a Brisbane Airport City. This vision works at several levels. While the team consistently interprets the holistic notion of this vision, each member operationalises this vision according to their role and responsibility. Each team member sees the airport through his personal lens. For example:

- Guiding the city's development through synergistic coordination is the CEO, who by example, sets the values and vision that drives the organisation. He also manages the relationships with neighbouring cities and states.
- The Commercial Manager has an integrated view of the individual businesses that supply and support the city's customers to provide a consistent cultural experience.
- The CFO views the airport city as a viable economic entity that will sustain future growth within the bounds of fiscal responsibility.
- The HR manager sees the airport city as a developing community that will benefit from the replication of BAC's successful corporate culture.
- The Operations Manager sees the airport as a complex of safe and efficient customer interfaces with the main infrastructure asset that maximises flow through the principal value chain.
- The Planning Manager views the city as an integrated infrastructure that effectively supports continued effective operations.

The second interview round also demonstrated the strong culture within the executive team. This strong culture is founded on a set of principal values: consultative management, flexibility and 'win-win' commercial arrangements.

### **Model of Strategic Drivers**

This model describes how the vision and shared values of the company drives strategy. It also relates these core strategies to the challenges facing BAC in the medium term. The model is represented in Figure 1.

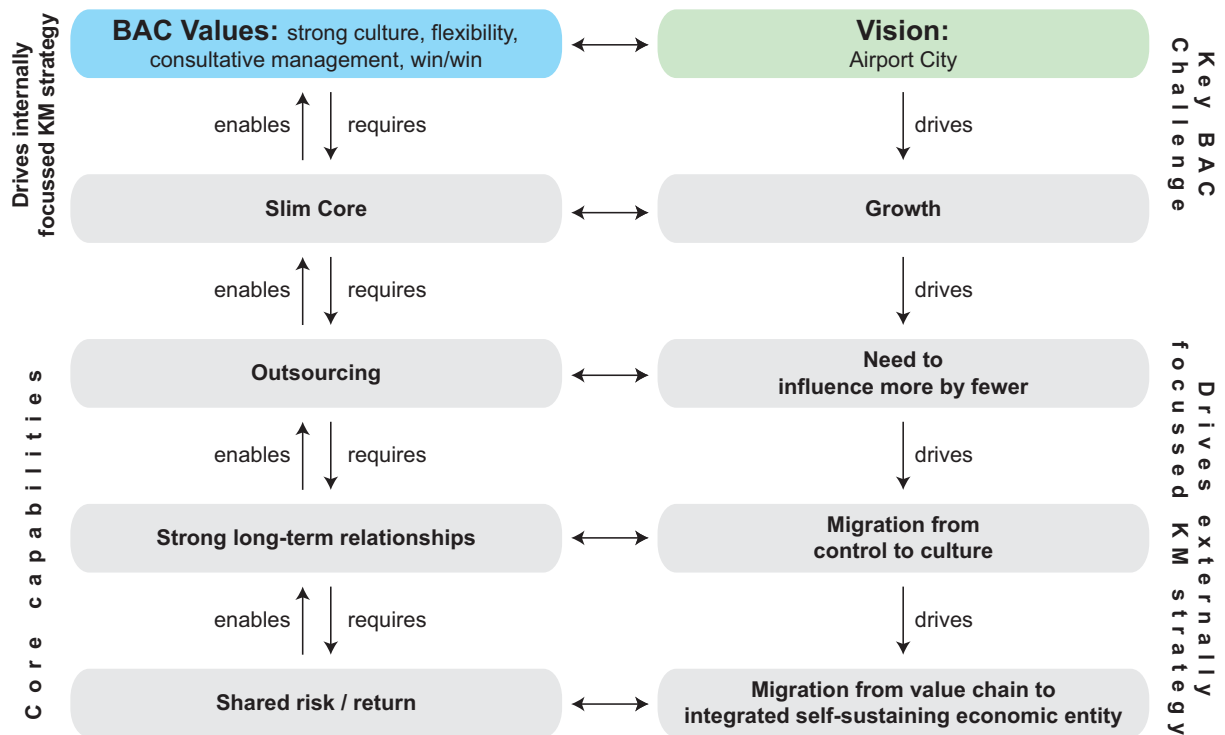


Figure 1: Model of Strategic Drivers

While several values are espoused in BAC documentation, our understanding of the key values arising from the round two interviews was the following:

- Values
  - Win-win: BAC strives to create benefits for all parties in commercial arrangements.
  - Flexibility: Executives see managerial flexibility as a strength of the company enabling it to react and adapt to short (e.g., SARS), medium (e.g., Asian crisis) and long term challenges (e.g., new runway).
  - Consultative Management: The executive team talks with each other, and their staff, regularly. This constant dialogue creates synergy.
  - Strong Culture: All executives are both passionate and consistent in their values.
- Slim Core: The CEO and executive are committed to keeping the number of core personnel at BAC to a minimum.
- Outsourcing: The strategic response to growth while maintaining a slim core is outsourcing. Increased reliance on outsourcing creates a blurring of the boundary of the company; in effect creating a network of capabilities either provided internally or externally coordinated by the slim core.
- Strong Relationships: These are essential for successful stakeholder management (e.g., government entities, airlines) and critical for long-term outsourcing partnerships.
- Shared risks and returns: Creating benefits for all parties in commercial arrangements creates a strong foundation on which to build the synergy an Airport City vision requires.

