

The Evolution of the Knowledge Bank

by Don Cohen and Bruno Laporte

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Despite the relatively quick wins that many knowledge-management initiatives can bring, becoming a truly knowledge-based organisation is a long and difficult process. Bruno Laporte and Don Cohen describe the bank's evolution from a traditional financial institution into a knowledge bank.

In 1996, World Bank president James Wolfensohn announced a change in the way the bank would accomplish its unchanging mission of reducing global poverty. He contended that the bank should become a knowledge bank, as focused on disbursing the knowledge assets poor and developing countries needed as it was about providing economic support for development projects. Until then, the World Bank thought of itself mainly in traditional banking terms. Its officers had considerable knowledge of economic development that they used to help define and evaluate projects, but that knowledge was generally considered secondary to the organisation's financial assets, a tool for deciding how its capital should be employed.

At this time, economists and business thinkers were describing the birth of a new global economy, where knowledge was outstripping material resources and capital as a source of wealth. Taking heed of these predictions, Wolfensohn asserted that the knowledge the World Bank accumulated through its participation in development projects around the world was as valuable as, or indeed more valuable than, its financial resources. Knowledge was a powerful poverty-reduction instrument in its own right. Putting it to good use – getting it to the bank officers and clients who needed it when they needed it – would require a new definition of the bank's assets, new mechanisms and behaviours, and a complex set of changes in how the bank thought and functioned.

The idea of the knowledge bank was revolutionary, but the process of creating it proved to be more of an evolution. In 1997, the bank's shareholders and management agreed to finance a 30-month series of changes in how the institution did business. The concept was called the Strategic Compact and included plans to shift resources from administration to front-line operations, develop new financial products and advisory services, decentralise activities to the field, and strength the creation, sharing and application of knowledge. During the Compact's term, some \$50m a year were spent on the creation of a knowledge-management system, including the development of knowledge communities supported by knowledge managers and co-ordinators in operational units that facilitated and encouraged cultural change to foster knowledge sharing.

Seven years after Wolfensohn articulated this vision, the bank's 2003 Knowledge Forum was an opportunity to evaluate its progress and discuss what remained to be done. Carla O'Dell, president of the American Productivity and Quality Center and one of the forum participants, defined five stages of knowledge sharing: vision, strategy, pilot projects, expansion and institutionalisation. She noted that the bank was now well on its way to the fifth stage. The history of our progress and continuing efforts to turn the vision into a reality offer useful learning about what does and does not work. It also gives insights into the toughest challenges:

dismantling the cultural and structural barriers to knowledge sharing and communicating tacit know-how effectively.

Creating the knowledge bank

By the time Wolfensohn articulated the idea of the knowledge bank in 1996, some officers at the World Bank had already recognised the value of expertise they had developed by taking their files away with them when they retired. This unauthorised practice troubled Wolfensohn until he realised that, in his words, it was not theft but preservation. Had the bank kept the material, it would have been boxed up and buried in storage, which would have been beyond use almost as surely as if it had been shredded. The retiring officers understood the potential value of documents that the official bank, the lending institution, discounted and in effect discarded.

In order to transform itself into a knowledge-focused organisation, the bank began to apply recently developed knowledge-management ideas to its structures and practices. The bank acknowledged the critical role of communities of practice in knowledge creation and sharing. Business thinkers and practitioners, most notably John Seely Brown of Xerox and Etienne Wenger of the Institute for Research on Learning, have concluded that the best way to develop and communicate knowledge is through informal groups of people brought together by related work. Knowledge moves poorly, if not at all, between groups and individuals that lack these work-based social connections. Understanding the importance of communities helps explain why so many efforts to create large, knowledge-exchange systems in global organisations have failed. Having built electronic-document repositories and web-based communications structures, many companies have found that the expected flow of valuable ideas was but a trickle at best. These problems are due to the paucity of social structures that knowledge exchange requires. If there are no trust-based relationships or networks of mutual understanding within an organisation, there is no compelling reason or motivation for employees to use technological infrastructures for sharing knowledge. A second factor behind the disappointing performance of these systems is that they often collect information of little or moderate value and fail to communicate real know-how, that is, the mainly tacit and context-dependent knowledge that matters most to effective work. Expertise locators are successful knowledge systems that connect people rather than repositories of captured (and therefore reduced) knowledge. As O'Dell says, people want knowledge from people not from databases.

