Contents

Ⅰ Introduction of Korea Customs Service
Ⅱ Background of KCS Knowledge Management
Ⅲ Structure for Knowledge Management
Ⅳ Knowledge Management Activities and the Achievements
Ⅴ Future Direction
Introduction of the KCS

1. About the KCS
2. KCS Value Chain
1. About the KCS

Establishment (Aug 27, 1970)

- Securing government revenue through its tariff collection
- Appropriate customs control for imports and exports
- Protection of national health and security through customs border management

Key Functions

- Customs clearance control of cargoes and passengers
- Securing government revenue through collection of tariff and internal tax
- Suppression of smuggling
- Crackdown on illegal bring-ins of hazardous food, toxic chemicals and wild fauna and flora for protection of national health, safety and environment
- Control of false origin marking and infringement of Intellectual Property Rights

Organization & the Staff

- Customs HQ (321): 7 Bureaus, 24 divisions, 1 spokesperson
- Subsidiaries (4,204): 3 directly controlled agencies, 6 main customs, 1 directly controlled customs and 47 Customs houses
2. KCS Value Chain

Korea Customs Way

Mission
Management of customs border for strong economy and safe society

Vision
The World-best Korea Customs Service realizing the power of advanced trade
- Faster, safer and more comfortable -

Code of conducts
Think creatively Creativity
Act enthusiastically Energy
Actively communicate and cooperate Relationship

Strategies
Listen to the customers Listen
Implement on-spot Action

Strategies for advancement of global customs administration

Core value
Partnership
Honor & Pride
change & Innovation
the world-best
Background of KCS Knowledge Management
Challenges and Change in need for Customs Administration

Secure Efficiency

**Nation**
The nation is no longer a beneficiary of customs administration but a customer who is to evaluate the quality of service.

**Companies**
Requires global level quality customs services as growing number of domestic companies become multinational.

**Global**
Enforces control over exports, in consideration of achieving 1 trillion dollar in trade volume.

Paradigm Shift

**up to 2001**

**Kyoto Convention (1973)**
- Standardization of simplified customs procedures
- Expansion of e-declaration based on EDI

**from 2002**

**WCO SAFE Framework (2005)**
- Intercepting the movement of illegal cargos among countries
- Use of the cutting-edge IT technology including mobile and smart technology

Improve capacity

- **Prompt clearance**
- **Safe trade**

![Graph showing number of staff, number of in-out bound travellers, and export-import volume from 1970 to 2001](chart.png)

- **Increased by 3.17 times**
- **Increased by 16.4 times**
- **Increased by 23 times**

- 4,500 customs officers in the era of USD 1 trillion trade and 50 million travelers
- Due to greater number of FTA, the increase of trade volume has accelerated

Compared to the 70's

- Increased by 317 times
- Increased by 164 times
- Increased by 23 times
Structure for Knowledge Management

1. Key Strategies
2. Organization
3. IT System
1. Key Strategies

- Settlement of Creative Organization Culture
- Heightening Work Efficiency through Innovation
- Improving Quality of Service Provided to Customers

The World-best Korea Customs Service realizing the advanced trading Country
2. Organization

Organization Chart for KCS KM

Commissioner (CEO)

- Director General of Information Management and International Affairs Bureau
- Director of Information Management Planning Division

Change Management Team

- Team Leader of Change Management, Office of Planning & Coordination

Encouragement of Knowledge-based Innovation

- Knowledge Management Operation Committee
  - 7 directors allocated
  - Management of experts and evaluators
  - Management of performance evaluation system

- Knowledge Evaluator
  - Organizing experts for duties
  - 3 officials per each knowledge-map (a total of 231 officials)
  - Allocating duties and responsibilities by the knowledge

- Leading Expert Group
  - Knowledge quality management
  - Activities of knowledge experts
  - Evaluation on knowledge Contest

Knowledge-based Innovation Team

- Information Management Planning Division
- Planning of Knowledge-based innovation
  - Content management
  - Organization and performance management
  - Knowledge Mileage Management

- Operation of Knowledge-based innovation
  - System operation
  - Information System Support
  - Operation of Contests

- Regulatory reform & Legal Affairs Division
- Management of changes
  - Learning organization formation
  - Organizational Culture Management
  - Creativity and Innovation Management

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Director General of Information Management and International Affairs Bureau

Director of Information Management Planning Division
Operating the Customs Knowledge Management Portal (CKP) for sharing all internally and externally accumulated information and data

- Enhanced productivity by accumulating and sharing individual business knowledge and know-how all the member customs officers have.
IV KM Activities and Achievements

