

Knowledge Management and the Development Bank of Southern Africa

A Knowledge Strategy

Blackburn, Khoza & Tate



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June 2003

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Building Knowledge Foundations for Development
The Development Bank of Southern Africa's Knowledge Initiative
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Foreword

This book is the synthesis of an approach to management that has taken root since 2001 as the Development Bank redoubles its efforts to apply its interventions more effectively to the development needs of this newly democratic country. Internationally today, it is well recognised that corporate society is on the verge of a new horizon in which intellectual capital is rapidly becoming the new currency. In this context, the question of implementing a knowledge management way of doing things in the Bank becomes one of paramount importance and will enable it to align more closely with emerging global trends. In adopting this path the Bank allows itself the freedom to apply institutional resources to all types of socio-economic development.

Given the explosion of interest in knowledge management and the pace of globalisation, it is perhaps not surprising that the scope of this work has continued to expand to address key issues of strategic import. Formulation of the Bank's particular strategy thus aims to catapult the expertise and aspirations of the leaders of the organisation and speaks of how best to operate from its own knowledge base. In espousing the notion of the 'quantum leap', Bank staff are being challenged to provide their perceptions of knowledge and innovation management and in doing so are hard-pressed to balance knowledge management and organisational learning.

Throughout this process, therefore, staff at the Bank have to acknowledge again and again that any knowledge management strategy is realised through interaction and building on spheres of cognition and influence.

Finally, it is our hope in adopting this approach, that the Development Bank becomes, foremost, a South African corporate success – an organisation in which there is respect for the diversity of cultures while, at the same time, one in which every employee is an acknowledged thinking individual. This new management frontier – properly leveraged through relationship capital – has the potential of strategic process renewal in which workers are people having the individual characteristics of pride, courage, conscious drive, flexibility, commitment and innovation.

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19 June 2003

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List of abbreviations and acronyms

BSC	Balanced Score-Card
COI	Communities of Interest
COP	Communities of Practice
CRM	Customer Relationship Manager
DBSA	Development Bank of Southern Africa
DPLG	Department of Provincial and Local Government
DFIs	Development Finance Institutions
ICTs	Information and Communication Technologies
KM-STRAT	Knowledge Strategy Committee
KM	Knowledge Management
KMC	Board Knowledge Management Sub-Committee
LGRC	Local Government Resource Centre
LGNet	Local Government Network
MDB	Municipal Demarcation Board
MMA	Municipal Managers' Association
MPCCs	Multi-purpose Community Centres
NEPAD	New Partnership for Africa's Development
NSDS	National Skills Development Strategy
PTAs	Project Technical Assistance teams
SADC	Southern African Development Community
SALGA	South African Local Government Association
VIP	Value Innovation Programme
WAN	Wide-Area Network

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CHAPTER *One*

The strategy

1.1 Context

Barely three years ago, the current era of knowledge management reached the world stage. The Development Bank of Southern Africa (DBSA), not unlike many organisations in the field of development, has long operated on the basis that knowledge is a critical element of socio-economic development and has already, to an extent, put knowledge management into practice. Project evaluations represent a case in point in so far as they are now securely considered part of the field of knowledge management. Sharing of best practices is yet another example and has been part and parcel of the Bank's practices for a number of years. What has changed or is changing, in the wake of the past three years, is the emphasis on knowledge management as having a strategic role. From this perspective, managing knowledge for maximising development impact and organisational efficiency is now critical – a strategic imperative – for the DBSA.

The formulation of a Bank strategy to implement knowledge management sharply focuses the organisation on this imperative. It provides the necessary direction for gearing-up the Bank's impact as development catalyst through combining knowledge with the application of other resources to ensure sustainable development outcomes. Adopting knowledge as a strategic initiative will further co-ordinate hitherto relatively ad hoc practices. Every organisation has its unique characteristics and set of circumstances. Practical implementation of knowledge management requires a customised solution that is the outcome of an incremental and pragmatic approach to building its knowledge management system.

There can be no great advances in becoming the leading agent for socio-economic development, unless the Bank becomes learning and knowledge-sharing organisation. Throughout its operations and activities, the DBSA is accumulating experiences and deploying this learning as knowledge into products, services and processes. By sharing knowledge, the organisation is increasing internal synergy and enhancing partnerships with its clients, stakeholders and other role-players outside.

To implement knowledge management as more than skin deep and part of the organisational culture, a knowledge management committee has been established to initiate, nurture and drive this function throughout the Bank. In addition to championing immediate implementation, the committee is expected to ensure that knowledge management is further developed, institutionalised and maintained throughout the organisation.

The challenges of embedding good knowledge management practice throughout an organisation are formidable. We are barely a year into a much longer process. Key techniques set out in the strategy must become a routine part of day-to-day activities.

This will only happen if:

- individuals are motivated to contribute to organisational knowledge creation and sharing through a rewards system;
- support and learning are provided by senior management;
- the individual and organisation recognises the benefits.

Knowledge has not merely assumed greater influence. It plays a central role in the future success of the DBSA. The incremental and pragmatic approach that has been formulated will ensure that knowledge management contributes to achieving the goals set by the Bank.

1.2 Knowledge and the Bank

A strong linkage exists between knowledge management and business performance. The DBSA has always recognised that socio-economic development is as much about imparting knowledge as it is about the application of resources committed to ensuring sustainable development outcomes. In the recent past, however, the Bank's operating environment has become significantly more competitive and challenging, and the role of knowledge increasingly critical to its effectiveness, if not its continued survival. In theory, critical organisational success has depended on the focused application of knowledge to two areas: innovation of customer-orientated processes, products and services; and, the promotion of organisational efficiency and effectiveness.

To achieve innovation the Bank must be a learning organisation, accumulating knowledge and deploying it into products, services and processes. The Bank also has to be a knowledge-sharing organisation, which will enable it to increase internal synergy and enhance partnerships with its clients, stakeholders and other external role-players. Increasing success at pursuing these goals in future will be a key determinant of the DBSA's impact as development financier, facilitator and catalyst.

1.3 Knowledge in practice

Knowledge is an acquired human or institutional capacity derived from experience and learning. It is formed and shared by individuals or by groups assembled in formal or informal structures having a shared purpose such as clusters, units, teams or discussion groups. Knowledge is internalised learning, whether it is internalised in individuals or institutionalised in organisations. It is deployed in various forms, such as in decision-making processes, in operating processes that facilitate organisational goals, or in products that meet client needs.

Knowledge in itself is worthless. It requires a willingness and capacity to put it to effective use. An organisational culture must emerge that provides incentives for generating and using knowledge and must be combined with appropriate institutional architecture and processes.

Knowledge management consists of three component processes:

- the creation of knowledge – the assembly, analysis and synthesis of all types of information and data, and the development of new insights that can strengthen the organisation's activities, processes or outputs;

- the deployment of knowledge – the process of applying knowledge in the organisation involves using knowledge to develop products and services that serve target markets and to develop institutional processes that support the objectives and strategy of the organisation as well as its operating imperatives. Knowledge is embedded in the products, services and institutional processes developed to ensure that functional activities support the strategic objectives of the organisation;
- the management of knowledge – the process that facilitates the creation of knowledge in an institution, from capturing and archiving to dissemination through the development of products, services, internal processes, amongst others. Key management activities include improving skills for knowledge creation and deployment, developing internal systems and processes that encourage knowledge creation and dissemination, and propagating a culture that supports the creation, deployment and use of knowledge.

1.4 Knowledge focus areas

The nature and focus of knowledge management is determined by the needs of an organisation, according to its strategy and the related activities or processes. The creation, application and management of knowledge in the DBSA, therefore, is informed by and co-ordinated according to knowledge needs.

1.4.1 Strategy, operating principles, imperatives and modalities

- Knowledge of development – the core strategy of the DBSA is arguably improved development impact largely, not exclusively, through the provision of infrastructure. An understanding of social and economic development is at the heart of knowledge management, with a special emphasis on the human dimension of development and the needs of the poor.
- Knowledge of infrastructure – the DBSA should create, deploy and manage technical, sectoral and institutional knowledge about physical and social infrastructure with a bias towards the developmental application of such knowledge.
- Knowledge to ensure additionality – this necessitates knowledge of the of public policy and development initiatives, and of the developmental capacities of stakeholders active in the markets in which the Bank operates. The aim of building partnerships and maximising the collective development impact of role-players will only be achieved if their efforts are co-ordinated and integrated eliminating duplication.
- Knowledge to support organisational sustainability – informed and visionary leadership, innovative thinking and sound management can support long-term sustainability, but require the creation, application and management of knowledge for all key functional activities. These include: strategic leadership, management and control (including risk management and asset and liability management), product development, marketing and public relations, business process and systems development, and product and service delivery and support.

1.4.2 Products and services

- Market knowledge – knowledge of the characteristics, dynamics and needs of the target markets (as per the market segmentation model) is needed if the Bank is to identify market opportunities and design innovative products and services tailored to the needs of different segments of its market.
- Technical knowledge for the design of products and services – includes technical knowledge for developing lending and financial instruments, asset-backed project finance, grant funding and technical assistance in different fields, knowledge and skills transfer and training, policy advice and advocacy, project design and management, and procurement, amongst others.

1.4.3 Internal systems to support delivery

- Product and service delivery – knowledge and internal systems for the design, delivery and operation of products and services. These include funding, marketing, project appraisal (including the operations cycle and modules), project selection, monitoring and evaluation, and the management of risk. These systems help to ensure that products and services are delivered effectively, meet market needs and are aligned with strategy and operating principles of the DBSA.
- Design and operationalisation of the general support infrastructure – knowledge needed for establishing and maintaining the facilities and physical infrastructure of the DBSA.

1.4.4 Knowledge resource management

- Staff selection – targets and recruits staff with the appropriate skills necessary to create, apply and manage knowledge.
- Skills transfer and development – designs and conducts training, including skills transfer and development programmes that augment the creation, application and management of knowledge.
- Knowledge capture and archiving systems – designs, implements and operates systems to capture and archive knowledge, ensuring that it remains relevant to the functional activities of the DBSA.
- Knowledge access and dissemination systems – designs and operates systems and processes to access and disseminate knowledge for the various functional activities of the Bank.

1.5 Critical mechanisms of a knowledge management strategy

Building and expanding its knowledge base is central to the DBSA achieving its objectives in the region and becoming a centre of excellence in development knowledge. To ensure efficiency and effectiveness, the knowledge management strategy is to be implemented in an incremental manner, beginning with the priority areas. Current initiatives planned and underway will be revisited to determine relevance. The strategy is based on several 'pillars'.

1.5.1 Knowledge culture – capitalising on and enhancing existing knowledge

Shifts in the Bank's mandate in 1996 affirming infrastructure development finance as its core mandate focussed efforts on the banking aspects of development and prioritised the financial dimensions. This has in effect rendered development knowledge secondary to organisational culture.

Now, to revive a knowledge culture in the DBSA, the following are being pursued:

- cultural barriers are being identified and plans devised to address knowledge shortcomings;
- organisational knowledge goals and performance measures are being formulated;
- concepts of knowledge championship are being developed and institutionalised;
- knowledge workers are increasingly being motivated to share knowledge;
- creativity and innovation are increasingly being recognised and rewarded.

1.5.2 Learning organisation – continuous focused learning that builds knowledge capital

The Bank's role of combining resources and knowledge for development requires increased collaborative learning to be innovative in making a meaningful development impact on the lives of the poor. This can be achieved through:

- the development and transfer of skills through staff exchange, internship, professional associations and fellowships, mentoring or coaching programmes, as well as intensified on-the-job training;
- the conversion of project experience and evaluation into learning mechanisms;
- accredited development finance qualifications;
- learning and development plans, including an in-house training curriculum, based on core competency learning requirements;
- adult learning methodologies and approaches that encourage learning by staff;
- leveraging the knowledge gained through external formal courses;
- corporate learning projects through multi-unit integrated learning initiatives;
- human resource development specialist knowledge contracted into operations teams and projects.

1.5.3 Knowledge exchange – internal and external knowledge flows

Knowledge sharing is systematically capturing and organising the wealth of knowledge and experience of staff, clients, stakeholders, beneficiaries and partners, making this knowledge readily accessible internally and externally, and linking interest groups and knowledge communities that work on similar initiatives – all with a view to expanding knowledge. Such sharing can be enhanced through:

- structured development dialogue and debates hosted by leading development practitioners to exchange experiences and innovations;
- Intranet and internet access, development publications and a help-desk facility and call centre to address enquiries and offer advice;

- stakeholder and beneficiary knowledge and learning dissemination points such as multi-purpose community centre (MPCC) networks;
- market community media – packaged and specially prepared communication media for target groups;
- information and development support materials – packaged materials for informal and formal external systems;
- working interfaces between government policy frameworks, development banking, the DBSA, and the Bank’s partners and stakeholders;
- systematic debriefing and sharing of development intelligence.