### Vision and Challenges

The vision of the executive team is to create an Airport City; a synergy of infrastructure that creates a consistent and positive cultural experience for visitors and customers to the city.

- **Growth:** A variety of factors is driving the growth of BAC. These include regional growth, lower airfares, careful planning and skilful management execution. All expect the current rapid growth to continue.
- **To influence More with Fewer:** This describes the challenge that accompanies outsourcing as a response to growth. It recognises the increasing complexity of the vision as it unfolds and the need to coordinate greater numbers of people and more assets.
- **Migration from Control to Culture:** As the Airport City grows employee numbers will spiral. An increasing majority of these employees will be working for partners in the extended BAC organisation. The provision or maintenance of the consistent cultural experience in the Airport City will only result from the institution of consistent (BAC) values across the network of partners.
- **Migration from Value Chain to Self-sustaining Economic Entity:** As the city grows and the partners commercially interact more, the principal value chain, through which customers move, will be framed within a more complex web of economic activity. Links between BAC partners and external business activities will increase creating a self-sustaining city economy.

The values of the company are critical to the internal knowledge management strategy that must be consistent with the company's context to be relevant.

### **Knowledge Management for Explorers**

In knowledge management research, companies tend to fall into the category of knowledge explorer or knowledge exploiter (Zack, 1999; McKenzie & van Winkelen, 2004). An explorer meets new challenges afresh, is innovative by nature, fluid, and populated by experienced and expert people who generate a constant flow of new ideas (e.g., Apple Computer). In contrast, the exploiter is a disciplined company that ensures practices are widely adopted and refines existing knowledge assets (e.g., the taxation office). Each tendency is appropriate to different contexts.

When exploitation processes and culture are introduced to a company that is naturally exploratory a tension is created. The natural exploratory culture may reject these exploitation practices, preferring their natural style. If exploitation practices are forced upon explorers, as constant innovators they lose their outlet of expression and eventually leave. Similarly, natural exploiters become inflexible preferring existing processes. Our study indicates that BAC is exploratory by nature. This is consistent with past difficulties in introducing record management systems, other bureaucratic mechanisms, attitudes towards ex-government (a natural exploitation environment)

employees, the fact that flexibility is strongly valued, and most importantly the company's adherence to a slim core (Cross & Prusak, 2002).

While exploitative benefits may appeal to BAC e.g. re-use of past documented information, the overhead of these practices threaten the fundamental culture of BAC and should be approached with caution. One way to address this is to outsource these bureaucratic processes to a third party. This will organisationally separate the explorers and exploiters.

There is one exploitative practice that could be both appealing and beneficial with an exploratory inclined company and that is the development of practices in exploration itself. Since BAC is heavily project-oriented (another tendency that sits naturally with outsourcing and exploration in general) the development of project management practices is recommended. While executives initially suggested the creation of a codified resource to support consistency in project management practices, it was noted that this would not be culturally consistent. Rather, BAC needs to develop a 'community of practice' of project managers who share through dialogue their experiences and tips (Cross & Borgatti, 2004; Millen & Fontaine, 2003; Millen, Fontaine, & Muller, 2002; Wenger, McDermott, & Snyder, 2002). On the foundation of this community of project managers, BAC can introduce a consistent approach to project management across its operations.

### **Managing Networks of Relationships**

Three related core competences have emerged in discussions with BAC executives. These are expertise in outsourcing, the ability to build strong relationships and the capability to construct mutually beneficial commercial arrangements with partners. As the number of activities at BAC increases, and more and more technical people are moved "off tools" and onto managing external parties, there will be an increased need to capture this expertise and systematically transfer it across more people in the slim core. These competences will need support in the medium term thereby creating a demand for formal training and mentoring in these areas (Candy, 2000; Reimann, 2003).

In particular, the management of relationships with external parties is a critical part of BAC operation. BAC values good and fair treatment of staff. This value creates behaviours that promote similar dealings with external parties. As the number of relationships grows, and BAC expands, the maintenance of the relationships may require some systemisation across the organisation. An example of relationship systemisation is how the CEO synchronises top level relationships through diary coordination at his team meetings. Such systemisation is consistent with the personalisation inclination in BAC.

Growth is the central challenge facing BAC. This growth requires new strategic responses in the medium term including influencing more people with comparatively fewer. In the knowledge management field, when faced with this challenge, one can look to the field of complex adaptive systems which has a central tenet: 'Resilience' (Holling & Gunderson, 2002).