1. KM Activities

2. KM Achievements
1. KM Activities

Major activities by the key strategy

Settlement of Creative Organization Culture
- Commitment and participation of the leader group
- Organizational culture to encourage enthusiastic activities

Heightening Work Efficiency through Innovation
- Quality control activities for generating high value knowledge
- Activities for improving work performances

Improving Quality of Service Provided to Customers
- Government-level KM activities
- Diversifying external communication Channels to get ideas and opinions from outside experts
- Operation of the ‘Beyond Expectations System (so-called ‘想像以上’ system)
Leadership and commitment towards realizing a creative organization

1. KM Activities

Leader’s commitment and participation for realizing a creative organization

**Achievements of the past commissioners**

**Yong-deok Kim (the 21st commissioner of the KCS)**
- Introduction of business management method towards the customs administration, such as the internal innovation campaign (3S)
- Promoting small-/medium-sized company friendly policies (including customs administration partner system)

**Yoon-gap Sung (the 22nd commissioner of the KCS)**
- Promoting the world-best custom project for actualization of trades focused on logistics and transportation of Northeast Asia
- Expansion of innovation infrastructure for internalization of knowledge management and the systematic management
- Creating ideal tax payment environment by self-inspection system for companies

**Yong-seok Huh (the 23rd Commissioner of the KCS)**
- Recognized as the CEO who is most approachable, eased and friendly to communicate and work together on spot
- Implementing the business-friendly policy supporting businesses and individuals

**Young-sun Yoon (the 24th commissioner of the KCS)**
- Promoting ‘customs together map project’ for nationwide communication among Customs.
- Encouraging the strategies for advancement of global customs administration

**Yung-sup Joo (the 25th commissioner of the KCS, August 2011. – current)**
- Launching the Commissioner’s blog to send the leader’s messages and create horizontal organizational culture
- Harmonizing members through Vitamin C project
- Fostering organizational culture of creativity and enthusiasm
- Promoting a campaign on implementing transparency to enable transparent organizational culture to settle in and spread

Creating horizontal organizational culture
- Idea Pump Day with the Commissioner
- A pack of tutorials generated by the Deputy Commissioner
- Delivering the leader’s messages through Letter for You
1. KM Activities

Activities for forming creative organizational culture

- Illustrates every Customs on the map which embraces customs territory
- Producing UCC’s on each customs office, its regional cultures and local specialties
- Enhancing self-esteem and pride of each customs

Customs Together Map

- Encouraging KCS officials to take part in organizational activities through Vitamin C board which shows UCCs
- Contributing to the enhancement of communication among members and the development of organizational culture by sharing news in various areas

Organizational Culture Level-up Campaign
1. KM Activities

3. Quality control activity for generating high value knowledge at work

- **Training on ‘how to make UCC’ and holding web 2.0 Knowledge Contest**
  - Holding contests regarding WIKI, BLOG for deriving knowledge from the officers
    - Held twice every year
  - Conveying visual and auditory information through making UCC
    - Held annually for officers in charge of Knowledge management at every customs

- **Improving Knowledge Evaluation Process**
  - Securing fairness through the segmentation of knowledge evaluation process
  - Operation of inferior knowledge reporting Center

- **Promoting generation of advanced and critical knowledge**
  - Improving the knowledge evaluation criteria and the mileage policy
  - Training knowledge evaluators
    - Increase in the number of superior talents with advanced knowledge, who gain over 7 points out of 10 points

- **Tips for enforcement of counterfeit goods**

- **Accumulated amount of knowledge (as of January, 2011)**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of registration in 2010</th>
<th>Accumulated sum</th>
<th>Number of inquiries</th>
</tr>
</thead>
<tbody>
<tr>
<td>General knowledge</td>
<td>2,016</td>
<td>87,785</td>
<td>153,000</td>
</tr>
<tr>
<td>Wiki</td>
<td>7</td>
<td>2,095</td>
<td>41,000</td>
</tr>
<tr>
<td>Blog</td>
<td>9,757</td>
<td>15,880</td>
<td>75,000</td>
</tr>
<tr>
<td>UCC</td>
<td>348</td>
<td>821</td>
<td>17,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,124</strong></td>
<td><strong>106,581</strong></td>
<td><strong>286,000</strong></td>
</tr>
</tbody>
</table>
1. KM Activities

4 Supporting self-learning and providing training for problem solving

Re-organization of CoP operation method towards creativity and innovation

- Improved problem solving methods through the use of creativity
  - CoP Competition held (November 2009)