1.5.4 Knowledge accounting – evaluating knowledge management efforts and resources

Knowledge is a living entity. It is never in any respect final. Continuous evaluation will be required to audit activities, determine the appropriateness of the current system and reconcile findings in relation to existing opportunities. The knowledge infrastructure should account for this through:

- regular knowledge surveys and audits;
- efficient knowledge inventory management, including data archiving and retrieving;
- quantification of knowledge generation and utilisation; identification of sources and applications, and identification of current and potential internal and external users;
- creation of a knowledge marketing plan, comprising packaging, pricing, branding, positioning and distribution;
- formulation of knowledge accounting parameters, systems, indicators, variables and reporting practices;
- knowledge benchmarking and tracking;
- knowledge reporting in comprehensive and novel ways such as an account of knowledge management being included in the Annual Report.

1.5.5 Knowledge partnerships – sustained and enhanced partnerships mutually furthering development knowledge

The DBSA does not conduct primary research, but uses information generated by external agents as sources to enhance its knowledge base. It is essentially a knowledge broker. Further establishing smart partnerships with research communities such as tertiary education facilities, research centres, government and non-governmental development agencies, and other development finance institutions will continue to improve the knowledge base of the DBSA. Such relationships provide a number of benefits:

- differentiated roles that minimise overlap – this benefits all partners, allowing each to complement the other’s area of expertise interests and collaborate in pursuing a shared vision;
- better planning – resulting in increased support for development outcomes;
- effective knowledge transfer, cross-national (or regional) co-operation, the creation of networks, capacity development and penetration of development markets.

1.6 Managing knowledge

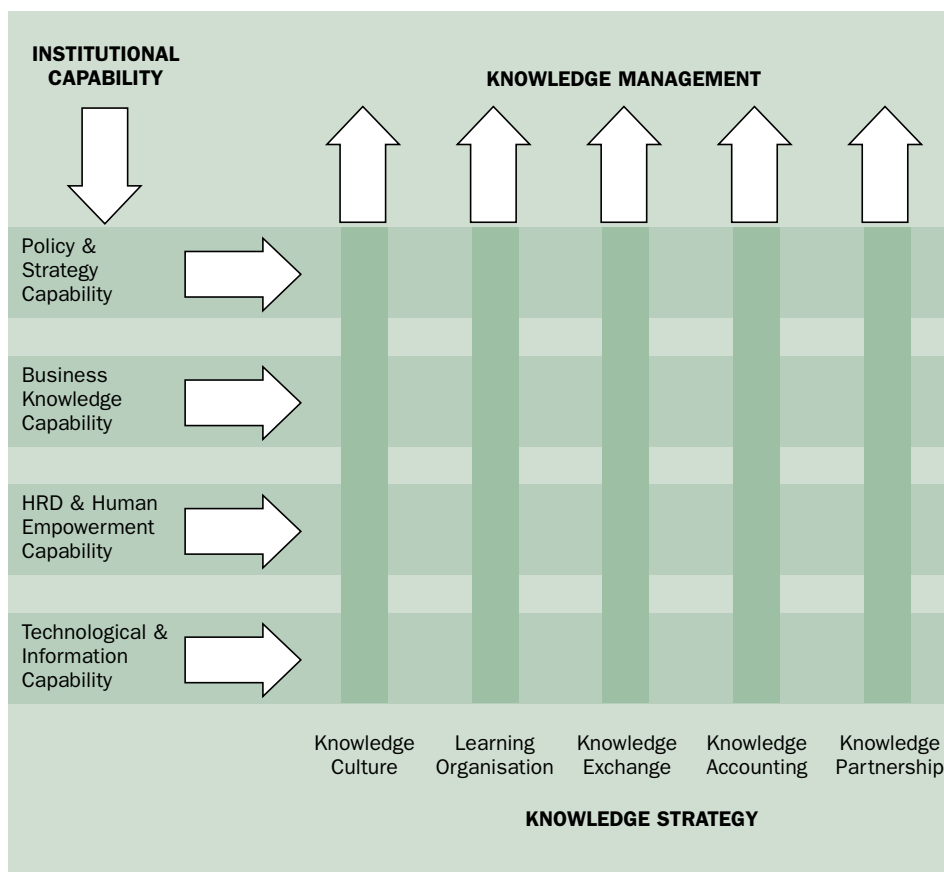
Any organisation trading in a global economic environment requires a strong and continuously improving knowledge base to achieve the key attributes of flexibility and innovation. A learning culture is the corner-stone of a knowledge organisation and the starting point for knowledge management. Managerial responsibility in the DBSA increasingly is being viewed as one of facilitating the learning process – external stakeholders included. Mutual relationships are managed in a collaborative rather than competitive manner. Outcomes are determined by better utilisation of financial, technical and human resources, rather than left to serendipity.

Knowledge in the DBSA is a bank-wide activity – being created, deployed and shared in all units and clusters. This does not imply that the institution is unwilling to compete. It does mean that the shift in thinking is one where there is sharing for mutual success. A common mission determines the extent to which complementary competencies are leveraged. As an institution, the DBSA is a fully-integrated organisation as its systems and processes bring co-ordination, coherence and unity of purpose, and link the many different capabilities and activities in the organisation.

Four types of capacity support the business of the DBSA:

- capacity in policy and strategic analysis – enables the Bank to identify key issues and challenges internally and externally in the development and public policy arenas and to develop appropriate solutions and advice to benefit the organisation and its clients and stakeholders;
- business knowledge – the functioning of the institution depends on integrated business processes and activities built on a variety of specialised skills. Activities range from asset and liability management, marketing, and product and service development to delivery. The latter includes specialised activities peculiar to a development finance institution, such as the identification, appraisal, implementation and evaluation of an initiative from a developmental angle by a multi-disciplinary team. A continuous adherence to best practice is an important requirement;
- capacity in human resource development and empowerment – involves the ability to develop human capacity to receive and maintain development initiatives, as well as transformation processes that empower and capacitate people;
- technical and information capacity – all organisations need reliable data, information and supporting systems, as well as technical and technological capacities. These are even more important in an economic environment where conditions are fluid.

Figure 1: The essence of the knowledge management function is to integrate the knowledge strategy pillars and organisational capacities.



Knowledge is not the preserve of a specific group or cluster but is an integral part of the entire organisation. In processing knowledge, certain skills and activities are generic irrespective of the specific business activity. Such specialist cross-cutting skills are grouped in a specific division ('cluster') in the Bank – the Knowledge Cluster.

The following cross-cutting skills broadly correspond with the capacities set out above:

- skills for policy and strategy analysis;
- specialist skills that support all operational activities;
- human development and empowerment skills;
- skills for information analysis.

Institutional arrangements envisaged involved the creation of a knowledge strategy committee having dual components and augmenting the role of the recently formed Knowledge Cluster.

CHAPTER *Two*

A case for knowledge management increasing Development Bank business

2.1 The vision: 'A centre of development excellence'

In envisioning the implementation of the knowledge management strategy, the Development Bank of Southern Africa is to be recognised as a centre of development excellence in Africa.

To achieve this vision, strategies will be put in place that ensure the DBSA becomes a nucleus within which development knowledge is gathered, disseminated, shared and applied. Knowledge is to be credible and reliable and provide novel solutions for African development challenges. Knowledge products and services are to be easily accessible by remote users and contributors.

In pursuit of socio-economic development, the DBSA has adopted an approach comprising the following elements:

- providing a variety of financial instruments for capitalising infrastructure development projects;
- making project-related technical assistance grants available to clients in South Africa and SADC for building capacity;
- providing dedicated support for interventions building capacity to establish sustainable institutions focusing on infrastructure delivery in South Africa through a Development Fund; and
- building the capacity of DBSA staff to facilitate and advise on client capacity-building programmes.

2.2 Market opportunities

2.2.1 The New Partnership for Africa's Development

Throughout Africa in the field of development, capacity-building initiatives tend to occur multifariously, resulting in considerable duplication of activity and an inefficient use of resources. The New Partnership for Africa's Development (NEPAD) has highlighted the urgent need for a human development strategy as a key sectoral priority to increase the pace of development in Africa. Potentially, the DBSA can make an important contribution to NEPAD's human development strategies through working for improvements in curriculum development and delivery and providing platforms for the distribution and building of development knowledge, information and skills. DBSA is in the process of developing a NEPAD policy and strategy framework.

2.2.2 National Skills Development Strategy

The DBSA is committed to playing a critical role in the implementation of the National Skills Development Strategy (NSDS), launched under the auspices of the Department of Labour, by actively building the capacity in the public services sector. In going beyond mere compliance with the Skills Development Act, the Bank is in a position to provide appropriate platforms and, by drawing on existing networks, to facilitate improved capacity in the public sector for delivery of their development projects.

2.2.3 Municipalities and local authorities

As an existing large and loyal client base, a substantial number of South African municipalities collectively constitute the foremost segment of the Bank's potential local market for knowledge products and services. Skills at the municipal level, other than at large metropolitans, are inadequate. There is little, if any, integration of learning and knowledge building initiatives. Through its technical assistance programmes, the Bank has established expertise in the delivery of capacity building programmes to clients and now has an opportunity to expand further into second and third-tier government through the deployment of existing knowledge services and products.

2.2.4 Southern African Development Community

Efforts by the Bank to grow its markets and become an international player make the Southern African Development Community (SADC) a strategically important market for its knowledge products and services. There are few development orientated qualifications and training opportunities of merit available to aspirant students or professionals interested in development in Africa. Over the past few years, delegates from SADC have attended courses and seminars in public development hosted by the DBSA. Recently, the DBSA has delivered capacity-building initiatives to delegates from Rwanda and Tanzania.

2.2.5 Differentiation strategy

The DBSA has adopted a generic differentiation strategy to gain competitive advantage. This seeks to create unique added value for its target market that cannot be easily replicated by competitors. Obviously the market determines the relative value of these products and services based on the extent to which they are of benefit.

The DBSA's unique source of differentiation is to be established by expanding and exploiting existing knowledge, expertise and networks and by realising the synergy of partnerships to achieve a greater impact in sustainable development.

2.2.6 Visions 2004 and 2010

Commensurate with its differentiation strategy, the Bank has set itself a strategic goal to operate as a fully-fledged knowledge institution by 2004. By this time significant progress will have been made towards the establishment of the DBSA Training Institute.

2.3 Some implications of knowledge management: a strategy in practice

The DBSA exploits knowledge by delivering knowledge-related products and services to its clients to improve their own performance in implementing their projects. A number of activities delineate the key knowledge management strategy in moving towards the ultimate vision of the Bank and include knowledge gathering, dissemination, sharing, application and accounting.

2.3.1 Knowledge gathering

Knowledge gathering involves the collection and organisation of raw information, which is stored in databases and will be achieved primarily by:

- creating a repository of relevant information;
- creating a repository of learning that can be converted into knowledge;
- conducting project retrospectives; and
- developing strategies to acquire knowledge.

2.3.2 Knowledge dissemination

Knowledge dissemination refers to the distribution and accessibility of information or learning converted into usable intelligence or knowledge. This is achieved by:

- creating a virtual platform for the dissemination of information – a knowledge portal;
- further evolving the information centre or library;
- delivering learning interventions by means of roving lecturers and trainers, off-site training locations and e-learning;
- compiling and disseminating relevant capacity-building tools and learning materials;
- publishing and distributing relevant information through the addition of statistical journals to existing publications;
- creating mechanisms for the delivery of learning interventions through distance education including: formal training courses and qualifications support for learners undergoing formal training and certification and partnering with academic institutions, which offer relevant development-related qualifications.

2.3.3 Knowledge sharing

Sharing knowledge enhances existing knowledge and promotes active transfer from one person to another by:

- creating platforms to enhance knowledge flows in the DBSA and between the it and its clients, partners, stakeholders and beneficiaries including communities of practice and interest, hosting workshops and seminars and virtual chat rooms;
- partnering with academic, training and socio-economic development groups;
- one-on-one knowledge sharing and knowledge transfer activities, such as peer assists and mentoring;
- developing, compiling and publishing project case studies;
- providing research opportunities.

2.3.4 Knowledge application

Knowledge application comprises leveraging knowledge for maximum impact by:

- designing and delivering innovative knowledge-based products and services, tailored to meet the capacity-building needs of the broad development community;
- designing capacity-building guidelines and programmes for clients; and
- providing capacity-building advice and consulting services to clients.

2.3.5 Knowledge accounting

Knowledge accounting involves managing and maximising the DBSA's intellectual capital and knowledge assets by the development of policies and quality standards effectively to manage information and the quantification and reconciliation of knowledge management efforts and resources.

2.4 Building knowledge foundations

The successful and sustainable implementation of any knowledge management strategy is achieved by building on a solid corporate foundation and developing supporting strategies in each of these areas:

- a supportive knowledge and ongoing learning culture;
- internal systems, technology infrastructure and applications that efficiently deliver knowledge-based products and services;
- existing capabilities and competencies develop to gather, disseminate, share and apply knowledge;
- an expertise base further built and maintained;
- intellectual capital and knowledge assets that are well-managed and maximised.

