

The ***World-Best*** Korea Customs Service
Realizing the Advanced Trading Country

KCS Experience of Knowledge Management

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관세청
KOREA CUSTOMS SERVICE

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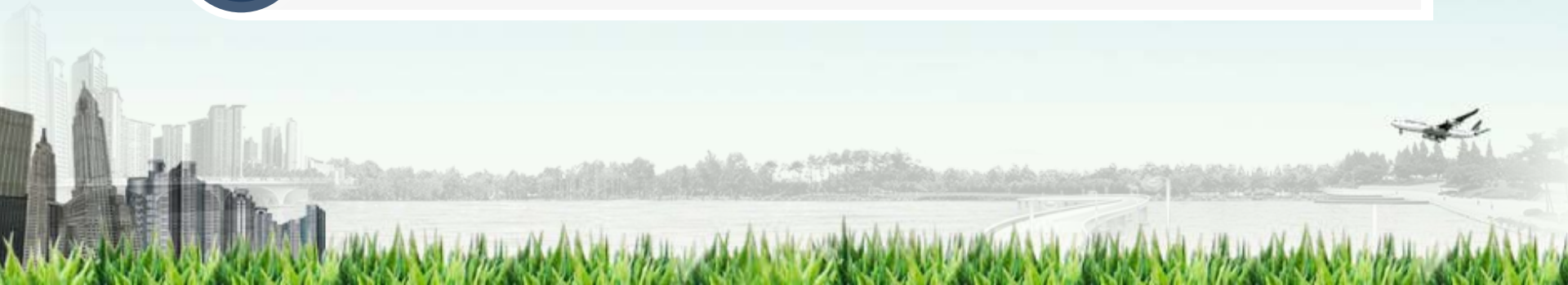
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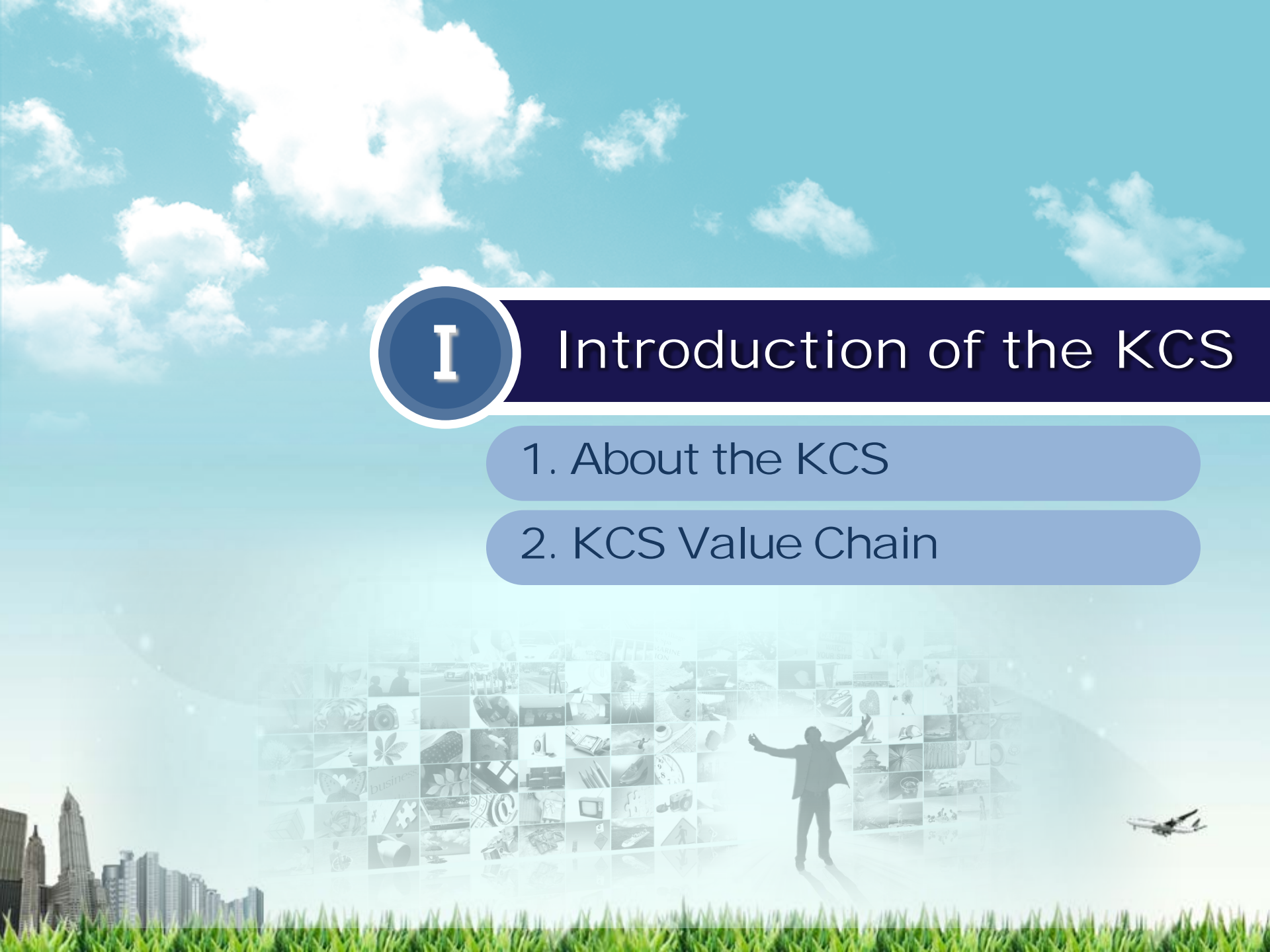