<table>
<thead>
<tr>
<th>COP</th>
<th>Main activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco Project</td>
<td>Providing consultations regarding customs administrations to environmentally friendly companies</td>
</tr>
<tr>
<td>II BC Cop</td>
<td>Customs’ integrated support programs for companies using Incheon Harbor</td>
</tr>
<tr>
<td>Blue ocean</td>
<td>Maritime training program prepared for special situations and controls over maritime smuggling</td>
</tr>
<tr>
<td>Food Keeper</td>
<td>Sharing information on health functional food and sales of hazardous food. Publication of booklets consisting of Hazardous food sales cases</td>
</tr>
</tbody>
</table>

Supporting self-Learning and Providing Trainings Required for Task Completion

- Key leader LAE course (101 persons), training on ways to solve problems (provided twice)
- Support by financing the substantial costs for materials and books (KRW 3 million)
  - LAE : Leadership At the Edge

- Used as a field orientated problem solving tool with the Doctor-C project
1. KM Activities

5 Government level KM activities to enhance service quality provided to customers

Communication through government-pedia (governmental affair encyclopedia)

• Attending workshops and government-pedia service expansion project
• Participating in the expert training for content selection and its exchange
• Promotion of Knowledge management portal system and the government-pedia

Knowledge administration index program

• Evaluating the level of knowledge administration
  - evaluation period: November 2010, 4 times
  - evaluation method: knowledge administration index program (GKMC) of the Ministry of public administration and security

• On-going effort to address weaknesses
• Enhancement of the staff satisfaction and advancement of knowledge administration

Enhancing external communication through VoC to upgrade service quality provided to customers

• Enhancing external communication through VoC to grasp problems and new ideas
• Combining ideas gained externally through VoC and those gained internally through knowledge management to create new ideas

Enhancing external communication through VoC to upgrade service quality provided to customers

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6. Diversifying external communication channels

**Formation and operation of an Advisory Committee of Private Sector Experts**

- WBC advisory committee (30 persons per annum)
- Self-evaluating group for government affairs (four times a year)
- Committee reviewing regulation reform (10 persons per meeting)
- Holding a special lecture for deriving knowledge management performances per annum

**Operation of Knowledge Network of customs and education**

- Spreading customs knowledge and finding ways to resolve the problems
- Newly establishing the master’s program for educating experts in port logistics
  - Busan Main Customs, Haeyang University
- Support for consultations regarding FTA utilization of importing and exporting companies
  - Providing education program to customs officers for training FTA professionals at Hanseong University

**Operation of Idea Pump Days**

- Selecting expert in special area for creative idea gathering
  - 18 Special Topics so far

<table>
<thead>
<tr>
<th>Date</th>
<th>Presenter</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 20, 2011</td>
<td>Director. Jong-Ryul Lee (Documentary film director)</td>
<td>Wild animals kingdom in Tanzanian national park</td>
</tr>
<tr>
<td>April 04, 2011</td>
<td>Head. Sang-Hoon Sin (Talk King Speech)</td>
<td>Humor wins</td>
</tr>
<tr>
<td>June 13, 2010</td>
<td>Prof. Moo-Boo Yoon (Kyung-Hee Univ.)</td>
<td>The higher a bird flies, the further it can see</td>
</tr>
<tr>
<td>April 13, 2010</td>
<td>Prof. Cheol-Soo Ahn (KAIST)</td>
<td>Attitude required in the era of convergence in the 21st century</td>
</tr>
<tr>
<td>February 26, 2010</td>
<td>Prof. Jeong-Woon Kim (Myungji Univ.)</td>
<td>Power to move hearts</td>
</tr>
<tr>
<td>February 02, 2010</td>
<td>Prof. Jeong-Ah Yoo (Seoul National Univ.)</td>
<td>Communication skills, way to open yourself towards the world</td>
</tr>
<tr>
<td>August 31, 2009</td>
<td>Prof. Byung-Jo Kim (Joseon Univ.)</td>
<td>Wisdom of life</td>
</tr>
</tbody>
</table>
2. KM Achievements

1. Best Quality Customs Service recognized worldwide

- Recognized as world-best customs administration (nominated by the International Bank for Reconstruction and Development)
- Accomplishing paperless clearance through computerization of the customs administration based on the advanced Information Technology

- Establishment of best trade environment, resulted in the reduced trading costs
  - ranked top in business environment evaluation (in the area of clearance) by the World bank (out of countries with its population over 13 million, November, 2010)
  - successful case of reducing approximately KRW 2.5 trillion through the cooperation of each agency using the Single-Window system
    * Imported cargo clearance time: 9.6 days in 2003 ➤ 2.5 days in 2010