2.4.1 Organisational culture

Implementation of a knowledge management strategy involves the introduction of a number of changes in organisational business practices and processes. Three factors enhance the required changes:

- adoption of an organisational culture that reinforces beliefs and practices that value knowledge;
- transformation of the DBSA into a learning organisation;
- strong leadership that provides the direction and an example for staff to follow; and
- accommodation of knowledge management competencies and outputs into all performance management and recognition systems.

2.4.2 Internal systems, technological infrastructure and applications

The integration, efficient gathering and dissemination of knowledge and information are achieved by:

- unblocking and enabling all knowledge and information flows;
- implementing the technological infrastructure required by, for example, portals and effective database management;
- integrating and expanding existing enterprise resource planning applications, such as a pilot customer relationship manager (CRM).

2.4.3 Extending existing knowledge management competencies

Looking ahead, DBSA very quickly must acquire greater expertise in the areas of knowledge management practice and the implementation of knowledge management. This will be achieved by:

- the appointment a champion;
- providing opportunities and the resources for all staff to acquire an understanding of knowledge management and develop knowledge and information management skills such as discussion forums, formal training, conferences and learning from other organisations;
- redefining and creating appropriate internal knowledge management roles.

2.4.4 Building and maintaining the Bank's base of expertise

The DBSA will draw on a solid base of development expertise to develop and deliver knowledge products and services. In view of this the Bank will pursue the adoption of human resource strategies that ensure that internal expertise is identified, built and nurtured, and that external expertise is recruited or contracted into the DBSA.

2.5 Understanding the development environment afresh: a re-entry strategy

Knowledge management permits essential organisational mutation and survival in response to an increasingly tentative environment. To exploit the opportunities in the field of development in this milieu and gain a competitive advantage, the Bank must move quickly to synergise the innovative capacity of its staff and data and the information processing capacity of information technologies. Such a re-entry strategy puts the Bank in a position to claim a unique space through the capability to understand development issues afresh in changing environmental conditions.

A revised business plan has been formulated in recognition of this incorporating specific knowledge management projects into business plans of the responsible functional units within the Bank for the forthcoming cycle. Priority is given to the development and delivery of knowledge products and services that are more tangible - the knowledge portal and the Training Institute. A concurrent emphasis on laying the organisational foundations ensures delivery of knowledge products and services and achieves the synergy referred to above.

2.5.1 Target market

Provincial government and local authorities are the obvious primary target market and constitute a major share of the Bank's existing client base. A strong need for capacity-building exists within provincial and local government and in the short to medium-term the initial target market segments will be these two tiers of government. Services to our clients in government will be augmented electronically through the creation of the Bank's development knowledge portal. The omniscient nature of the internet will, however, afford the Bank the added advantage that users from all over the globe will have access.

In complementing this aspect of the strategy, DBSA will establish both local and global knowledge and capacity-building partners and networks to strengthen the entry strategy and to lay the foundations for the growth strategy.

2.5.2 Growth strategy

The growth strategy focuses on the geographic expansion of target markets, the development of niche markets and broadening the range of knowledge products and services. In the medium to long-term the target market will extend to include the entire SADC region.

2.6 A knowledge management system institutionalised

2.6.1 Business plans

A task team under the direction of the Project Manager, Knowledge Management, was established to compile a business plan for the implementation of the knowledge management strategy to be approved by a knowledge strategy committee. The business plan makes strong links to national and African human development strategies and to the implementation plans of internal operations-related programmes, such as the Local Government Resource Centre (LGRC) and the Value Innovation Programme (VIP). The business plan is guided by the knowledge management vision, the Bank's marketing strategy and the knowledge management opportunity assessment.

A knowledge management opportunity statement has been formulated and is the outcome of several collaborative workshops held recently. Their purpose was to identify the market opportunities for development knowledge, and the approaches that the DBSA, and its partners, can realistically take to satisfy the market demands and gaps.

The business planning process has further been informed by the experiences and lessons learnt in the implementation of World Bank's knowledge management initiative.

2.6.2 Project management approach

Instilling a knowledge vision in the Bank requires a knowledge management system that allows for continuous re-examination and reinterpretation of assumptions underlying organisational practices. Such a system allows for efficiency based on propagation and dissemination of the findings. The successful development and delivery of knowledge products and services requires seamless integration and cross-functional collaboration. To this end, a project management approach has been adopted to determine in detail the what's and how's of implementation. Measurement criteria are clearly defined.

Project management provides a knowledge strategy committee with a basket of useful tools that aids its task. The scope, time cost, risk, performance and human resource management features are of greatest value. Project monitoring and progress reporting, risk management processing and the variance control system serve decision-making in the committee context well.

Change and integration management, communication and procurement are a number of project dimensions of the project management methodology that provide an invaluable role in facilitation and integration. The project function communicates the project issues and progress to the entire DBSA.

As the essential role of project management is to co-ordinate and integrate the various components of the project in managing project processes, such an approach will accommodate and integrate the strategic, tactical and operational impact levels in the DBSA.

A project management approach is of advantage where the:

- programme is unique and, although the outcomes and time lines are clear, the intermediate work necessary to achieve the outcomes may be indeterminate;
- investment is high and meeting deadlines and budget allowances becomes imperative;
- programmes consist of a number of different components; and
- processes for achieving the desired results require inputs and the collaboration of several different functional areas.

The project structure for implementing the knowledge management strategy has been designed to ensure that decision-making occurs at the correct levels and that accountability for delivery of different project components is taken by appropriate functional managers.

2.6.3 Structural and managerial arrangements

Central to achieving the knowledge vision are a number of structural and managerial arrangements and roles located at different levels of organisational impact. Some are permanent. An example is the ongoing direction and management of knowledge. Others, such as a Knowledge Management Project, are in place for the duration of the initial implementation phase only. At the strategic level a knowledge strategy committee exists and is chaired by the Executive Manager of the Knowledge Cluster.

At a tactical level, various functional managers are accountable for the delivery

of different components of the strategy that logically fall within their designated areas. This group comprises a management steering group having a primary role of providing technical, functional and operational advice in relation to the knowledge management projects. The measurement and target criteria at this level will be reflected in the Balanced Score-cards (BSC's) of each relevant unit in the Bank.

Development and production work undertaken to deliver on the various knowledge management projects will be the ambit of an operational level. Measurement and target criteria at this level are reflected in the Knowledge Management Project scope and plan, and the individual performance contracts of the project team members.

2.6.4 Board Knowledge Management Sub-Committee

A shift in emphasis towards knowledge presents new challenges. One such, is for the Bank to build its human capital and attract, retain and reward expertise. Another is for the Bank to further train, deploy and manage the residual knowledge it possesses. The new strategy gives prominence to the interrelatedness of current management issues such as employment equity, knowledge management and human resource development. In response a cross-cutting implementation of strategies is required to co-ordinate what are essentially overlapping issues. To provide oversight a Board Knowledge Management Sub-Committee (KMC) exists to:

- provide strategic leadership, design and implementation of a human capital strategy (conceptualisation, design and sustainability of developmental initiatives);
- guide development finance policy and strategy (identifying opportunities, challenges and risks to the organisation);
- grow business knowledge (integration of business processes and activities);
- grow technical and information capacity (relevant data and information), skills and identify realistic building blocks for human capital;
- integrate knowledge and resources through the management of human capital;
- encouraging innovation, new ideas and products;
- review the measurement of knowledge management through appropriate performance indicators.

Three important areas of focus are thus human capital transformation and management, human resource development and knowledge management. Internal and external training, mentoring, capacity-building, curricula and the establishment of a Training Institute fall within the ambit of human resource development. Knowledge management includes strategy, products and services, support processes and systems and information.

2.6.5 Knowledge Strategy Committee

A Knowledge Strategy Committee (KM-STRAT) now exists, the primary function of which is to coordinate knowledge products and business support services. The broader task at hand will involve the committee combating reticence within the Bank

and ensuring that the knowledge strategy of the DBSA is institutionalised and maintained. Key concepts in this process are: 'conceptualising', 'initiating', 'driving', 'evaluating' and 'nurturing' and apply in:

- the practical implementation of a culture of learning in the organisation;
- encouraging and driving the development of 'knowledge products';
- institutionalising organisational architecture that will develop maximum synergy and exploit skills and knowledge for the DBSA;
- initiating the provision of resources, infrastructure, systems and processes to support learning and knowledge deployment.

Integration is achieved through the structuring of formal programmes in areas corresponding to the knowledge pillars identified in section 1.5: knowledge culture, learning organisation, knowledge exchange, knowledge partnerships, and knowledge accounting. Suitable candidates are to be identified and appointed as 'champions' in the capacity of programme managers reporting to the KM-STRAT for each of these areas.

In order to address systematically knowledge management issues and outcomes, the committee adopted a standing agenda in terms of the following activities:

- developing a strategic needs framework of development knowledge outputs required by the Bank in order to meet its vision, mission and mandate;
- planning and translating this needs framework into knowledge business plans, complete with output programming and budgeting;
- deciding on projects supportive of the knowledge business plan, including selection and allocation of resources;
- considering quality and appropriateness of completed products and granting of no-objection status for forwarding to the relevant delegated authority for approval;
- informing DBSA regarding new research, information and other developments on all relevant knowledge issues related to the business of the DBSA;
- acting as custodian and manager of all business and corporate governance policies, policy positions and best practices.

For reasons of sound governance, the KM-STRAT was constituted at two levels: strategic, guiding and directing knowledge management in the DBSA; and, programme-focused, coordinating and monitoring implementation of key knowledge management programmes and initiatives.

At the strategic level, membership of KM-STRAT is constituted of all Executive Managers, Managers functional in the Knowledge Management Cluster, and Programme Managers of knowledge-related initiatives. The KM-STRAT will meet once every two months and its agenda is to evaluate, review and adjust the strategic needs framework of development knowledge outputs of the DBSA to ensure that it meets its vision, mission and mandate.

Membership of the programmatic level committee consists of all managers in the Knowledge Cluster, all the programme managers of the various programmes such as knowledge culture, exchange, learning, amongst others and representative managers from the operations and support clusters. This committee meets monthly or at shorter intervals as its business may warrant.

The KM-STRAT is supported by a dedicated secretariat whose functions include committee tasks, knowledge and policy registry responsibilities, knowledge dissemination initiatives (such as a DBSA knowledge website) and a knowledge help desk facility and include providing:

- the Knowledge Strategy Committee with administrative and co-coordinative support to fulfill its function optimally;
- administrative, co-coordinative and project management support to the identified projects identified in the knowledge management project plan;
- support and facilitation of communication linkages with the broader stakeholder community by means of workshops and conferences; and,
- arranging workshops to build awareness, knowledge and understanding of the nature and goals, the activities and the relationships of the programmes and projects proposed.

The KM-STRAT Secretariat is staffed by a Project Manager, Knowledge Management for purposes of supervision of the KM-STRAT and monitoring implementation of the overall knowledge management project. A Knowledge Management Project Administrator provides administrative support to the KM-STRAT and the knowledge management project.

2.6.6 Monitoring and evaluation

The KM-STRAT will conduct high-level evaluation and monitoring of the results against the desired business outcomes and goals. The measurement and target criteria at this level are reflected in the organisational BSC and the cluster BSC's. The KM-STRAT will also advise and make recommendations on high-level programme risk, budget and time variance decisions.

Monitoring and evaluation of the outputs and progress against planned targets and quality standards of the larger knowledge management project will be at a tactical level using best practice project management systems.