Taking the importance of communities for knowledge exchange to heart, the bank focused on supporting and developing its communities of practice (known internally as thematic groups). Modest funding for communication, face-to-face meetings and official recognition stimulated community growth and activity. Not surprisingly, given the informal and self-selecting nature of most communities, those that had already existed proved to be more robust and effective than those built from scratch, but communities of both types grew. By 1999, some 120 thematic groups existed in the bank and communicated via intranet, newsletters and at periodic meetings.

The combination of thematic groups and web-based-communications technology made rapid, effective knowledge sharing possible and demonstrably improved service to clients.

A notable example occurred in Nigeria. A bank team leader sent an e-mail to the transport-network distribution list – a thematic group – seeking examples of good practice that Nigeria could use to develop its national transport strategy. The first

response was received a mere 20 minutes after the information request was sent, from a bank staff member in Beirut. Within 24 hours, four other relevant contributions arrived, including letters and notes on transport-sector reform strategies, terms of reference for carrying out transport sector reviews, and reference to a recent working paper by the Operations Evaluation Department. Contributions continued to come in, and the query ultimately elicited examples from eleven countries. Given Nigeria's size, the examples from India and China were especially relevant. By sharing these examples and a wealth of worldwide expertise with the government of Nigeria, it could in turn reduce its technical-assistance costs and speed up completion of its transport strategy.

The discovery that knowledge can be a more productive or profitable form of capital than material resources or money led some knowledge-era prophets to discount these other forms of capital entirely. The dotcom-era disdain of 'bricks and mortar' businesses seemed to assume that people's need for material goods had disappeared. But knowledge works together with material goods and money. Regularly cited statistics about the growing proportion of knowledge found in the typical automobile – in the form of computer intelligence and design innovation – illustrate the value of knowledge and the growth of the knowledge economy. These figures do not change the fact that the automobile remains a physical object that takes humans from one place to another. The mere notion of a car will not do the job, no matter how much sophisticated intelligence goes into it. As Wolfensohn pointed out at the forum, enthusiasm for building the knowledge bank does not mean devaluing the lending bank. The World Bank's power to accomplish its mission depends on the combination and balance of these two functions. As Severin Kodderitzsh, lead operation officer in the European and central Asia region said, the bank's ability to convene people derives significantly from the money it can lend. Money makes it possible to act on knowledge, and the knowledge that the bank and its clients have accumulated comes from the real-world experience that the bank's loans have financed. The World Bank is currently involved in more than 1,500 active projects, which offers a huge source of knowledge (and a huge source of knowledge demand, as the projects create new knowledge and require the best of existing expertise). Therefore, the goal is to create a knowledge-and-lending bank, not just a knowledge bank; knowledge has been emphasised because it has been the more neglected of the two resources. The combination of money and knowledge is powerful and flexible. Some client regions and countries would not be able to undertake certain projects without loans from the Bank. For others – South Korea and Chile for example – access to the World Bank's know-how is much more important than access to its money.