- Maintaining the world-class customs service through the operation of the advanced passenger clearance system
  - best quality service international airport (customs) for 6 consecutive years by the International Airport Association (ACI, 2006-2011)

The top quality customs administration service recognized from the world
2. KM Achievements

Globally recognized Korea Customs e-clearance system, **UNI-PASS**

- **UNI-PASS created by the KCS efforts for KM** -

- Establishing world best clearance environment which leads to world best Customs Service

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**Exported**

(8 countries, USD 84.4 Million)

- the Republic of Kazakhstan (USD 0.42 million in 2005)
- Kyrgyzstan (USD 0.47 million in 2008)
- the Dominican Republic (USD 28.5 M, 2008)
- Mongolia (USD 5.54 million in 2009)
- the Republic of Guatemala (USD 3 M, 2009)
- the Kingdom of Nepal (USD 3.8 M, 2011)
- the United Republic of Tanzania (USD 2.6 million in 2011)
- the Republic of Ecuador (USD 40 million in 2010, 2011)

**Under negotiation**

- the Sultanate of Oman (USD 50 million)
- the Union of Myanmar (USD 10 million)
- the Republic of Bolivia (USD 20 million)
...
2. KM Achievements

Collecting and reviewing valuable ideas from inside and outside

- Ideas collected for regulation reform and process improvement (as of September 2011)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Collected</th>
<th>In screening</th>
<th>Unselected</th>
<th>selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment on regulation reform</td>
<td>8,114</td>
<td>284</td>
<td>7,184</td>
<td>646</td>
</tr>
<tr>
<td>Assessment on ideas</td>
<td>1,986</td>
<td>149</td>
<td>1,700</td>
<td>137</td>
</tr>
</tbody>
</table>

- Improvements for customers
  - Prevention of circulation of unlawful cargoes by introducing imported goods circulation record tracing system
  - Easing of temporary financial strains of small and medium sized companies by developing CARE Plan
  - Securing competitive advantages of exporting companies by implementation of AEO system
  - Reducing logistics costs of the trading companies by establishing import air cargo management system based on RFID

- Heightening internal work efficiency
  - Optimization of performance management system by connecting to the real time transaction system
    - the best organization for its performance management of governmental affairs (November, 2010), awarded the ‘BSC Hall of Fame’ by the World BSC Association (October 2009)
  - Increased drug detection capacity by the successful completion of cloning of drug detector dogs
  - Staff satisfaction increased by 82.9% through successful operation of Career Development System
    - superior organization for 6 consecutive years for its human resource management by the Ministry of Public Administration and Security (2005-2010)
2. KM Achievements

Activity for contributing to the creative organizational culture

- Press articles on Shoe of Hope Design Festival hosted by Incheon Customs of the KCS (KBS, MBC, SBS)

  Shoe of Hope Design Festival
  
  • Recycling of the counterfeit sneakers
  - donated the 12,000 confiscated fake sneakers to the adolescents in the least developed countries
  - held by the Incheon Customs and supported by the Korea National Commission for UNESCO
  - students and citizen participated in the festival
  
  • Gained approximately KRW 500 million from reduced costs of disposal of fake sneakers

- Momentum for creative organizational culture
  
  • Campaign to create values equivalent to three times of his annual salary through cost savings
  - implementing a bold regulatory reform based on creativity
  - mitigation of burden on nation and companies
2. KM Achievements

Domestic and International Award for excellent KM

MK Knowledge Innovation Award

- Target of the Award
  - MK Business News, the representative newspaper in Korea and Booz & Company known as the world-renowned consulting company together selected companies and organizations which emphasized on enhancement of domestic companies’ competitive advantages, in order to create visionary and knowledgeable Korea in the 21st century

Asia MAKE Award

- Target of the Award
  - Teleos, the globally renowned knowledge management research & consulting firm works with executives from global top 500 companies and experts to select companies and government agencies who achieved innovation through knowledge management

Background of the Award

- Full paperless e-clearance system was invented and exported to many other countries
- Business innovation and cost reduction are both achieved through knowledge-management activities.
- Work efficiency was enhanced through creative thinking
- Activities for internal innovation and cost reduction have continued for a long time.
Future Direction
Future Direction

Realization of the world-best Customs Service

2020
Knowledge-based Innovation, preparing for the upcoming decade
Establishing the Master Plan

Creativity Development Model
Building information infrastructure, management process and organization for successful implementation of knowledge-based innovation plan

Realization of the Globally Networked Customs
Expanding domestic Single Window to a global single window
The World-Best Korea Customs Service
Realizing the Advanced Trading Country

Thank You

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