If an organisation is in a steady-state it is resilient. But should change be quickly thrust upon it, the question arises "How long will it take to return to its steady-state naturally?" Alternately, "How much effort is required to bring an organisation back to a steady-state?" When a single organisation has change thrust upon it, with good governance, the resumption of a steady state is a function of direct control. When, however, you are dealing with an economic entity, group of partners, or network of capabilities, the resilience of the entity, group or network is not controlled via direct management intervention. Therefore an alternative control mechanism is needed. In government, this mechanism is politics, and while this approach is commonly translated to the private sector it has great risks.

Alternatively, one can create a 'resilient' network of partners through strong relationships (Keane, 2004) but the maintenance of a growing number of relationships makes this increasingly difficult. Since the strength of BAC is its strong culture then we suggest directing the knowledge management strategy towards the creation of a culture supporting BAC in leveraging the foundation of the strong relationships that exist within the company. Essentially, this would mean creating a series of activities to instil BAC cultural values within partners and their employees in much the same way as BAC instils these values internally. It may require choosing partners, not necessarily on technical grounds alone but also on shared cultural grounds.

As previously mentioned, another outcome of growth is the complexity of relationships that arises between BAC partners independent of BAC. For example, in a short time the lessees in *No1 Airport Drive*, a new factory outlet retail centre, will begin to interact commercially (and perhaps culturally) between themselves and with external parties independent of their relationships with BAC. As the Airport City grows, the incidence of these independent relations will increase in number and complexity. So as BAC realises the Airport City vision it will move from a simple value chain whereby the customers move through the main infrastructure asset to an inter-related synergistic economic entity. This means that BAC will need an externally focussed knowledge management strategy that is sensitive to activities which bring economic risk to the Airport City. The strategy would entail creating a market intelligence or economic sensing capability.

## **Personalisation through Consultative Management**

Another core indicator of knowledge management research is the tendency of a company towards either a personalisation or codification strategy (Hansen et al, 1999). A personalisation strategy is based in dialogue and the exchange of knowledge principally via people. A codification strategy is where the knowledge base is held mainly in information form, that is, databases, books, documents, etc. The processes of a company with a codification strategy are repetitious and often require the provision of consistent advice to many parties, e.g. the Tax Office, a call centre. A personalisation strategy, on the other hand, uses technology more as a communication device than a repository (Oppong, Yen, & Merhout, 2005).

Consultative management is valued within BAC but is coming under threat from the growth in activities and staff. This style of management is consistent with a personalisation strategy. Dialogue generates actions and advice. Ideas are explored and enacted. Coordination is synchronised via discourse. There is an emphasis on who is meeting with whom and this strategy ties in with the core capability of strong relationships.

Whenever the core expands, however, there will come times when the discourse cannot be supported because the time it takes to consult with everyone will impinge on action. When this happens, organisational restructuring may enable this valuable discourse to continue between key personnel.

## **Conclusions**

BAC's key challenge is growth while maintaining a slim core. As growth continues to impact on BAC, and it maintains its slim core, the definition of this 'slim core', that is, what is in and what should be hived off will require systematic review. Such a review should include an analysis from a knowledge perspective. Essentially, as the slim core becomes a group of increasing expertise, the selection of internal capability becomes a critical decision (Ridderstråle & Nordström, 2000).

Communication and relationship building are key capabilities and it is evident that the resourcing to maintain these activities effectively are vital. The use of email internally as the principal knowledge transfer mechanism will ultimately affect what type of knowledge is transferred. While efficient, email is not always as effective as the more flexible and richer discursive methods of knowledge exchange.

The corporate philosophy of 'win/win' and the credo of a shared risk and return is innovative and sets BAC apart from its competitors and similar entities in the economy. However, to succeed, BAC needs to 'export' its strong corporate culture to clients and partners, so that a balanced and honest relationship is established. This

‘missionary’ activity requires a great level of efficacy and confidence in BAC’s ethical business conduct, accountability and transparency, all of which would benefit from an open knowledge strategy. BAC needs to include external clients, customers and partners as far as possible in BAC workflows and systems, so that a sense of shared ownership in doing business with BAC emerges.

The arguably most innovative aspect of BAC’s business is the vision of the Airport City – a kind of ‘Aerotropolis Knowledge Hub’. It is useful to consider the notion of the knowledge village as the physical space within which the knowledge hub operates. Dubai Airport uses ‘knowledge city / village’ as the overarching construct within which other instruments both physical as well as conceptual reside. The CEO discussed the contemporary economic significance of a successful airport, comparing it to ports and railways in past economic eras. Based on these comments, we now consider an airport (from a knowledge perspective) as a delivery point of knowledge workers (business professionals who travel to meet with other knowledge workers) and knowledge seekers (tourist looking for predominantly knowledge-based experiences). By taking this knowledge perspective on airports, it brings into question the traditional town planning approach of surrounding these ‘economic knowledge economy nodes’ with warehouses and light industry. This planning strategy is more appropriate to the Industrial Age, where the economy was driven by the movement of goods (ports and railways), than the Knowledge Economy. This new perspective of the Airport City as a knowledge hub will further advance BAC’s success as an innovator of the aviation industry.

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