Probably the most radical element of the knowledge-bank vision, one that has become more explicit over time, is the idea that the local knowledge of the people the organisation helps is invaluable. As Wolfensohn said during the 2003 Knowledge Forum, "Eight years ago, the bank thought it didn't have a lot to learn from poor people, from indigenous people." Traditionally, the bank thought that the important knowledge was 'the brain on the plane': the bank officer or consultant who flew into a country to give locals the benefit of their superior expertise. This typically defined both the 'what' and 'how' of bank-supported projects. The expert and the organisation had long believed in the unique value of certified expertise and the control it implied, and found it hard to give up, especially in favour of local and traditional knowledge whose value was discounted by academic institutions and development communities. Knowledge, however, develops in a local context, on the factory floor or hospital unit. Essential expertise often resides in the practices of workers whose knowledge contributions have frequently been devalued. For example, the experiences of assembly-line workers or nurses have given them crucial knowledge that formal

training, manuals or textbooks cannot provide, or, in the case of bank's clients, the traditional indigenous practitioners of a whole range of skills. In response to this realisation, the Indigenous Knowledge Programme in the bank's Africa region aims to tap and adapt this knowledge. The programme has developed a database of more than 200 indigenous/traditional practice notes, synthesising local knowledge in areas as diverse as education, health, agriculture and the environment. It also documents instances of how traditional knowledge is integrated into the design of the bank's operations. The content on the programme's website is available in a variety of languages including two African local languages, Swahili and Wolof. Because indigenous knowledge is typically tacit – experiential, embedded in practice, transmitted orally – the bank has established 15 Indigenous Knowledge Centers across Africa to support learning and sharing.

Progress and problems

David Scheinmann, working for an NGO in Tanzania, offered an example of the benefits of respecting and drawing on local knowledge at the forum. His organisation has worked to bring physicians and traditional healers together to address the Aids crisis. Generations-old herbal treatments for Aids-like wasting diseases have given symptomatic relief to Aids patients. As many as 4,000 Tanzanians are treated in this way. Scheinmann has seen knowledge exchanged in two directions as the healers and physicians learn from one another. Nicholas Gorgestani has witnessed a similar example in Uganda where midwives use walkie-talkies to communicate with a medical centre in the area. That technology gives them access to medical advice they may need in emergencies while it gives the centre access to the midwives' unique knowledge of local people and situations. Genuine knowledge exchange of this kind not only increases the supply of useful knowledge, but it also helps build relationship-based trust and mutual respect that the one-way traffic of knowledge from expert to learner cannot create.

Larry Prusak, co-author of *Working Knowledge*, also participated in the forum and introduced two terms relevant to developing the idea of knowledge partnerships with clients, and respect for local knowledge and local conditions.[1] One term borrowed from the teaching profession is 'scaffolding': the technique of building on what a person or group already knows, and using their culture and knowledge to shape the learning process, rather than imposing a one-size-fits-all plan from the outside. Successful scaffolding depends on an accurate understanding of local conditions, values and goals. The other term is 'emphatic design', a phrase Harvard Business School professor Dorothy Leonard uses to describe innovation based on empathy with the customer: getting inside the customer's (or client's) world so that you can develop the products, services or assistance that will be useful, appropriate and welcome.

Several speakers at the forum emphasised the importance of shifting planning and decision-making power to World Bank clients. Jean-Louis Sarbib, VP for the Middle East and North Africa, said that client regions and countries less frequently ask the bank 'what' they should do and increasingly ask 'how' to carry out policy reforms that they believe will best serve their interests. Rather than define the work to be done, the bank can operate most effectively by putting practitioners in touch with each other, creating networks for sharing know-how, and sometimes acting as a broker or conduit between clients experienced in a particular kind of work and clients undertaking similar efforts. Building the capacities of people becomes a more important accomplishment than building the infrastructure. Charles Humphreys, lead economist in the Middle East and North Africa region,

similarly noted than the Iranians he worked with knew the broad concepts of what had to be done; they needed access to hands-on expertise. But as he says, the World Bank has traditionally been long on policy analysis and short on specifics of how to put policy into practice.

