



## *Alfa Romeo Thinks Its Way Into A Future*



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An intriguing aspect of knowledge is its ability to evolve. Unlike most resources, knowledge is not consumed when used but it does have a use-by date. To survive and thrive, organisations need to constantly create new knowledge.

Knowledge played a role in the wave of global restructuring that swept over the automotive industry in the 1990's. Our cars dominate everyday Australian life. Nowhere is this more so, than in Sydney. Picture this, Sydney on a bright sunny day. I'm punting my wife's Alfa Romeo Spider, top down around the harbour foreshore.

Historically, Alfa Romeo has long been regarded as great driver's cars. They combined exciting handling with spirited performance - in short, Alfa Romeo was all about passion!

Our knowledge literature always seems slightly apologetic when discussing the people end of the knowledge spectrum. Like a formidable great aunt with a fondness for gin, emotional knowledge can be simultaneously intimidating and embarrassing.

Commercially, we've trained an entire generation of middle managers to manage out emotion in favour of dull, uninspired me-too strategies that avoid ambition and reward accounting fiction ahead of servicing their customers. But more on that later

By the 1990's Alfa Romeo was in trouble. Poor build quality, very average reliability and an alarming predilection for rust left sales of Alfa's aging model line-up sagging. So how did Alfa Romeo think its way out of its problem? Well, it wasn't by building databases or intranets!

Instead Alfa Romeo created new knowledge around its brand and its emotional connections with its customers.

It bet the farm on an exciting new model range built around a new approach to what it once knew best - glam European styling, a provocatively sexy market positioning and a new found commitment to driving pleasure.

The Spider's enthusiastic road handling revisits Alfa Romeo's sporting heritage, while its engine howls in a most satisfying manner as you snap it through the gears. Sure Alfa injected some smarts around the mechanicals - improved build quality, a revamped interior and greater reliability - all courtesy of Europe's most advanced robotic plant.

But many marques have trod the engineering path in search of salvation. Toyota, Honda, Volvo, Saab and the American muscle car manufacturers have all been there. Result - some seriously ugly, uninspired, overweight cars that handled like trucks.

Despite massive investment, these marques missed the point. Motoring is about brands and consumers build

emotional ties to their brands - if we let them! How is it, Honda built the brilliantly engineered NSX but made it sound like a self-conscious lawn mower!

There are lessons for Australian businesses in the Alfa Romeo story. Alfa succeeded not by buying knowledge but by creating new knowledge; about an emerging generation of consumers, its brand, about passion.

In doing so, it successfully bridged the gap between its business strategy and its operational strategy. A hurdle many Australian organisations struggle with. Operating strategy is all about context. It's about making choices. Technology can't help you there.

Alfa Romeo's breakthrough came from learning how to juggle the knowledge creation - knowledge application cycle. It accepted innovation is rarely neat and tidy. Innovation is a messy process involving pilots, false starts and frustrating failures. Knowledge does not fit well with a finance focus and Australian business is wary of admitting to any hint of failure in its quarterly briefings to fund managers.

Even though Alfa Romeo is part of the massive Fiat empire it remains a unique business. While it has a rich heritage reaching back to its racing exploits in the 1950's, it is a company that seemingly accepts the need to continuously revitalise its knowledge.

Alfa Romeo succeeded but where you may ask is the next generation of great Australian brands going to come from? In the meantime I hope my wife doesn't want the Spider back any time soon!

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