I

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



II

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

Prompt clearance

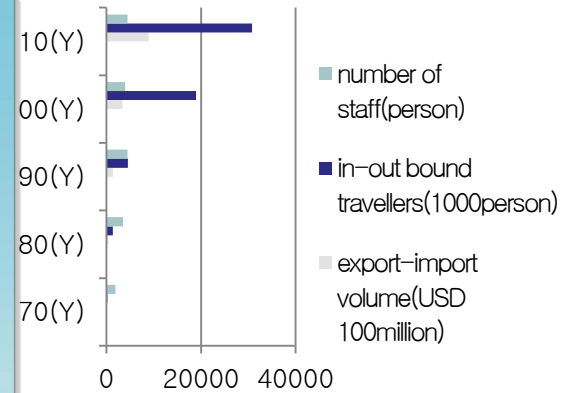
from 2002

WCO SAFE Framework(2005)

- Intercepting the movement of illegal cargos among countries
- Use of the cutting-edge IT technology including mobile and smart technology

Safe trade

Improve apacity



- 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 70s

Increased by 317 times

Increased by 164 times

Increased by 2.3 times



III

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

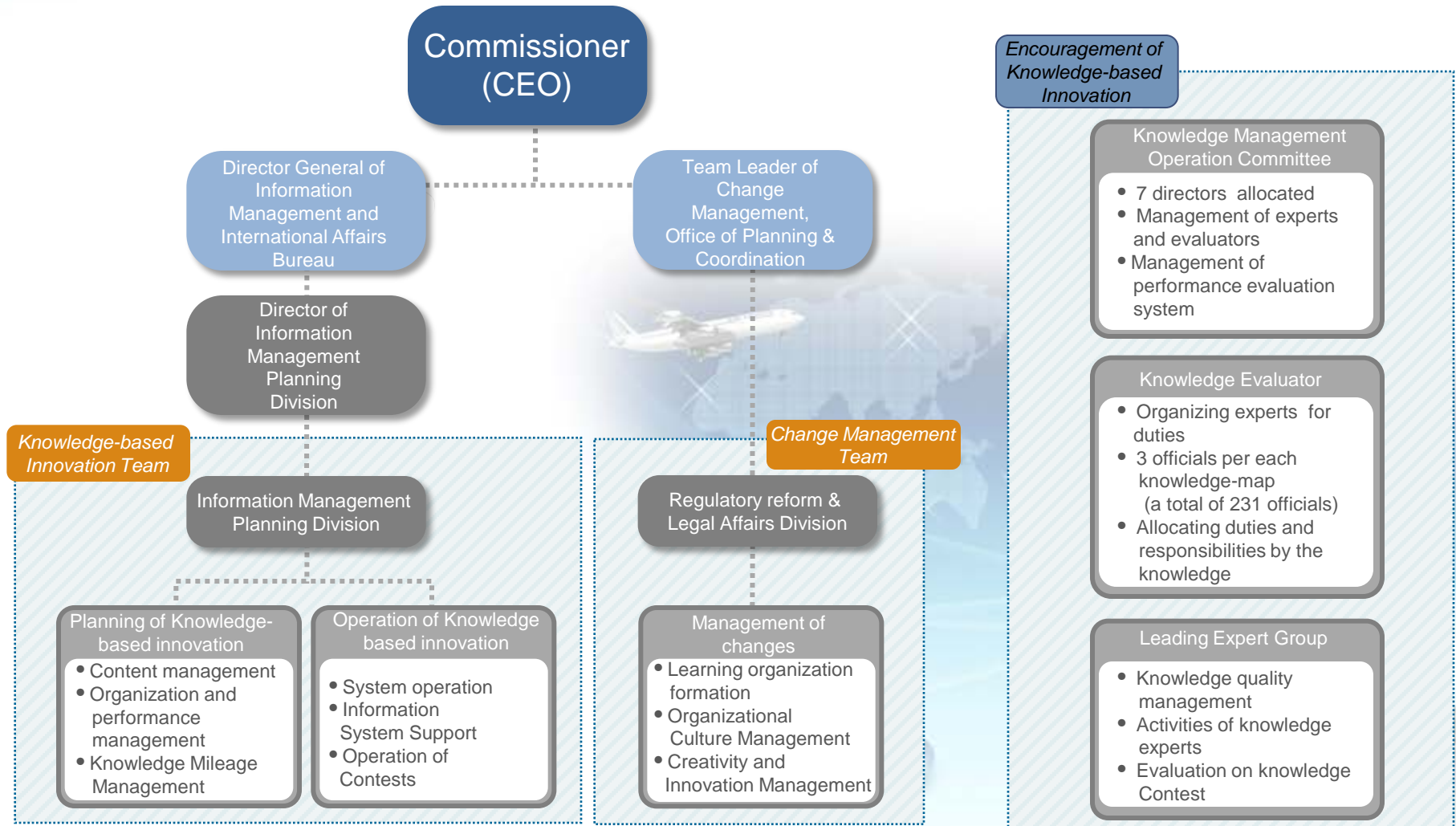
Vision
and Strategy
focused
KM



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

2. Organization

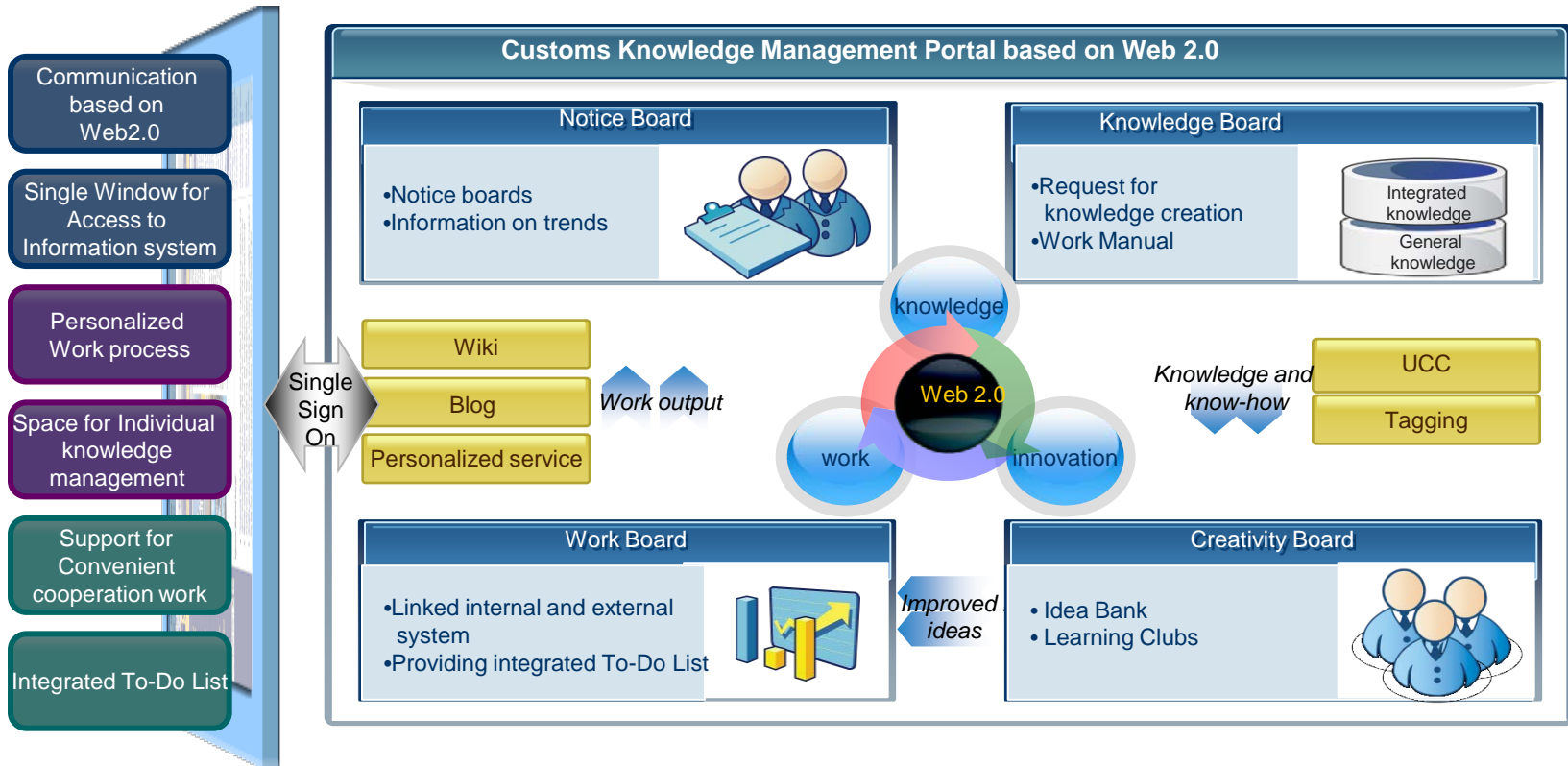
Organization Chart for KCS KM



3. IT System for KM

Information Strategy for knowledge Management

- ◆ 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)

1. KM Activities

1 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 a 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 to create horizontal organizational culture
- Harmonizing members through Vitamin C project