These knowledge-partnering and client-driven projects have different characteristics from traditional World Bank lending projects. Genuine partnerships can only evolve and define themselves over time. Knowing what needs to be done from the outset will obviously preclude the possibility of genuinely shared decision-making and mutual learning. Humphreys says that this new approach requires multi-year engagements focused on building trust and learning, rather than on getting tangible results as efficiently as possible. Learning takes time. Establishing trust is a long process, especially when it means countering the bank's long-standing reputation of coming in and doing, rather than consulting and sharing power.

One challenge faced by the bank is that traditional expectations and existing funding and evaluation structures still reflect the old World Bank. Budgets based on clearly defined plans, compressed schedules and frequent progress reports remain the norm. These structures are clearly incompatible with the new knowledge-bank projects, with their often lengthy and open-ended progress toward the intangible goals of trust and capability building. The development of the knowledge bank and the goal of encouraging indigenous knowledge are hampered by pressures to show tangible results when, for months or years, the most important results are likely to be the relationships built between knowledge holders and knowledge seekers; improved capabilities and increasing self-respect of local people. In other words, performance and evaluation measures need to change to reflect the bank's changing practice and new goals. This means not only relaxing or eliminating the old measures but also developing new ones that quantify the productive contribution of knowledge creation and sharing in some meaningful way.

At the forum, Wolfensohn observed that despite the progress made in collecting and organising valuable content, the critical learning available on the World Bank's websites was not being used. This may be partly explained by a recent decline in the number and liveliness of the thematic groups: the social structures underlying co-operation, which electronic systems can support but not create. Prusak's characterisation of knowledge as 'profoundly social' supports this explanation. The decision to return to pre-Strategic Contract levels of funding in 2000 reduced the amount spent on the groups and probably contributed to their decline.

The impact of this move was greater than simply cutting off useful resources. Just as the earlier funding of thematic groups demonstrated that communities mattered, the funding cuts, no matter how necessary they may have been economically, signalled that the groups no longer had management's attention or the support that had helped them thrive a few years earlier, and they were no longer considered critical to the bank's mission. Kevin Cleaver, director of agricultural and rural development, noted that many thematic groups have withered. He suggested that they be revived through renewed financial support with the deliberate participation of 'key players'. Ian Johnson, vice president and head of the Environment and Sustainable Development network, suggested that gathering specialised experts into groups had potentially negative effects, "Five years ago we were told to develop specific expertise, and built firewalls between different types of expertise." To resolve this problem the bank is beginning to

work across areas. For instance, urban experts have met with rural experts to discuss the boundary areas in between, which call for both kinds of expertise.

Harvard Business Review editor Thomas Stewart also participated in the forum and identified another possible contributing factor to the bank's underused knowledge resources: a tendency to focus on the knowledge collected rather than the work to be done. He suggested that knowledge, like other currencies, is versatile. The right question to ask is therefore, what work do we want to accomplish? Not, what knowledge do we need? In the early days of knowledge management, the tendency was to collect intellectual content without sufficient attention to whether or not it could be used to accomplish critical work, which resulted in vast inert libraries of knowledge. He cited the advice of Nancy Dixon, author of *Common Knowledge*, to build knowledge systems from the point of view of those that ask knowledge questions, not the people with the answers (advice that recalls the 'empathic design' idea of shaping products to the needs and interests of the customers).[2]

Facing the challenges

The fundamental challenges, inside the bank and in relation to its clients, are social and cultural: building trust and mutual understanding, and fostering the will to help and the willingness to be helped. Although the president's continued vocal support of the knowledge bank is essential, practice and example are also necessary and powerful influences on behaviour. Applying knowledge-bank principles to projects and telling success stories (and stories of senior management's recognition of that success) will go a long way towards making the vision real. Change is happening. Karin Millett, director of global knowledge and learning services, suggested that the increased use of advisory services inside the bank could perhaps be regarded as a proxy for an increased willingness to admit ignorance and ask questions.

The structural changes needed, especially in the way engagements are monitored and evaluated, are equally important, both as a reflection of the bank's changing processes and values, and to make sure that official procedures support rather than subvert the new kinds of work the bank is trying to accomplish.

