Before the European Bank for Reconstruction and Development embarked on a knowledge management program, key client information was contained on several different databases, and there wasn’t a system to manage or maintain the flow of knowledge around the Bank. This hampered the Bank’s ability to deliver on its mission to promote free markets in former communist countries. Here, Bruno Balvanera and Olena Koval describe how the Bank chose technology that suited its distributed workforce, and took the first steps toward creating a knowledge-sharing culture.

CREATING A COLLABORATIVE CULTURE AT THE EBRD

Maximizing knowledge sharing with technology and incentives

By Bruno Balvanera and Olena Koval, European Bank for Reconstruction and Development

In 2000, the European Bank for Reconstruction and Development (EBRD) launched a knowledge management initiative because it had become clear that its institutional memory – its ability to “know what it knows” – was not meeting the needs of such a large and complex institution.

The Bank’s leadership understood that an effective information and knowledge management program could dramatically improve how EBRD delivers on its mission, which is to promote the transition to market economies in Eastern Europe and the former Soviet Union. The primary way the Bank fulfills its mission is by financing and finding third party investment for private sector projects in these regions, and the more projects it finances, the faster the Bank’s countries of operation will move toward open markets. Specifically, the Bank had two issues to address – one regarding information, and the other regarding knowledge:

1. There were few tools to manage information, and the tools available were not connected. For example, there were numerous databases with information about the same clients that were managed by different units. Financial information was also held in disparate systems.
2. The Bank did not have a system to manage and maintain the flow of knowledge and expertise around its London headquarters and regional offices.

Assessing needs

Senior management awareness and buy-in has been crucial to the Bank’s KM initiative, and in March 2000, EBRD’s executive committee created a KM working group that included the Bank’s senior management and managers from every department.

The working group conducted an information assessment to determine the value, functions, and utility of knowledge resources. About 40 interviews were conducted with staff at the London headquarters and regional offices. The interviews were conducted in person, by phone, and by conference call with all levels of staff, including bankers, economists, lawyers and IT staff. Key questions were about what kind of information they were using, and what were the main barriers stopping the sharing of information. Because the interviews were confidential, the interview team – which included a senior manager and an analyst – could also ask employees which of their colleagues they felt had been reluctant to share information and why.

The information assessment revealed broad agreement about the Bank’s strengths and
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The Bank had two issues to address. There were few tools to manage information, and the tools available were not connected. The Bank also didn't have a system to manage and maintain the flow of knowledge and expertise around its London headquarters and regional offices.

The first part of the plan was to introduce sharing tools: project features database, experts listing, client relationship management database, a community of practice called "EquEx", and back to office reports.

The second part of the Bank's KM strategy is to change behavior toward building a knowledge-sharing culture. It has begun to see results from several regular knowledge-sharing events that were launched in 2002.

Choosing tools to manage information

The first part of the plan was to introduce sharing tools in July 2002. They were:

- project features database;
- experts listing;
- client relationship management database;
- a community of practice called "EquEx";
- "back to office" reports.

Project features database: This currently contains information about 250 projects, categorized according to 70 specific project features, which bankers can search in order to replicate best

Fostering sharing and innovation

The Bank's KM initiative had internal and external components. Within EBRD, the KM team wanted to foster informal networks through which bankers and other staff could advertise their expertise and willingly share business-related knowledge. The Bank also wanted to foster creativity and build an infrastructure for innovation (see sidebox, next page).

Externally, the EBRD wanted to encourage knowledge sharing in business communities, and transfer bankers' skills and knowledge to people in the Bank's countries of operations.

From these general objectives, the Bank identified several specific goals for the KM program, which included:

- responding faster to client needs and regional challenges;
- providing bankers with prompt, relevant information about clients and solutions;
- assuring bank-wide acquaintance with lessons learned and best practices;
- creating a business culture that places value on knowledge and information sharing;
- increasing efficiency by reducing information search time, avoiding blind alleys, or recreating information already present somewhere in the organization.

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practice in their own projects. “Topic owners,” who are experts in their fields, decide which projects should be listed. The database also serves as an indirect expertise directory, providing leads and links to project leaders, lawyers, and other experts. It links into other Bank databases, so users only need to search once. In the future, the Bank may include video-streamed oral presentations.

The Bank began to measure the results in April, and as of the end of May there had been 512 hits on the project features database. With a group of 350 to 400 people for whom the database is relevant, that is an average of 1.5 times per person in two months.

The database is designed for speed. One paragraph explains the project and its solution in accessible language. The user can open another window and see the names of the individuals involved, and access all the relevant documentation. The underlying principle is that it is most important to provide a synopsis, and then provide contact information for the individuals involved if needed.

**Experts listing:** This tool puts staff in touch with relevant experts, listed by country, sector, and function. It is especially useful for new starters who can find out who the experts are more quickly. Previously a new recruit might have spent a long time phoning around to find the right person to answer their question. Now it can be done in seconds. In two months, there have been 710 hits for a target audience of 350 to 400 people.

**Client relationship management database:** Client relationship managers are bankers that have responsibility for maintaining relationships with relevant companies. The database has formalized what was previously an informal process. The database provides a way of accessing, recording, and maintaining all client contact information, and was designed to avoid having several different people contacting one potential client. With one search, a user can find which banker is in charge of the relationship with a particular company and all of the Bank’s activities relating to the company.