Table 1: Institutional arrangements and plans for the implementation of a knowledge management strategy

Impact level	Management level	Primary roles	Measurement tool
<p>Strategic – strategic direction and business alignment. Budget allocation for the programme. Prioritisation, scope of component projects.</p>	<p>Executive – Knowledge Strategy Committee</p>	<p>Executive Manager – Knowledge Management Cluster:</p> <ul style="list-style-type: none"> • Ultimate accountability for the project • Sponsor of the project • Manages the performance of the Unit Managers on the project. <p>Knowledge Strategy Committee:</p> <ul style="list-style-type: none"> • Sets strategic direction and the high-level parameters and evaluation criteria for the project • Monitors & maintains alignment with organisation strategy • Approves the budget, and recommends systems infrastructure and resources required for the programme and project • Champions the programme, and spreads strategic input and buy-in throughout organisation • High level interface with external stakeholders • Resolves high-level conflicts • Assigns tactical management of the component projects to functional management and project management. <p>Project Management:</p> <ul style="list-style-type: none"> • Provides Knowledge Management Committee with: drafting of strategic business plans and policy; project progress, risk management and variances reports; as well as any other related reports that the Committee needs for decision-making. 	<p>Organisation and Cluster BSC's</p>
<p>Tactical – detailed scheduling, staff allocation and budgeting for component projects</p>	<p>Functional Management – Management Steering Group</p>	<p>Functional Management:</p> <ul style="list-style-type: none"> • Overall responsibility for the delivery of the component project/s in their functional area, and make technical and functionally related decisions • Resource specialists and provide technical inputs to the projects 	<p>Unit BSC – functional components, or sub-projects that fall under the Knowledge Management Strategy</p>

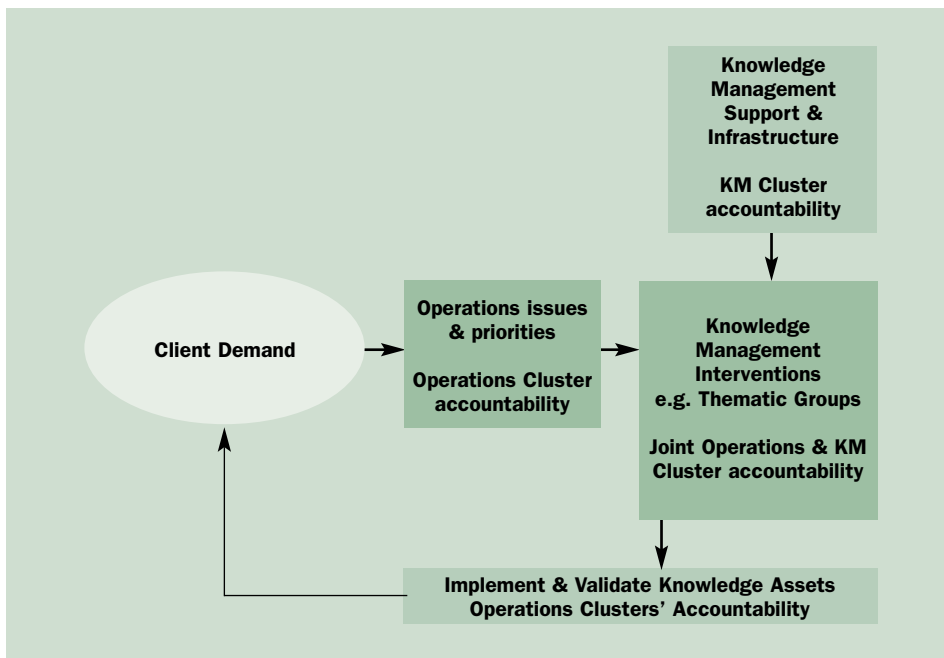
Impact level	Management level	Primary roles	Measurement tool
		<ul style="list-style-type: none"> Nominate staff members to the project team, and ensure that the staff members work duties are shifted to allow them sufficient to do project work Manages the performance of staff working on the project. <p>Project Management:</p> <ul style="list-style-type: none"> Defines the project operational plan, or sequence of activities, that collectively will result in the desired project outputs Designs and delivers the project processes that will be used to co-ordinate and achieve the desired project results Provides the Management Steering Group with detailed project progress, risk management and variances reports, as well as any other related reports that the Management Steering Group needs for decision-making. 	
Operational - execution of work needed to deliver the required component project results.	Project Teams	<p>Project Team:</p> <ul style="list-style-type: none"> Consists of individuals from various functional units who are individually accountable for the delivery of the required project results Remain on the project, and report to the Project Manager on project-related work only, for the duration of the project. Their direct line of reporting remains to their Unit Managers Provide technical and functional input. <p>Project Management:</p> <ul style="list-style-type: none"> Co-ordinates and integrates the work of the Project Team, and manages and monitors the project processes, viz. the project scope, time, cost elements, risk, organisation change, communication and procurement elements of the project Creates the appropriate environment and interpersonal relationships within the project team. 	Individual Performance Contracts – individual outputs required to deliver projects in Unit BSC

2.7 Knowledge management plans: implementation and accountability

Development of relevant knowledge products and services requires cross-functional collaboration. Delivery requires operational integration and rigorous co-ordination of production, cost and quality. Essential criteria governing the development of knowledge management business plans and their structural and managerial requirements are that:

- decision-making occurs at the correct levels;
- appropriate functional managers take responsibility for delivery of the various project components;
- various component projects be incorporated into the cluster and unit balanced score cards, and the individual performance plans.

Figure 2: Knowledge management accountability model



Assigning accountability of various component projects to the appropriate units and functional areas ensures strong ownership of the component projects. Reflecting component projects and related project output and task targets and measures in the unit BSC's and individual performance contracts, respectively, increases the prospect that the deliverables will be achieved.

Table 2: Proposed preliminary project components, or sub-projects, required to implement the knowledge management strategy and the units (functional areas) accountable for delivery

Project management processes	Deliverables/Outputs	Accountability	Input/Support/Collaboration
Needs analysis	<ul style="list-style-type: none"> Needs Analysis Report includes Market analysis Priority Knowledge Products and Services Recommendation (Incl. identification of key knowledge impact areas; capacity building model and guidelines and recommendation on the process of inculcating guidelines into the project cycle & the client relationship process) 	Project Manager: Knowledge Management & Knowledge Champions	Identified specialists, marketing & operational staff
Business plan	<ul style="list-style-type: none"> Overall Business Plan, incl. prioritisation of component sub-projects, sub-project scopes and estimate time-lines Change Management Plan Estimate total budget Funding Plan 	Project Manager: Knowledge Management & Knowledge Focus Area Champions	Identified specialists, marketing & operational staff, Training Unit, Development Fund, Office of CEO
Implementation	<ul style="list-style-type: none"> Appoint Project Administrator Project structure Project systems Project schedule Project communication processes & systems Risk Management Project budget Procurement Project monitoring 	Project Manager: Knowledge Management	Project Administrator, KM Secretariat, appointed internal financial administrator
Component sub-projects	Deliverables/Outputs	Accountability	Input/Support/Collaboration
Completion	Project completion report	Project Manager: Knowledge Management	Project Administrator, KM Secretariat, appointed internal financial administrator
Marketing strategy for DBSA as a knowledge Bank	Marketing & branding strategy proposal	Marketing & Communications Unit	Knowledge focus area champions
Intellectual property policy	Intellectual property policy	Policy Unit	IT&S& Legal units

Component sub-projects	Deliverables/Outputs	Accountability	Input/Support/Collaboration
Training Institute	<ul style="list-style-type: none"> • Framework & business plan • Registered as independent body • Accredited service provider • Curriculum • E-learning • Academic partnerships • Trainer support programme • Capacity building consulting proposal • Marketing plan 	Training Unit	Knowledge focus area champions, Specialist, IT&S, Marketing Comm., Legal, SABU units, LGR Centre team, tax specialist from Internal Audit Unit, and institutional specialists and selected project staff
Training Institute – new premises	<ul style="list-style-type: none"> • Building • Furnish & equip 	General Services Unit	Training & IT&S units
Knowledge Portal	<ul style="list-style-type: none"> • Portal & technology infrastructure • Content management guidelines & systems 	DIBU	Knowledge focus area champions, IT&S, Specialist, Training Unit, LGRC team
Information centre	<ul style="list-style-type: none"> • Needs analysis & priority proposal • Develop guidelines & systems • Information partners 	LGRC team	Knowledge focus area champions, DIBU, Policy, PSI, SABU & EE units
Project retrospectives	<ul style="list-style-type: none"> • Guidelines for project retrospectives • Institutionalise project retrospectives into the project cycle 	M&E Unit	Training Unit & identified operational project staff
Repository of past lessons	<ul style="list-style-type: none"> • Develop guidelines, format and system 	Training Unit	M&E
Case studies	<ul style="list-style-type: none"> • Write up case studies • Publish case study book • Compile case studies for learning purposes 	M&E Unit	Policy & Specialist units
Communities of Practice & Communities of Interest	<ul style="list-style-type: none"> • Develop guidelines • Identify key impact areas • Deliver training 	Specialist Unit	Training Unit
Build & maintain the DBSA expertise base	<ul style="list-style-type: none"> • Prioritise key expertise areas • Manpower Plan • Internal Expertise data base • Update external consultant database 	HR Unit	Training, EE, IT&S (consultant database) Specialists units
Develop the DBSA expertise base	<ul style="list-style-type: none"> • Young professional programme • Mentorship programme • Internship & secondment policy • Learnership programme 	Training Unit	HR & EE Units

Component sub-projects	Deliverables/Outputs	Accountability	Input/Support/Collaboration
Learning organisation	<ul style="list-style-type: none"> • Learning organisation plan • Improve HRD & HR systems and processes • Accreditation 	Training Unit	HR Unit
KM culture	<ul style="list-style-type: none"> • Culture change plan • KM training plan 	Office of CEO	Knowledge focus area champions, Training Unit
Improve information flows	<ul style="list-style-type: none"> • Business process models • Implement process improvements • Update/integrate technology infrastructure & applications 	IT&S Unit	Operations & Credit Administration unit
Knowledge accounting & reporting	<ul style="list-style-type: none"> • Guidelines for quantifying DBSA knowledge assets & intellectual capital • Systems & capability for managing DBSA knowledge assets & intellectual capital • Guidelines for knowledge reporting 	DIBU & M&E	Knowledge focus area champions, Financial Management Cluster, Office of the CEO

2.8 Organisational fit

The business plan of the Bank requires that its efforts be focused on building and strengthening its knowledge assets and capability, having the overall purpose of improving delivery of its strategic goals in achieving sustainable development. Accountability for identifying knowledge demands, applying knowledge tools and validating the quality and relevance of knowledge assets rests with the operational cluster in the Bank with others sharing in this responsibility. The role of the Knowledge Management Cluster is to provide infrastructure, support and expertise in knowledge management.

A BSC model encapsulates the business case for knowledge management and illustrates the high-level view of how implementation directly serves the Bank's organisational BSC. Knowledge management serves as an integrative layer providing a set of tools and events that merge operational demands for knowledge with expert input to produce relevant knowledge assets and capabilities of high quality.

The 'integration layer' consists of the following tools, all of which require cross-functional collaboration for effective implementation: a directory of expertise, communities of interest, information, shared learnings, peer assists, project retrospectives and communities of practice.

2.9 Integrating and linking enterprise-wide initiatives

Knowledge management in an organisation serves to integrate its diverse activities in providing knowledge content, decision support, knowledge processes and knowledge capacity. In this way, building knowledge assets and capabilities becomes a product of operational business processes. Knowledge, the common denominator, enhances the prospects of delivery of a number of processes and programmes.

CHAPTER *Three*

Knowledge management and the creation of opportunities

3.1 A systematic approach

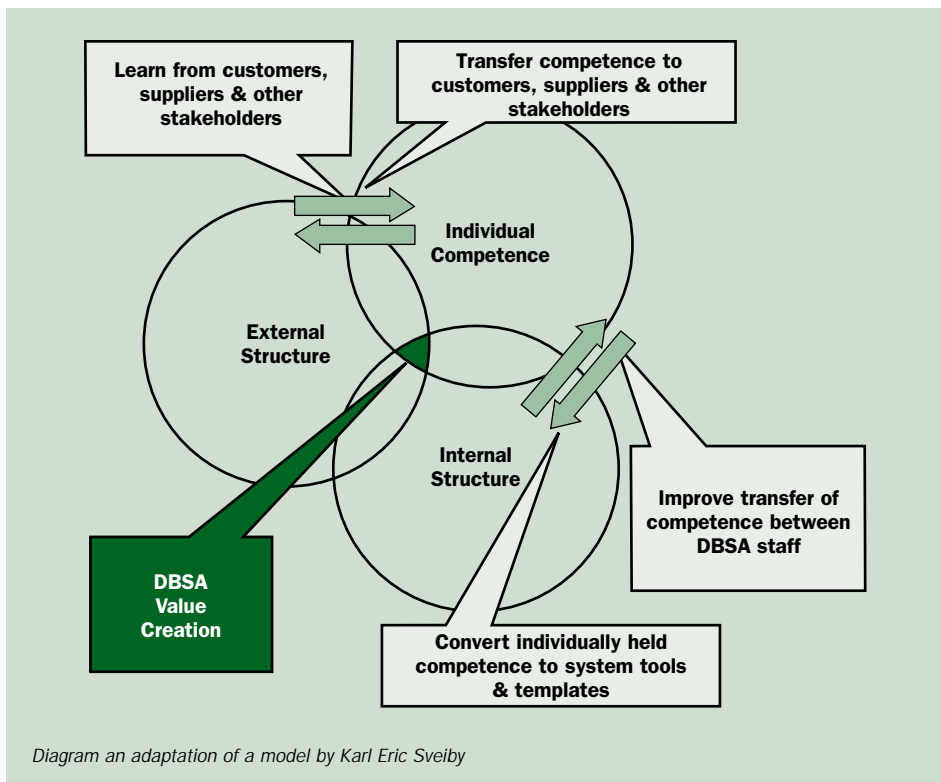
3.1.1 Principles

Having considered a definition of knowledge management as ‘the art of leveraging intangible assets to create value’ and the assumption that knowledge management activities must be demand-driven at the client interface, the aim of processes exploring implementation opportunities became twofold. One was to make knowledge management applications tangible by identifying a set of tools and events that could be used to build, exchange and enhance knowledge. The other was to populate an opportunity matrix, which maps knowledge management tools and events in terms of the clients’ value chain and key internal value chains.