Creating horizontal organizational culture



Delivering the leader's messages through Letter for You

- idea creation activities with commissioner and vice-commissioner of the KCS



Idea Pump Day with the Commissioner



A pack of tutorials generated by the Deputy Commissioner

1. KM Activities

2 Activities for forming creative organizational culture

Customs Together Map

- 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



Organizational Culture Level-up Campaign

관세청 KOREA CUSTOMS SERVICE

직원들이 선정한 **높여야 할 문화**
Korea Customs Service **Proactive 10!**

- ✓ **예의**
"선배에겐 존경을, 후배에겐 배려를"
- ✓ **균형 잡힌 삶**
"일과 가정을 조화롭게! 삶을 풍요롭게!"
- ✓ **칭찬**
"당신이 내게 주는 보약, 칭찬"
- ✓ **지식공유**
"배우고 나눠요, 지식"
- ✓ **성실**
"단지 10분 일찍 준비했을 뿐인데"
- ✓ **전문가 의식**
"전문가요? 바로 접니다"
- ✓ **청렴**
"Hi 청렴 Bravo 관세청"
- ✓ **봉사**
"사랑, 사랑, 실"
- ✓ **자긍심**
"내가 하는 일이 최고"
- ✓ **솔선수범**
"제가 하겠습니다. 저에게 맡겨주세요"

“ 당신의 관심과 실천으로 담아가야 할 우리의 조직문화입니다 ”

- 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

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



Tips for enforcement of counterfeit goods

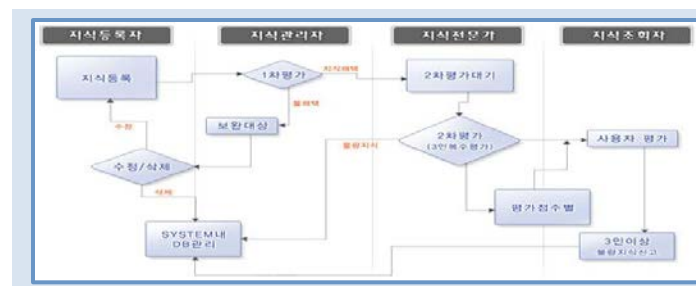


Training on making UCC

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

Improving Knowledge Evaluation Process



- Securing fairness through the segmentation of knowledge evaluation process
- Operation of inferior knowledge reporting Center

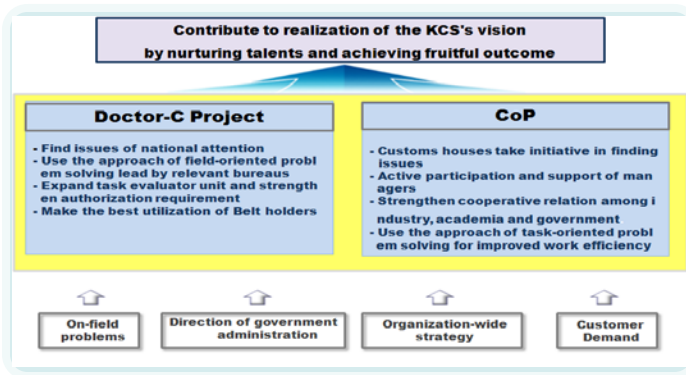
➢ Accumulated amount of knowledge (as of January, 2011)

Classification	Number of registration in 2010	Accumulated sum	number of inquiries
General knowledge	2,016	87,785	153,000
Wiki	7	2,095	41,000
Blog	9,757	15,880	75,000
UCC	348	821	17,000
Total	12,124	106,581	286,000

1. KM Activities

4 Supporting self-learning and providing training for problem solving

Re-organization of CoP operation method towards creativity and innovation



- Used as a field orientated problem solving tool with the Doctor- C project

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

5-minute idea Program



- Improved problem solving methods through the use of creativity

➢CoP Competition held (November 2009)

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

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

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

Knowledge administration index program

2010년 하반기 지식행정지수 측정을 위한 진단 참여

배경

- 1) 2010년 하반기 우리청의 지식행정 수준진단을 위해 지식행정지수 측정
- 2) 지식행정진단을 통해 지식행정기반요소, 지식행정활동요소, 지식행정 성과요소 중 미진한 요소를 파악하여 지식행정 수준 향상 및 고도화 방안수립에 활용
(붙임1 : "2010년 지식행정지수 측정안내" 참조)