**“Back to office” report:** This is a repository for meeting summaries and correspondence with existing and potential clients, which bankers send in from the field. It allows the Bank’s business development support unit to monitor all contacts with clients, and provide information about clients to bankers more efficiently.

Because some of the documents are confidential, only four or five people have access to it. Bankers phone the core team and receive an answer within 20 minutes. This tool was not developed internally – the Bank uses Livelink by Open Text.

**EquEx:** This is the Bank’s first community of practice. Using a collaboration tool, all equity-related information is available for those with an interest in equity finance. It’s accessible throughout headquarters and regional offices. The Bank has not marketed this tool widely, and it has no plans for further developing communities of practice internally. For an organization of 1,200 employees, the KM team has found that the other IT collaboration tools are sufficient for knowledge sharing. However, the Bank is considering communities of practice as a way of allowing its bankers to share knowledge externally with clients, suppliers, competitors, and partners.

**Promoting the new tools**

The IT department has championed KM by providing strong support when implementing the necessary technology, and at the same time they have successfully aligned the “tool box” of KM solutions with the objectives laid out in the information assessment. The team had the flexibility to choose from both internally built systems and buying externally. All of these tools are user-friendly, Web-based products (no training is needed for users), and accessible from the Bank’s intranet.

The tools were launched with a group-wide presentation by the vice president, with a complete marketing program – an article in the in-house magazine and brochures. These tools have been tested by a small number of bankers and then rolled out to the entire staff after improvements were made based on the bankers’ needs.

The Bank continues to promote the use of the tools through a series of business development and knowledge management awareness workshops, with the aim of achieving buy-in from all employees. The KM team has held 12 of these in the London headquarters, and six in resident offices in Moscow, Warsaw, St. Petersburg, Bucharest, Kazakhstan, and Uzbekistan.

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**Fostering innovation – leasing arrangements in Russia**

Bankers at EBRD often face the same set of problems. For example, different bankers on projects in Russia will have similar legal questions, or likewise, all projects involving pipelines will have similar issues to address.

About 18 months ago Caterpillar asked the Bank to help increase sales in Russia by introducing a leasing program, which helps the buyer spread the cost over time and benefit from tax breaks. EBRD bankers worked with lawyers, economists, and the Russian authorities to create a partnership with a local bank to create a leasing framework for Caterpillar equipment.

Under the Bank’s knowledge management program, the authors of the most recent innovative projects are asked to give a presentation to the rest of the Bank. Following the presentation, three other bankers adopted the framework for other clients in Russia.
Also, the KM team has found it’s better to develop tools internally if the organization has the right resources, because it’s easier to tailor the tool to the organization’s needs.

**Incentives to make knowledge flow**
The second part of the Bank’s KM strategy is to change behavior toward building a knowledge-sharing culture, and the Bank has begun to see results from several regular knowledge-sharing events that were launched in 2002.

- **Operations committee briefings**: short, factual presentations once every two weeks, which are optional and open to all staff. Resident offices have access via video-conferencing.
- **Showcase transaction workshops**: the Bank’s most interesting recent projects are presented and discussed en route between bankers.
- **KM orientation**: an overview of the Bank’s approach to KM for new starters. It encourages new starters to share their expertise and gives a brief overview of the kind of information available in the Bank and how to find it.
- **Board meeting information updates**: a senior manager distributes a report throughout headquarters and resident offices.

The Bank manages incentives to participate in these events based on the philosophy that it’s much better to provide positive motivation than punishment. The Bank’s most important incentive is removing the “costs” of sharing information. Technology that’s easy to use is part of this. But the second part is recognition from leadership. The Bank doesn’t treat recognition as a scarce resource, and so when others are recognized for innovative projects and knowledge sharing, it doesn’t mean there will be no recognition left over for others. There is no competition for a limited resource in the same way there would be with financial incentives.

Many employees in the Bank are motivated by recognition and the desire to succeed. For example, the “sub-topic owners” on the project features database, who make sure content is relevant and up to date, are often senior people in the organization who are excited about creating an “institution of excellence.” One of the key elements of success has been senior leadership’s strong commitment. The first vice president of the Bank (which is the equivalent of a general manager, director general, or CEO) is very committed. Every two weeks, about 20 projects are approved by the board. She picks out the one or two that are the best ones and their authors present them to their colleagues in an auditorium.

The Bank has instituted formal incentives in their performance appraisals, in cases when recognition is not enough of an incentive.

The Bank’s teams are structured so certain people have tacit knowledge within subject areas that isn’t easily transferrable, such as Telecoms for example. In Telecoms, the Bank may be involved in mobile projects, or in fixed line, or cable television, and there are people who specialize in these different areas. In the end, if there is one mobile project in Bulgaria, everybody knows it will be assigned to a certain person.

Because of this, knowledge sharing is less about the expertise itself, but about the way projects are carried out. An expert in mobile projects in Bulgaria can learn from an expert in fixed lines in Russia and vice versa, without worrying the other will take their “expertise.” They end up sharing a way of working, not the expertise itself.

**For the future**
Knowledge sharing is one of the key contributors to the achievement of the Bank’s goals – delivering profitable projects with maximum impact. To do this, EBRD has used a combination of technology and sharing programs to put knowledge to best use in the Bank’s countries of operation.

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