3.1.2 Process of investigation

- Comments and recommendations were sought at a presentation made to the Knowledge Cluster Manager’s workshop on 2 September 2002.
- Staff comments and feedback on the Centre of Development Excellence – Project Proposal were collated and distributed to Exco and all Knowledge Cluster staff during September.
- Further comments and recommendations were sought at a presentation made to the Management Review Meeting (11 and 13 September 2002).
- Outputs of two open discussion forums entitled Knowledge Management and its Application in the DBSA on 11 October 2002 and Communities of Practice and their Application in the DBSA on 15 October 2002 were identified.
- Further outputs of three Centre of Development Excellence stakeholders’ workshops (25-26 October 2002, 18-19 November 2002 and 3 February 2003), attended by some 15 percent of staff from across the DBSA were gathered.
- Later the outputs of three Training Institute framework workshops on held 18 November 2002, 27 January and 7 February 2003 were collated.

Figure 3: High-impact knowledge flows – in the Bank and between the Bank and its customers, suppliers and stakeholders



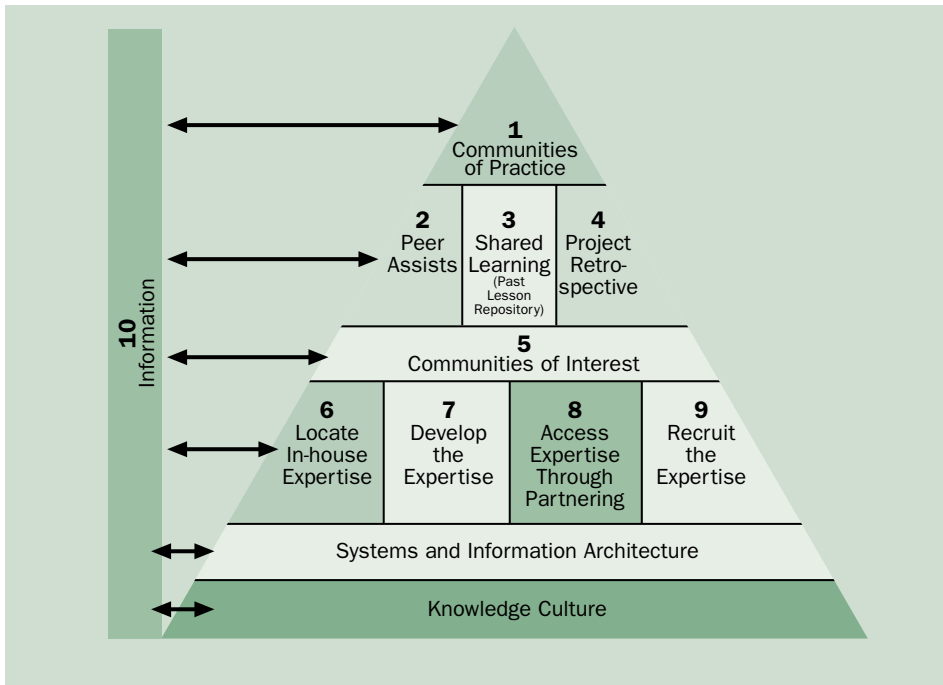
3.2 Revelations and recommendations

3.2.1 Key knowledge and information flows in value creation

Application knowledge management methodology and tools in the Bank have resulted in a lucid picture of the available opportunities. Areas of high impact requiring knowledge management intervention have been identified and are being afforded a high priority based on the knowledge flows model (Figure 3).

Briefly, an outline of the picture that has emerged includes the Bank increasing ownership at the operational level, maintaining a demand-driven perspective and creating more opportunities to learn from projects, customers and each other. Other features include the Bank having to build ways to transfer skills to clients and beneficiaries to increase its development impact, improving internal learning and creating ways for staff to engage constructively with their collective knowledge thus feeding a living knowledge bank in a mutually beneficial relationship.

Figure 4: High-impact knowledge management tools and processes



3.2.2 Knowledge management tools and processes

The DBSA's high-impact knowledge management tools and processes model (Figure 4) illustrates the various knowledge management tools and processes that are suitable to the Bank.

Directory of expertise

Central to any knowledge management initiative, is a company's ability to provide a directory of expertise that enables staff, clients, beneficiaries and partners to connect to internal and external sources of expertise. Such a directory and practices in relation to it need to allow informal and more formal helping relationships to emerge.

Communities of interest

Having mapped the individuals who share certain knowledge or knowledge needs, the DBSA provides the infrastructure and capability for communities of interest (COI). A relatively informal space for collaboration, a COI is largely self-driven by its members, both internal and external, and serves the professional need to explore themes or topics of importance through discussion. This is of particular use when in pursuing an activity a representative of an organisation encounters an obstacle impervious to resolution the likes of which may well have been successfully dealt with elsewhere under similar circumstances.

Information

Knowledge building is fuelled by relevant and accurate information that is freely available and easy to access.

Shared learnings

A shared-learnings process is a short, action driven format allowing for the publication of insights, innovations, process improvements or hard lessons learnt. Publications of this nature are invaluable in sharing learnings and can be viewed as a direct deposit into the DBSA's knowledge bank.

Peer assists

The peer-assist process is a structured and facilitated dialogue between peers to make experience-based know-how available to a group about to engage in a process or actions that have been executed in the past. Staff wishing advice or attempting to develop a new angle on a problem, may refer to a group of peers to gain greater insight. The peer-assist process generates a set of ideas and suggestions but does not constitute a transfer of responsibility to the group whose help is being sought.

Project retrospectives

A project retrospective is a process of thematic reflection that may be done after project completion or having reached important stages of a longer-term project. A retrospective should not be confused with an evaluation for control purposes. It is a learning opportunity that records valuable knowledge for the Bank.

Communities of practice (thematic groups)

The most sophisticated knowledge management tool in this suite is the formation of goal-directed communities of practice (COPs) or thematic groups. A group of experts collaborate in the sharing of their tools, ideals, practices and learning experiences related to a specific topic over an extended period. A COP has its own governance, is monitored and facilitated by a moderator and often makes use of some sort of network to communicate. A COP is similar to a group formed to fulfill an assignment, but has a longer life. The goal is not only advancing the knowledge of a specific subject of an individual, as in the case of COIs, but to create a set of validated knowledge assets that the Bank may record and draw on in improving its development impact.

3.2.3 High-impact knowledge tools and processes

Opportunities that exist for the application of knowledge management tools and processes have been identified. Recommendations have accordingly been formulated and are in the process of being implemented.

Directory of expertise

Opportunities arise in:

- access to directories of expertise (internal and external) - especially relevant to the client-driven project planning and implementation phase for less complex

projects where the DBSA often acts in the capacity of sourcing expertise. This need was also identified in the NEPAD value chain. The Bank's ability to offer the right expertise may be a crucial entry point to participation in projects on the continent;

- investment in the directories of expertise offers the prospect of high levels of return throughout the project cycle and particularly at initiation and the early review stages of a project.

Since an external base of expertise exists in the CORE application and plans for implementing PeopleSoft Phase II in the Bank include a profile of staff competencies, compiling a directory of expertise is not new and would not be time-consuming. Once created, the directory of expertise should contain information on:

- expertise of DBSA employees – employment history, project involvement, formal qualifications and related research and related expertise.
- internal and external experts in various fields will create a profile for themselves.

The directory of expertise is not related to the performance management system and avoids rating of expertise. Its intention is to afford staff opportunities to render professional services, participate in knowledge forums and target information dissemination and support services.

Communities of interest

COI's are specifically suited to areas of practice where a structured interaction may be counter-productive to a knowledge sharing event. Opportunities arise:

- where the predominant role of the DBSA is that of a facilitator, such as in regionally-based client communities like town planners and Mayors; in the area of integrated development planning; and internal and external communities based in various sectors in the area of integrated development planning, that offer the highest prospects of return;
- in mobilising funds through partnerships with merchant banks to create access to industry expertise that promise good or moderate returns;
- in lower complexity projects where either the funds or the resources are not available for structured knowledge building interventions and COIs are made up of client project team members or the project technical assistance (PTA) teams, prospects of return on investment are good;
- for internal COI's on key project processes where standards need to be improved across DBSA including the early review stage of client appraisal, project monitoring, and completion reporting.

Making use of COIs has the potential, in subtle and non-threatening ways, to move the DBSA to best practice in high impact areas. COIs link the DBSA to external expertise and strengthen the Bank's vision to be a centre of development excellence. COIs often respond very well to being asked to propose white papers and offer input into executive decision-making. They benefit from information service assistance provided by the DBSA.

Information availability

Opportunities for the provision of information were identified in the following areas:

- client and country information, especially risk, legal and political (the project already having been initiated) offering the prospects of high returns;
- project payment administration, budget and disbursement information available via a CRM application promising high returns;
- a NEPAD advocacy programme also offering high returns;
- regional project progress information offering moderate returns;
- funds mobilisation information; and
- client and project performance related to development impact indicators in particular.

Information is not uppermost in determining the extent of knowledge. Nonetheless, the simple need for relevant and accessible information in certain areas is evident. It is suggested that this is readily deliverable by means of a well-structured intranet that integrates existing portals, transparency and an access to information philosophy.

Peer assist

Numerous opportunities for peer assist were identified all of which offered good prospects of return on the Bank's investment:

- client appraisal and early review speeding up the borrower appraisal process;
- proposal preparation and appraisal processes;
- project design and technical assistance processes – internal education on the Treasury;
- client monitoring process highlighting early warning signs and to be incorporated into a larger processes (see COP's);
- client risk rating reviews undertaken by the Risk Management Unit prior to publication;
- private sector funding – preparation for initial engagement and early review and initial ratification to identify new business development opportunities;
- project evaluation;
- developing risk management solutions (Risk Management Unit);
- before the private sector funding negotiation phase.

The peer assist process is a learning and risk mitigation tool for important decisions and for areas of the business where technical skills are at a premium. Certain units already realise the benefits of peer assistance. It is recommended that the peer-assist process should be simple and transferable, as it has a high potential to build internal capacity. The Bank's ability to conduct peer assists should be developed to the point where a strong internal cadre of process facilitators exists and the methodology is entrenched as a way of helping and raising the standard of professionalism. Key in achieving this is sticking to the peer assist ethos and making sure that participants are fully recognised for their contribution.

Shared learnings

An opportunity was identified for the development of a database of learnings. In so far as the recommendations are concerned, shared learning, as a process, has been identified as a way of packaging tools, learnings and experiences for accessibility. This simple, template driven process, which results in a database of tips, tools and pointers, creates a channel for experts and project professionals to publish their know-how and gain recognition for their ability to transfer this to clients and beneficiaries. In an environment where skill is at a premium, simple, well-packaged 'how-to' can have a big impact, and the shared-learnings process has the potential to become a key contributor to the DBSA's knowledge bank. The organisation must support this process by providing infrastructural support as well as writing skills. Staff contributing to the database must be recognised as should the benefits that have been derived.

Project retrospective

Openings exist in:

- surveillance and evaluation with the focus on sharing lessons with clients from the field, having potential for high returns;
- project outcomes against project objectives understanding the causes of successes and failures, promising high returns;
- concluding agreements with a focus on terms and conditions, promising moderate returns;
- client monitoring, understanding reasons for default and successful rehabilitation strategies (see COPs), potentially providing good returns;
- funds mobilisation; and
- private sector agreements and negotiation outcomes.

Managing the Bank from the perspective of its product – poverty-alleviating projects – and continuous learning through implementation by recording learning value in a useful format, ensure not only greater efficiency, but strengthen the Bank's unique marketing thrust as a provider of effective development finance. Project retrospectives should not compete with governance during project close-out, and should be viewed as a learning instrument rather than an evaluation and control process. Project retrospectives offer a safe and supportive environment to reflect on successes and failures.

Communities of practice

Opportunities having strong prospects of high returns are as follows:

- COP will identify, develop and deliver capacity building programmes and generic skills training for local authorities;
- client credit and payment will be closely monitored to develop early-warning systems, generic tools and models, and capacity building programmes for defaulters, or higher risk clients;

- COP will identify development strategies for SADC countries, capacity building opportunities in SADC, and the partnering of available expertise SA and SADC.

Lesser opportunities offering moderate returns exist in:

- project management – COP to develop and share methodologies and strategies, including project planning for highly complex projects;
- integrated development planning – facilitated by COP and including clients;
- management of the Treasury and competitiveness of the DBSA, especially interest rates;
- develop a common set of development impact indicators and their monitoring;
- develop solutions for challenges identified in surveillance reports and further business development opportunities.

Opportunities also exist in broadening risk management, supporting decentralisation, building local market knowledge, and identifying market and business development opportunities.