측정개요

- 1) 측정기간 : '10. 11. 29 ~ '10. 12. 03
 - 2) 측정대상 : 관세청 전 직원
 - 3) 측정방법 : (붙임2 : "지식행정지수 측정 프로그램 이용안내" 참조)
- 행정안전부 온-나라 지식나라(www.gkmc.go.kr)에 탑재된 「지식행정지수 측정」 프로그램을 이용하여 다음중 하나를 선택하여 참여
- '10. 11월 하반기 지식행정지수 측정에 참여했던 직원은 기존 아이디로 접속하여 참여 가능
① 온-나라 지식나라(www.gkmc.go.kr)에 회원가입 후 좌측 하단의 「온-나라 지식나라 지식행정지수 측정」 버튼 클릭
② 온-나라 입우관리시스템에서 상단 「전자문서」 탭 메뉴를 선택한 후 좌측하단의 「온-나라 지식나라」 선택→온-나라 지식나라에 회원가입 후 좌측 하단의 「지식행정지수 측정」 버튼 클릭
- ※ 측정시 유의사항
- 지식행정지수 측정시 온-나라 지식나라 (www.gkmc.go.kr) 웹페이지를 닫으면 사용자 정보 및 설문 참여 결과 오류가 발생할 수 있습니다.

1. 지식행정지수 측정안내 > 지식행정지수 측정 바로가기 >
2. 측정 프로그램 이용안내 >

- 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

1. KM Activities

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

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

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



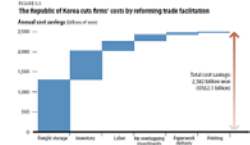
<successful case of the Single Window selected by the World Bank (extract) >

CREATING A SINGLE WINDOW

Implementing a single window for trade transactions is another way to make it faster and easier to trade. By 2003 Korea Customs Service already had in place an electronic data interchange system that cut firms' costs from trade-related paperwork by 80%. Yet it set its sights higher, embarking on a comprehensive single-window project aimed at making Korea the logistics hub of North Asia. Completed in July 2008, the system allows traders, government agencies and private sector participants—including traders, banks, customs brokers, insurance companies and freight forwarders—to exchange information in real

time, speeding up approvals. Firms' savings in labor, printing, paper delivery, storage and inventory costs are estimated at more than 2,582 billion won, or about \$2 billion, a year (figure 9.3).⁹ And the reform efforts are not over. Korea Customs Service is now working with the customs services of other economies to link their systems as well. Reforms do not always go smoothly. Because a single window brings together several parties, some of which may have to cede some control, it requires strong political support to succeed. Reformers in Colombia and Senegal, for example, first had to overcome resistance from oppos-

ing parties. In Korea the single window succeeded thanks to the priority accorded to trade facilitation reforms at high levels of government. The National e-Trade Committee was chaired by the prime minister and included 10 ministers, the commissioner of customs and the chairs and presidents of leading private industry associations, including those for small and medium-size businesses.



- 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)



2. KM Achievements

2 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



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)
- ...

• e-clearance system (UNI - PASS)

- invented by the KCS which deals with companies' import and export clearance processes including goods declaration, customs inspection and tax payment via paper-less online or internet
- selected as no. 1 at 'Doing Business Evaluation' in the area of "trading across the border" by the World Bank
- obtained ISO 20000 certification in 2006 and 2009 for the e-clearance system(UNI-PASS) of the KCS by the British Standard Institution

Reduced time spent for clearance / Saving costs of company logistics
USD 3.5 billion per annum

2. KM Achievements

3 Collecting and reviewing valuable ideas from inside and outside

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

Classification	Collected	In screening	Unselected	selected
Assessment on regulation reform	8,114	284	7,184	646
Assessment on ideas	1,986	149	1,700	137



▶ 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

4 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

Saving resources
Preventing environment pollution
Up-lifting the image of the nation
Reduction of costs

2. KM Achievements

5 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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