



Chapter X

Organizational Knowledge Sharing Based on the ERP Implementation of Yongxin Paper Co., Ltd.

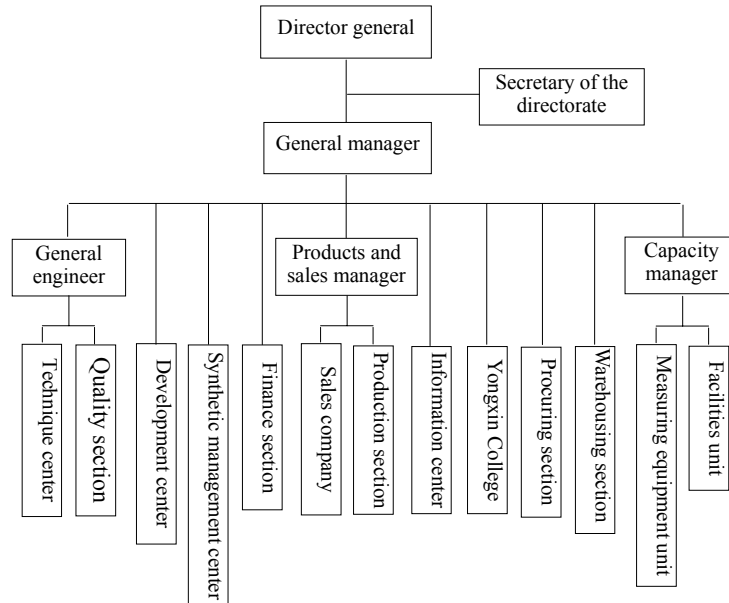
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EXECUTIVE SUMMARY

This case focuses on the effect of knowledge sharing in the process of enterprise resources planning (ERP) system implementation. Knowledge sharing mainly means the sharing and combination of tacit knowledge in the application of new techniques. Up to now, less than 20% of ERP implementations have varying degrees of success in Chinese companies. Yongxin is one such company that used knowledge sharing to successfully introduce an ERP management system. The authors hope that this case will not only inform researchers of a better design for knowledge sharing, but also assist companies implementing knowledge management in effective knowledge sharing.

Figure 1. Yongxin's organizational structure

BACKGROUND

Mudanjiang Yongxin Paper Co., Ltd. (Yongxin, for short) is the production base of cigarette auxiliary material appointed by the state, which is located in Mudanjiang city, Heilongjiang province, in northeastern China. Yongxin, previously Mudanjiang paper mill, was founded in 1951. It was transformed from a state-owned enterprise into a joint-stock company in 1997 and became a China listed company in 2000. The total assets of Yongxin are 10.2 billion RMB and the number of employees totals 3,018. Figure 1 presents the organizational structure of Yongxin.

Annual paper production is 33,000 tons and the annual production of self-made pulp is about 15,000 tons. Main products of Yongxin include different kinds of cigarette paper, pulp paper, yellow and white tipping base paper of good printing characteristics, NCR paper, ZnO base paper, and so forth. Currently, Yongxin is one of the most advanced paper-making enterprises in China. Yongxin has accomplished a sales income of 426,230,000 RMB and total profits of 535,500,000 RMB through 2002.

Over the last 50 years, Yongxin has developed its own organizational culture: “booming forever,” “credible forever,” which embraces the soul of “human-based” and “honesty and credit” management spirits. The special culture has already won markets, customers, and profits for the company. Now, Yongxin has drawn up its development objectives for the next 10 years. These include raising sales income to 4 billion RMB and production to 0.4 million tons. Planned development strategies are focused on making Yongxin first in the paper manufacturing industry and accomplishing the globalization of the company.

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