From the list above it is clear that no difficulty is experienced in finding opportunities for goal-directed and self-managed collaboration through the COP process. Especially exciting is the prospect of creating COP's where tools, learnings, philosophies and approaches may be validated and shared with clients. A strong and defensible methodology, an easy-to-use virtual infrastructure, as well as the development of COP moderation skills are the required inputs to what may become a powerful way for the DBSA of accelerating capacity-building and creating and sharing knowledge assets.

3.2.4 Issues arising in change management

Knowledge management is the common denominator underlying a number of internal business processes and programmes. Knowledge management is not just another initiative or the prerogative of a single cluster or unit in the organisation.

Operational and specialist professionals should be encouraged to collaborate in a single knowledge process. Knowledge banks cannot be silo'd. Collaboration is a key success factor for implementing knowledge management.

The role of experts, and the performance management environment more generally, should be aligned with the needs of the DBSA. The Bank's business is not merely a matter of disbursing funds but one of contributing know-how to its development partners and clients.

CHAPTER *Four*

The business plan and implementation

Seeing knowledge management as ‘the art of leveraging intangible assets to create value’, the strategy of the DBSA as set out in its business plan is to become a knowledge institution:

- adding value to its threefold role as lender, advisor and partner;
- inculcating knowledge as a differentiating factor to the Bank’s existing value chain;
- adopting Bank-wide approaches;
- responding to business demands; and
- building knowledge foundations for greater development impact.

The business plan provides for a process to institutionalise knowledge management throughout the organisation that is Bank-driven and details the terms of reference and underlying principles that guide the Bank in adopting an approach consistent with best practice. Questions as to why a knowledge management process should be demand-driven in building relevant knowledge foundations supporting BSC outputs are answered and clear functional roles for the Knowledge Management Cluster and the identified operational clusters.

Implementation refers to how the knowledge management processes provide a necessary conduit for Bank-wide initiatives of value innovation and business process renewal. Issues of how knowledge management processes should be integrated into the institutional framework of the Bank to enable capacity-building, ownership and accountability are explored further in the business plan.

From an international perspective, the business plan introduces world-class knowledge management practices in that its processes are integral to everyday business practices to establish knowledge assets. The business plan has also been formulated in line with best practice for international development finance institutions, like the World Bank, to encourage knowledge partnerships.

In viewing matters in a regional context, that of the Southern African Development Community, it is clear that NEPAD has become important. Implementing knowledge management in the Bank will go a long way in supporting mutual development objectives raised by NEPAD. Immediate examples are the creation of a Training Institute and a Local Government Resource Centre. Building and applying its knowledge assets in South Africa will enable the Bank to position itself as a centre of development excellence, which contributes to capacity building as identified in the NSDS. This includes interventions aimed at local authorities in support of capacity development.

4.1 The business plan, principles and outcomes

Important objectives of the business plan are to enable broad-based ownership of and accountability for the knowledge process and optimisation of the Bank's resources for implementing a knowledge process: the BSC; the CORE information application; and, the integrated reward and recognition system (IRR). The identification of the institutional tools and mechanisms for building knowledge foundations of development – such as communities of practice – represents a further objective.

The knowledge management process should be demand driven, ensure integration, ownership and accountability at all levels and provide measurable outputs. Principles adhered to in designing implementation require that the knowledge management process is owned and driven by the operational clusters, and that the Knowledge Management Cluster provides the institutional infrastructure and expertise. An example would be the thematic groups established to support and enhance the process in high impact areas and their structure around the Operations Cluster's areas of accountability.

The outcome of the business plan is that it will become the guiding framework that is implemented throughout the Bank. The implementation plan will incorporate a knowledge management process into the BSC in all the Bank's units.

4.2 Issues of knowledge process

4.2.1 Measures

Knowledge management targets and measures form part of the sustainable development perspective of the organisational BSC. Appropriate knowledge management measures for the operational clusters are:

- number of new solutions to clients – innovation of offerings;
- an increase in the number of clients who seek partnerships with the DBSA to build their capacity delivering projects;
- quicker, more efficient and competitive delivery of projects.

Appropriate BSC measures for the Knowledge Cluster are the provision of:

- tools, infrastructure, capability and guidance to enhance the knowledge management processes;
- expert content on the knowledge management process;
- change management support initiatives, as well as the appropriate alignment of the performance, reward and recognition systems.

4.2.2 Demand-driven processes

Building knowledge foundations is a cyclical process beginning and ending with the client in which an operations function identifies the client's demand for knowledge, followed by appropriate knowledge interventions, such as a thematic

group, that identifies the required alternatives and solutions. Outputs of the knowledge intervention are at the level of the client. On completion, the client and the operational unit assess the quality and value of the knowledge intervention.

4.2.3 Information processes

Information sharing is made more effective when supported by an efficient infrastructure, the input of appropriate and relevant expertise, and good information and knowledge processing skills.

4.2.4 Collaborative culture and environment

Several environmental and cultural issues prevent the level of collaboration critical to the success of knowledge management. Emphasising positive factors in the environment serves to ameliorate recalcitrance of this nature and supports an altruistic passion for development and professional excellence amongst participants. This is preferable to trying to transform negative cultural factors and is achieved by introducing meaningful and motivational processes that recognise and reward collaboration, the individual and teamwork. Resolving ownership for knowledge management at the operational level and structuring cross-functional teams to participate in knowledge management initiatives are important parts of the remedy.

4.2.5 Change management issues

Two important factors in an organisation have the potential to render it impervious to the institutionalisation of knowledge management: a lack of knowledge focus and poor ownership of the process in operations. Alert to this danger, the business plan recommends that the DBSA avoids a large enterprise-wide change management programme supporting institutionalisation for fear that this would isolate knowledge management as a separate programme. Rather, the intention is to manage this risk by ensuring that the knowledge management accountabilities, outputs and deliverables are securely part of the organisation, cluster and unit BSCs. Beyond this, knowledge management processes are being instilled into all existing processes and programmes.

4.2.6 Performance management

A lack of internal stimulation hampers the institutionalisation of knowledge management. In such a vacuum there is little willingness amongst the staff in an organisation to become involved in the process. An effective remedy is to reflect knowledge management roles, outputs and competencies in the work stream dictionaries further ensuring that these are also reflected in individual performance plans. It is critical that the variable pay model fairly and reasonably accommodates the value added through knowledge management.

4.2.7 Leveraging knowledge in high-impact areas

The knowledge management statement of opportunity describes the most effective knowledge tools that should be used by the DBSA, and recommends the internal work processes where the knowledge management can be of maximum impact and return on investment. The prioritisation of activities for the pilot project is based on relative strategic importance, linkages with key organisational initiatives, costs and time required for implementation.

4.2.8 Leadership

The dual task of leadership is to champion knowledge management as a vital component of existing business processes and programmes and to demonstrate the collaborative behaviours that support effective knowledge management. Leadership's role is to ensure that the strategic objectives of knowledge management are reflected in their cluster and unit BSCs and that performance in their areas of responsibility is aligned with the knowledge management objectives.

4.2.9 Balanced Score-Card measures

Knowledge management objectives and measures are to be incorporated into the organisational and cluster BSCs, and knowledge management deliverables and targets should cascade into unit BSCs in an integrative manner.

4.2.10 Organisational fit and work design

Knowledge management outputs and competencies are to be reflected more definitively in work stream dictionaries and knowledge workers are to be provided with the appropriate skills. Knowledge management roles and accountabilities are to be clarified and communicated and resources realistically allocated to multi-functional knowledge management teams.

4.3 Functional roles

The knowledge management accountability model (Figure 2) illustrates the relative roles for the effective sharing of knowledge, and highlights both the separate and joint accountability areas for the operational clusters and the Knowledge Management Cluster.

4.3.1 Operations Cluster

- Identify clients' knowledge needs or opportunities.
- Manage the knowledge management process in the operational areas.
- Participate in the knowledge interventions.
- Implement and validate the knowledge initiative, or asset.

4.3.2 Knowledge Management Cluster

- Provide the infrastructure, the capability, the facilitation and the expertise for an effective knowledge management.
- Participate in the knowledge intervention.

- Provide the appropriate change management and support systems, such as performance management and recognition systems, for effective knowledge management.

4.3.3 Organisational clusters

- Identify their clients' knowledge needs or opportunities.
- Manage the knowledge management process in their areas of responsibility.
- Participate in the knowledge interventions.
- Implement and validate the knowledge initiative, or asset.

4.3.4 Sponsor

The Office of the Chief Executive is the sponsor of the initiative and in enacting this role should direct policy, guide strategy and allocate responsibilities and resources to enable integration of the knowledge management processes throughout the Bank.

4.4 Implementation

4.4.1 Ownership and accountability

Overall accountability vests with the Chief Executive who, in the role of sponsor, oversees the knowledge management process. The KM-STRAT led by the Executive of the Knowledge Management Cluster provides guidelines in terms of the infrastructure required to support knowledge management. The Operations Cluster and organisational clusters are responsible for knowledge management issues in their areas, management of the processes and the alignment of knowledge management in their BSCs.

4.4.2 Knowledge Management Cluster support

The Knowledge Management Cluster supports the processes and its accountability extends to the provision of tools, infrastructure, capability and guidance to enhance the process, creating expert content, change management support initiatives and the alignment of the performance, reward and recognition systems. The Knowledge Management Cluster is responsible for certain knowledge products that are appropriately aligned to the Training Institute, development policies, information and publications.

4.4.3 Joint functional accountability

All clusters in the organisation are jointly responsible for the integration of the knowledge management interventions through participation in the appropriate processes and fora. Unit managers are responsible for identifying the knowledge management-related unit BSC measures and ensuring that these are achieved. Management of the knowledge management initiative, at the strategic level, would be achieved through executive performance plans, and through unit manager performance plans at the tactical level.

4.4.4 Embedding the knowledge management process

The knowledge management process will be embedded through the:

- approval of the business plan by the KM-STRAT;
- implementation of the business plan by the executive and unit managers;
- management of knowledge management-related performance through the BSC and the IRR system; and
- integration and monitoring of the progress of the Phase One Pilot by the Knowledge Management Project.

4.5 Functional roles and forums

The Knowledge Management Cluster has been mandated to initiate and pilot the business plan and implementation. This entails enhancing the knowledge management process by providing infrastructure, solutions and skills to pilot interventions; facilitation, expertise, participation, performance and recognition systems and change management support to the process; and, organisational and unit measures for the process.

The Operations Cluster and organisational clusters should enhance the knowledge management as described earlier while unit managers are accountable for managing and delivery.

4.5.1 Knowledge Management Cluster

The Executive Manager of the Knowledge Management Cluster continues to provide guidance for knowledge management initiatives via the KMC bi-weekly, the KM-STRAT and Executive Committee (Exco) and Board of Directors forums.

4.5.2 Operations Cluster and organisational clusters

Operations and organisational clusters should implement the knowledge management process through the various forums of approval, such as the Operations Committee, Exco and meetings of the Board.

4.5.3 Cross-functional and clusters approval

Aspects of the knowledge management process that are related to the Knowledge Management Cluster or the accountability of operations should be referred to the relevant cluster and executive forums for approval or notification.

4.6 Risks

The greatest risks faced in effective institutionalisation are that the organisational culture, climate and business processes do not support cross-functional collaboration – a foundational requirement for effective knowledge management – and poor ownership.

The business plan makes five recommendations that, if vigilantly adhered to, should mitigate these risks. However, if any one of these recommendations is ignored, the effective institutionalisation of knowledge management will be compromised. The five recommendations are that the:

- organisational BSC be positioned as the key driver of knowledge management throughout the Bank;
- accountability for the various knowledge management delivery elements should be positioned where ownership for knowledge management is logically placed and most easily influenced;
- formal knowledge management processes should be designed as an integrating factor, requiring the collaboration of multi-functional teams, such as thematic groups, peer assists, project retrospectives;
- positive aspects of the organisational culture be encouraged by providing a platform for the expression of inherent passion for development and professional excellence;
- IRR system, especially the work stream dictionaries and the variable pay model, should be realistically and fairly aligned to motivate and recognise knowledge management work and collaboration undertaken by staff.

4.7 A five year implementation period

The five-year implementation plan for knowledge management throughout the DBSA covers two phases. Phase one takes two years to complete and focuses on laying the foundations for capacity in knowledge management and the piloting of the processes and tools and their improvement.

Phase two is three years and expands knowledge management target markets and the range of knowledge products and services. During this phase knowledge management is consolidated as an everyday business practice.

4.7.1 Phase one: year one

The external target market for the first year is primarily local municipalities and staff of the Bank.

Knowledge management is a key component of the quality assurance and business process renewal programmes underway in the Bank and the first year of the plan also involves integration with these programmes.