Cultural and structural challenges are always the greatest ones, but the techniques and technologies of knowledge exchange also matter and have yet to be perfected at the bank or anywhere else. Prusak speaks of the importance of 'visualisation', which he describes as making visible who we are and who knows what, as well as how to represent knowledge on a screen. The latter issue – capturing knowledge value in media better suited for communicating information – is often glossed over in knowledge work, not because it is unimportant but because it is difficult. Millett emphasised the need for systems, structures and techniques to make visible who we are and who knows what, noting that new people do not know who the experts are. Communicating this information is especially important because 40 per cent of staff have been at the bank for three years or less.

One important effort in this direction has been what the bank calls tacit knowledge download. Starting with the Africa region, with an aim to extend this elsewhere, staff members are given opportunities to reflect on engagements with clients and identify key learning. Trained facilitators interview individuals and teams, evoking knowledge that formal reports typically miss. They focus discussion on critical issues to identify what did and didn't work. Videotapes of the interviews are edited and indexed, giving knowledge seekers ready access to

three-to-five-minute clips organised by subtopic.

It is important to focus on both technique and technology without falling into the trap of investing mostly in technology because it is tangible and in many ways easier to deal with than people's needs and habits. Brian Wilkinson, lead learning specialist, said, "We need to spend less time at the keyboard and more time in conversation." He recommended special attention to team learning to solve real business problems.

Stewart told the story of 'Carlos and Trish', employees at a Xerox call centre, which illustrated some basic truths of knowledge sharing, the need for knowledge-sharing technology as well as its limitations. After Xerox installed a new computer-based system to provide answers to customer queries, managers evaluated work at the centre to gauge the effectiveness of the new technology. They found that the employee who was by far the most effective worker, Carlos, never used the system. He was an experienced, intelligent and competent person who already knew or could quickly figure out answers to the questions asked. The second most effective worker, Trish, did not use the system either, even though she was a new employee, and had less experience and knowledge than Carlos. The secret of her success (along with a determination to do well) was that she sat next to Carlos. This proximity allowed her to learn from the answers Carlos gave customers and ask him for help when she was asked a question that stumped her. This is how most learning happens. The story validated Wilkinson's call for more conversation and team learning in the process of real work. It illustrated what community-of-practice expert Wenger calls "legitimate peripheral participation": the way newcomers develop expertise by observing and working with established experts.

Of course, the problem for large organisations that want to share knowledge widely is that not everybody can sit next to Carlos. The Carlos and Trish story emphasises the importance of proximity and working together in traditional ways, and can help sharpen our investigation of how to use technology effectively. Part of the solution is probably to ensure that the system enables people to easily contact and learn from each other, and not only from the content stored in it. In other words, the system should aid visualisation. The story may also help us think of ways to create a virtual experience that resembles sitting next to an expert all day.

Transforming how the bank works

The bank's ambitious goal – to be a source and conduit of essential knowledge for the developing world – also has an element of humility to it. By becoming a broker for knowledge created by others and a partner in development rather than solely the source of development assistance, the bank willingly gives up some of its traditional control and with it, possibly, some of its status. "We know best and we have the money," articulates a powerful position. Willingly giving up power is rare and difficult. The temptation to control and the difficulty of maintaining flexibility are real, and centralised power often functions more smoothly and efficiently than distributed decision making, if not more effectively. Paradoxically perhaps, the more successful the bank is as the knowledge bank, the less credit it may get for its accomplishments: as clients and partners shape and control the work done in their areas, their reliance on their own learning and the knowledge they get from the bank's other clients will increase. In many organisations and situations, brokers and facilitators get less credit than they deserve for making things happen. On the other hand, those partnerships and the effective use of the bank's knowledge will be essential to achieving the goal of reducing poverty throughout the world.

References

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