Table 3: Piloting knowledge management tools and processes

KM tool	Priority area/s	Recommendations
Two or three Thematic Groups (COP's)	<p>The Thematic Groups should be prioritised from the following high-impact areas:</p> <ul style="list-style-type: none"> • Existing modular groups • Improve the delivery of Municipal Infrastructure • Improve the capacity of low-rated clients, defaulters and potential defaulters • Improve Provincial strategies • Energy? 	<p>Thematic-based COP's already exist in the DBSA in the modular areas. However their goals are not clear, and the knowledge assets that they create have either not been validated or formalized. Priority is to provide the skills, the moderation capability and information infrastructure to improve the outputs of these groups.</p> <p>Especially exciting is the prospect of creating COP's where tools, learning's, philosophies and approaches may be validated and shared with clients. A strong and defensible methodology, an easy to use virtual infrastructure, as well as the development of COP moderation skills are the required inputs to what may become a powerful way for the DBSA to speed up capacity building, create and share knowledge assets.</p>
Two Peer Assists	<p>The Peer Assists should be prioritised from the following areas:</p> <ul style="list-style-type: none"> • Client appraisal and early review, to speed up the borrower appraisal process • Proposal preparation and appraisal processes • Project design and technical assistance processes Internal education on the Treasury • Client risk rating reviews undertaken by Risk Management (before publishing the review) • Private sector funding – preparation for first engagement and early review. Initial ratification, to identify new business development opportunities • Project evaluation • Developing risk management solutions (Already initiated by the Risk Management Unit) • Prior to Private sector funding negotiation phase. 	<p>The Peer Assist process has been positioned predominantly as a learning and risk mitigation tool for important decision points, as well as for areas of the business where technical skills are at a premium. Some Units are already realising the benefits of the Peer Assist process. The peer assist process should be simple and repeatable, as it has a high potential to build internal capacity in the DBSA. The internal ability to conduct a peer assist should be developed to the point where a strong internal cadre of peer assist process facilitators are available, and the methodology is entrenched as a way of helping and raising the standards of professionalism. The key is sticking to the ethos of the peer assist and making sure that participants are fully recognised for their contributions.</p>

KM tool	Priority area/s	Recommendations
Two Project Retrospectives	<p>The Project Retrospectives should be prioritised from the following high-impact areas:</p> <ul style="list-style-type: none"> • Surveillance and evaluation, with the focus on sharing lessons with clients from the field • Projects outcomes against project objectives, with a focus on understanding the causes of successes and failures • Conclusions of agreements, with a focus on terms & conditions. 	<p>For the Bank, as a project-driven organization which primarily works with project-driven clients, having a set way of learning's from projects and capturing the learning value in a useable format, has the potential to not only ensure greater efficiency, but also to strengthen the Bank's unique selling proposition as a provider of development impact.</p> <p>The Project Retrospective should not compete with the governance processes around project closeout, and should be viewed as a learning instrument rather than an evaluation and control process. It should offer a safe and supportive environment to reflect on what can be learnt from successes and failures.</p>
Three Communities of Interest	<p>COI's exist in the Bank. Additional COI's should be prioritised from the following high impact areas:</p> <ul style="list-style-type: none"> • Where the predominant role of the DBSA is that of a facilitator. Examples are: Regionally-based client communities such as Town Planners & Mayors and internal and external sector-based communities in integrated development planning • Funds mobilization, where links to merchant banks to create access to industry expertise is important • In lower complexity projects where either the funds or the resources are not available for structured knowledge-building interventions. Examples are COIs made up of client project team members, or the Project Technical Assistance teams. 	<p>The use of COI's has the potential to, in a subtle and non-threatening way, move the DBSA to best practice in high impact areas, link the Bank to external expertise, and to strengthen the Bank's vision to be regarded as the centre for development excellence. COI's often respond very well to being asked to propose white papers and offer input to executive decision-making, and they will also benefit from information service assistance provided by the DBSA.</p>
Repository of Shared Learnings	<ul style="list-style-type: none"> • The Shared Learning's process is a way to package tools, learning's and experiences for easy access. This simple, template driven process, which results in a database of tips, tools and pointers, creates a channel for experts and project professionals to both publish their know-how and be recognized for their ability to transfer know-how to clients and beneficiaries • The Repository of Shared Learnings should be captured and stored in an electronic application, which will enhance storing and accessibility of knowledge assets. 	<p>In an environment where capability is at a premium, simple, well-packaged "how-to" information can have a big impact, and the Shared Learning's process has the potential to become a key contribution to the Bank's "knowledge bank". The DBSA must support this process by providing the infrastructural support as well as the writing skills capability. It must also recognise the staff that contribute to the database and the benefits that have been derived.</p>

Marketing plans

The knowledge management marketing plans are aimed at claiming the knowledge space in the development arena. During the first year the marketing tools that will be used include brochures and a knowledge management newsletter that primarily outlines the aims and intentions of becoming a knowledge-based institute. All staff should be periodically exposed to communications sessions on knowledge management and information sessions should be conducted for selected clients, stakeholders and partners.

Knowledge products

The knowledge products earmarked for delivery during the first year are those that have been determined in the cluster and unit BSCs for this period. An example of the sorts of knowledge products that will be delivered by the Knowledge Management Cluster are an international symposium on development to be held locally and development information and policy publications.

4.7.2 Phase two: years three, four and five

Year three should be a period of expansion and consolidation. At the end a review of the relative value added and return on investment of knowledge management should be undertaken and recommendations made. The target markets for knowledge management should be widened to include SADC and other regions in sub-Saharan Africa and niche markets developed. The range of knowledge products and services should be broadened.

Substantiating the real benefits derived from knowledge interventions will strengthen the marketing approach. Operations and Knowledge Management Cluster staff should act as a key marketing channel, through everyday client development and relationship building activities.

The plans for the Training Institute will include relocating into the new premises and extending the training course offerings to the SADC.

Year four sees the implementation of improvement plans. It should also be a period during which knowledge management becomes fully-owned as a valuable business process and is regarded as an integral part of everyday business practices. Marketing plans should target the Africa region.

The Training Institute will extend the its offerings to SADC and embark on exchange programmes with other international DFIs.

Year five should be the year in which knowledge management is fully institutionalised throughout the DBSA and is used to enhance business practices and programmes. Marketing plans should target the international arena.

CHAPTER *Five*

Knowledge management and information and communication technologies

From an information and communication technologies (ICT) perspective the field of knowledge management is immense and complex, encompassing, as it does, the technical aspects of all an organisation's business processes and systems. Much has been and has yet to be written on this subject as organisations move into the 'knowledge' or 'information age' and grapple with the technical implications of knowledge management.

The Bank is in the midst of the inescapable early stages of institutionalising a relationship between knowledge management and ICT. Two key areas of focus for ICT application in knowledge management are receiving attention. Internally, strategies to optimise data and information assets owned by the Bank are being pursued. Externally, innovative products and services are being developed to address the information and institutional capacity needs primarily of the local government community and stakeholders who represent the largest grouping of clients.

5.1 Internal knowledge packaging and retention

In stepping back from the coalface and considering the internal opportunities for ICT enabled knowledge management – a daunting prospect – a different logic emerges, one of 'lets eat the elephant a bite at a time'. The questions are which bite to take first and which are the best bites? Unlike commercial banks, the Development Bank as a traditional development finance institution (DFI) does not hold vast investments in fixed assets. Its primary assets are the people, business processes and systems (soft assets). Herein lay the clues as to where to take the first bite.

Uniformity, retention and relevance of information are perhaps more obvious choices. Adopting a knowledge management approach to all business processes is more problematic. Linking isolated sources of knowledge in the organisation can only be achieved by integrating and packaging information so that everyone is working from the same source of information. Knowledge packaging and retention address the risk of knowledge loss through staff turnover. Empowering executives with information relevant to the business of the organisation facilitates the making of decisions. Business processes are improved in being knowledge management compliant.

Business process is the confluence between knowledge management and ICT. The challenge for ICT at the Bank has been to align it with the strategy, new and existing products and services, and business processes that support these products and services. For the past three years this has fueled the drive to reduce the

number of 'silo' information systems and resultant multiple data sources from the point of view of enterprise business processes. The culmination of this effort is that we are now presented with the opportunity to create a single data repository containing initially all the transactional data to help drive and capacitate management information and decisions.

Bank staff, their skills, experience and knowledge represent the Bank's 'stock in trade'. Through the collective efforts of its individual employees the Bank conducts business. Knowledgeable and well-informed staff make a greater contribution to building business processes and systems that in turn support staff in the execution of their tasks. At the same time comprehensive records retain the history of these tasks addressing the problem of poor knowledge retention and encouraging a culture of sharing information that is critical for the effective long-term sustainability of any knowledge management or information technology initiative.

As an organisation grows and becomes more complex, management makes greater demands on the internal information systems. Information is a key ingredient in any decision-making process and at all levels – strategic, operational or tactical. Research shows that executives are faced with major challenges with regard to information in achieving their objectives. In response to surveys interrogating information requirements, executives identify the same five requirements, that:

- access to data or information should be in a useful format - as and when needed;
- information systems should be agile and adaptable to changing business needs and regulatory environments;
- information or data should be accurate and consistent;
- that same information or data must be shared across the organisation; and
- information or data must be provided at a reasonable, but affordable cost.

These requirements constitute the mission or business imperative of the ICT function in any organisation. Provide quality data to those who need it. For ICT strategy, the emphasis is invariably on the word 'data', not 'information'. Peter Drucker describes information as 'data endowed with relevance and purpose'. Unlike data, information has meaning or value which is derived by transforming the data in various ways (categorised, summarised, corrected or calculated). This is clearly beyond the scope of the ICT mandate and in the realm of information and knowledge management. From a technical point of view, the ICT function in the Bank is the custodian of data assets. Knowledge workers are the custodians of the information resources.

Enterprise architecture

In 1987, John A Zachman published a paper in the *IBM Systems Journal* that is considered seminal in defining the concepts and relationships of information systems architecture. It identified a framework of six levels of architecture beginning with the conceptual levels of the 'planners view' through to the functioning enterprise or systems level. Zachman explains his framework for information system architecture in terms of an analogy with the process of planning, drafting and building a new home. Increasing levels of detail appropriate

to the task at hand are dealt with by means of a 'planners view', 'owners view', 'designer's view' and 'builder's view'. The Zachman framework provides for a clear definition and distinction of three kinds of architecture – data, process (application), and network (technology). This framework is a breakthrough in information systems strategy development in that it clearly identifies the differing levels of detail or purpose of architectures.

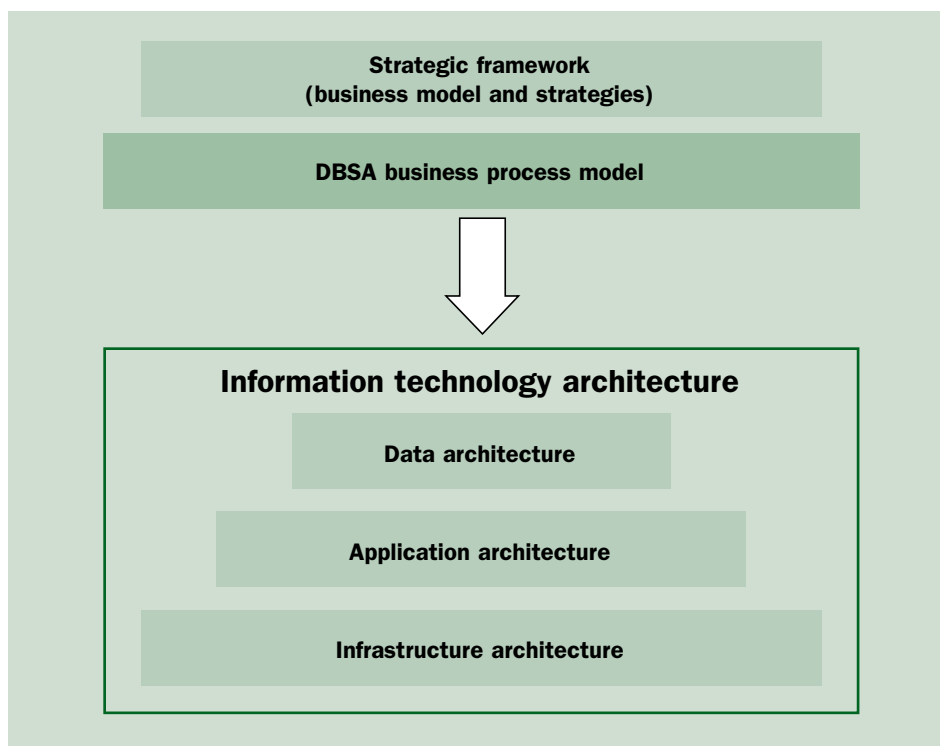
The Zachman framework, however, does not explain how to define the top two levels of the framework. It was left to Steven Spewak to take this Zachman 'architecture' concept for information systems planning to the practical level of implementation. He introduced the architecture and the plans for implementation by means of the Spewak Enterprise Architecture Planning (EAP) methodology. The enterprise-wide architectures and plans created by the EAP methodology serve as blueprints for the subsequent technical design and levels of implementation, the 'designer' and 'builders views', of the Zachman framework.

In better aligning ICT to the Bank's business, an enterprise architecture has been adopted that has shifted the focus from individual application systems (information 'silos') to a broader structured enterprise architecture methodology formulated around the works of Johan Zachman and Steven Spewak.

The architecture, as implemented by the Bank, is depicted in Figure 5, which shows the data, applications and infrastructure sub-architectures of the ICT architecture. To establish the 'as-is' architecture we have moved upwards from the bottom layer, the infrastructure architecture, as this was the most stable and established. The focus, over the past few years and in some respects an opportunity afforded by the Y2K issue, has been on the applications architecture. To date the bank has implemented the applications architecture by updating and consolidating the information systems into a more coherent and business process aligned portfolio of transactional systems. This has resulted in a consolidated portfolio of transactional application systems that form the platform for the Bank's data assets covering the financial, human resource, treasury and project and loan administration sub-business process areas.

These systems, to a large extent, resolve the problem of the past where there existed multiple different data and information sources. Each data source in its specific silo was technically and functionally correct as each set of data was in a different state of processing or update. When viewed across a single value chain in the enterprise, however, the cumulative information did not make business sense. The future focus is now on the data architecture and linking this to the business process renewal initiatives. The objective is to refine the business processes from the perspective of efficiency and effectiveness remembering the shifting dynamics of the market and the need periodically to introduce new or even retire old products and services. By linking the data architecture to the workflow layers of the business processes we finally achieve the elusive goal of linking the ICT strategy to the business strategy as a whole. The linkages cascade directly from this business strategy all the way down to the infrastructure required to support this strategy.

Figure 5: Enterprise ICT architecture framework



At present, the Bank has completed the first logical iteration of its enterprise architecture in the form of the current or 'as-is' architecture. As we now unpack the Vision 2010 and determine what this will require in terms of client needs, products and services, any new or refined business processes and systems, we will begin to evolve the 'to-be' architecture and supporting delivery strategy.

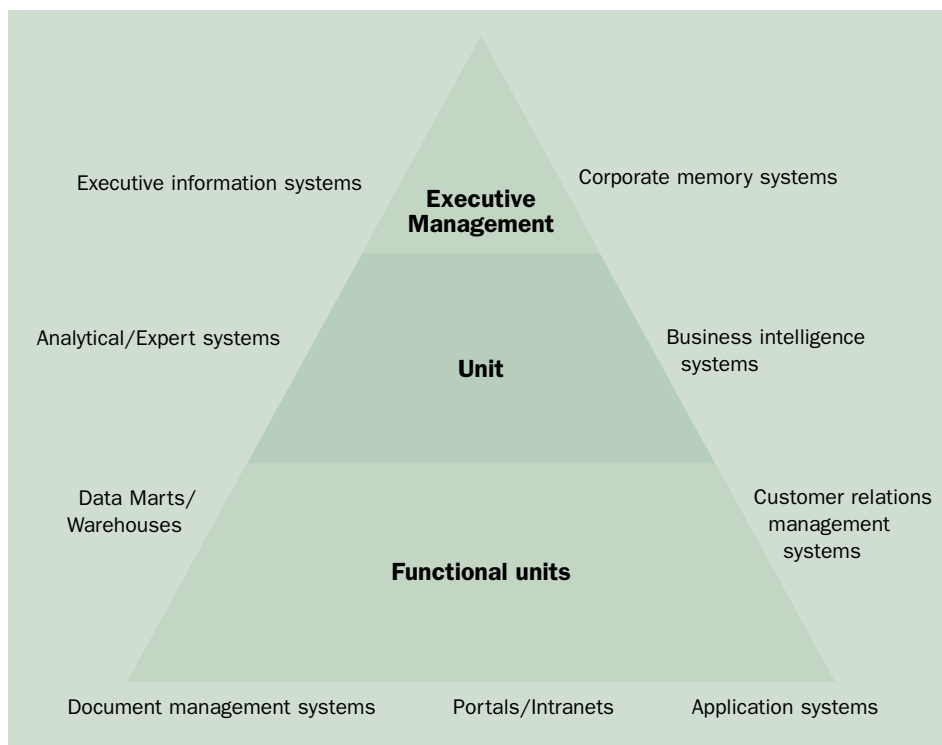
Now that the focus is on the data architecture, the Bank is starting to see the shift in focus of the ICT strategy towards decision support and knowledge-related systems. The development of the single source data repository is a critical element in the strategy going forward and most of the new information system will point towards this repository or virtual data warehouse as the primary source of information. This presents the opportunity to begin to mine this data asset from the point of view of business intelligence or customer relationships or simply as an analytical tool. Figure 6 shows the organisational hierarchy and appropriateness of the various types of tools to levels in an organisation.

The data repository also provides the opportunity to integrate some of the other non-transactional data assets such as socio-economic statistics and time series into the pool of information at the disposal of the new information systems and tools. A word of caution needs to be expressed in that with the consolidation of all the data assets and the sheer size of the resultant data repository we need to be careful not to create new problems such as information overload or create data navigation problems. The experience of some earlier data warehouse technologies

is that a single large data source becomes expensive and unwieldy to maintain. The path to follow is that of the virtual data warehouse – one having several subject specific data marts that can be created quickly as and when needed in response to changing business needs.

Probably the most exciting technology to appear on the ICT horizon has been the advent of portal technologies with the revival and integration of document management and creation systems. This technology promises to inaugurate the knowledge management workflow and information sharing culture so necessary for any such strategy to succeed. The portal should now start to usurp the ubiquitous organisational intranet as a more interactive and workflow orientated technology that allows end-to-end collaboration by enabling aggregation, reorganisation, and search facilities for individuals and teams through a single interface. The ability to integrate these portals with electronic messaging systems, traditional data base technologies and document management systems presents a feature rich tool set with which to enable knowledge management.

Figure 6: Hierarchy of knowledge management



Four strategic projects currently underway, customer relations management, the financial business model, financial business intelligence, and the project team and project documentation portal, implement information systems to support the decision-making process arising out of 'as-is' data architecture. These systems will support the knowledge management efforts both directly and indirectly by addressing the knowledge retention and knowledge packaging issues at the same time as driving specific business process and strategic interventions.

5.2 Addressing external operational and technical capacity shortages

Most businesses, in contemplating their markets and customers, seek ways to gain a strategic or competitive edge over their rivals in the so-called 'four Ps of marketing' – product, price, place and promotion. The market that the Bank serves is not essentially commercially competitive and perhaps could best be described as an oligopoly in that there are few clients and almost no competitors. At present, the local authorities collectively constitute the client segment of the Bank's market that is subject to our external ICT-knowledge management focus. This segment has been described as 'under stress' facing challenges relating low-level skills and capacity. This segment, particularly after the demarcation process of December 2001, presents a real opportunity to address the operational and technical capacity shortages that have plagued the local authorities until now.

Various stakeholders in local government, ranging from the national and provincial government departments to the other statutory entities such as the Municipal Demarcation Board (MDB) and NGOs such as the Municipal Managers' Association (MMA) have different information needs and demands. Frequent requests are made to local authorities for statutory information (annual financial statements or other performance management reports) or informal information such as surveys and questionnaires. The net result is that numerous pockets of unique or even replicated data and information exist that may or may not be accessible by those requiring it. Confusion inevitably reigns as to which is information is accurate.

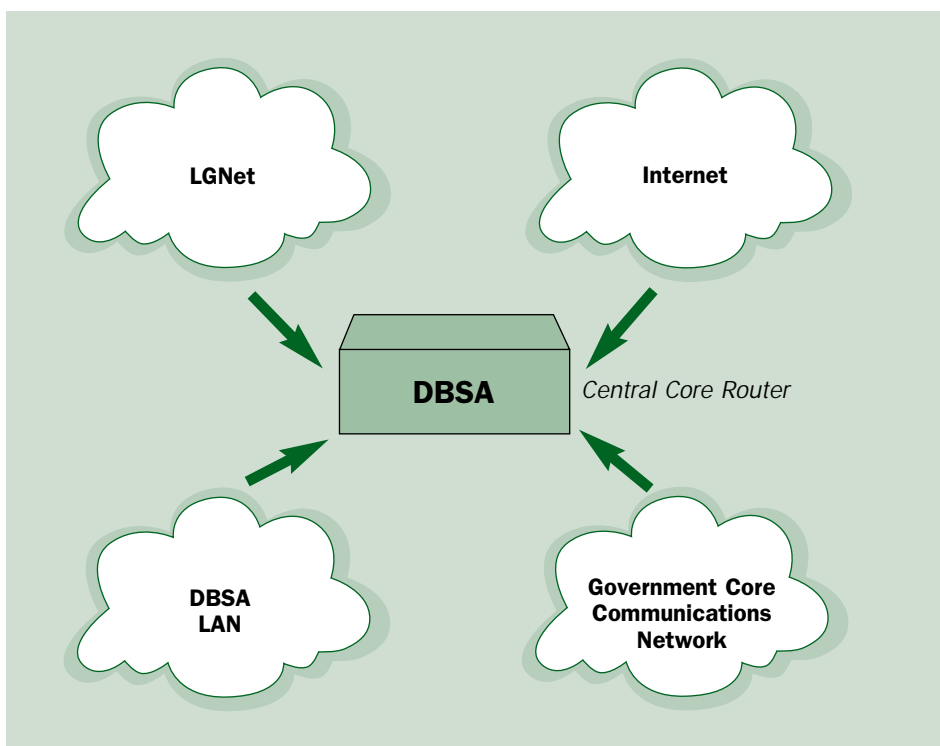
After the Bank's September 2002 strategic planning process it became clear from the number of initiatives put forward in response to the quantum leap challenge posed by the CEO, that a common infrastructure requirement was emerging, namely the need for a Wide Area Network (WAN) to facilitate the delivery of initiatives having consensus. Given that the Bank's South African client base had just completed the demarcation process for local authorities, the extent of the WAN requirement has considerably diminished following the reduction of 'clients' from in the order of 832 to some 284 nodes.

Having researched all the possible WAN options presently technically available a proposal was made to the Bank's executive management in November 2002 and the best strategic technical alternative was confirmed and approved to be put forward as part of the 2003/4 budget for consideration by the Board of Directors. Approval for the project budget and implementation was received from the Board in February 2002. To support the future strategic projects agenda, the Bank needs to implement a virtual branch infrastructure to effectively communicate and

collaborate with all its clients in the delivery of various identified strategic and capacity-building initiatives. To this end the Bank has entered into partnerships with key suppliers to build on the supplier's infrastructure, with Telkom, and exploit existing hardware and software investments with Microsoft and Enterasys/Olicom.

A domain name *LGNet.org.za* has been registered as the official domain name for the WAN and a shortened abbreviated name 'LGNet' for the network has attained popular currency. Figure 7 depicts the architecture of LGNet and its relationship to the various associated national networks.

Figure 7: LGNet inter-network architecture



The scope of the LGNet strategic project is to build a WAN that connects clients and stakeholders via remote branch security routers to the Bank in a star configuration via the Telkom national voice network. This will include the central server and communications infrastructure to support:

- communications technologies enabling messaging and collaboration between all clients and stakeholders such as e-mail, conferencing, net-meetings, and others;
- an external gateway for access to the broader Internet (e-mail & browsing);
- portal technologies to enable the storage and dissemination of information related to local government and knowledge between all the stakeholders;
- security infrastructure to authenticate users and control access to areas of information on the portal;

- upgrading the Bank's main communications network infrastructure that will include the installation of a microwave link and the installation of a new digital exchange;
- the establishment of a network command center to manage the day-to-day operations and housekeeping of the network.

The sister project, namely the Local Government Resource Center (LGRC) that will focus on portal content is being jointly implemented with the LGNet as both projects are targeting the same client base. Both projects are currently in pilot phase in order to develop the client's portal content needs and to develop a technical installation recipe for the different types of urban and rural client situation. Four provincial governments and several local authority clients have signed up for the pilot project and negotiations are in progress with the South African Local Government Association (SALGA) and the Department of Provincial and Local Government (DPLG). Of considerable importance, is that other local government stakeholders, such as the MDB have recognised the value of the LGRC/LGNet strategic initiative and are supporting it by agreeing to become members of the local government e-community. They are willing to provide content for the portal. The vision for the LGRC ultimately is to build an e-community for local government decision makers and stakeholders that will become a 'one-stop-shop' for collaboration, interaction and sharing information. It is hoped that this will better capacitate the decision makers and lead to improved management within local government.

The LGNet, as an infrastructure, can in time become the technical foundation for such strategic initiatives as the Training Institute of the Development Bank. As courseware is developed in support of capacitating local authorities, new streaming media technologies built into the LGNet services will enable scheduled, lecturer-based courses or unscheduled, pre-recorded courses to be run across the network either in a one-to-one or one-to-many type situation. The opportunity also exists for 'just-in-time' training interventions to be considered in the application of on-the-job training.

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