Summarization

In 2001 a platform of Knowledge Management was developed for the German cooperative financial link-up system to enable the staff of Credit Unions (=Volksbanks) and cooperative banks (Raiffeisenbanks) exchanging implicit knowledge, using explicit knowledge and generating new knowledge on a common base which is independent from corporate frontiers of the single primary cooperatives. Due to the complex structure of the cooperative financial link-up system adoptable and suitable instruments had to be developed guaranteeing a highly satisfying level of usability without sophisticated systems. This essay should give a report of experiences with knowledge management in the German cooperative organization in completing the presentation.

Introduction

For some years Knowledge Management have being shaped the discussions and issues of business management with relevance to strategic orientation. So it had being important for ages to get sufficient information about members, customers, products, markets or competition. What is new is that Knowledge Management have being become a crucial competitive success factor especially for banking industry. The knowledge about the own products and processes, the competencies of the employees as well as the demands of the members is the most important assumption to cope with the far-reaching changes the Credit Unions and credit and savings cooperatives are challenging at the moment.

The reasons of this fundamental changeover have multiple origins:

1. **Complexity:** By the rising complexity always more and more knowledge is required almost for only one business incident and process and let alone even for relevant and far-reaching strategic tasks. The quality of decisions is directly dependent on the available knowledge.
2. **Speed:** At the same time processes and the development of new products are accelerating. “- Fast companies eat the slowly one “ – is describing accurately the situation. Information is required virtually by at the touch of a button.
3. **Explosion of information:** Today more than in every other time information is at our disposal – with continuous growing tendency. Within the next five years the information flow we have to process will increase by twenty times. But the fact to possess information can’t be compare with the increase of knowledge – on the contrary. The times are over when it was possible to unite all knowledge which is relevant for a workplace in one brain.

The professional acquisition, the storage and the aimed transport of knowledge are getting more significant due to more and more growing complexity of the information overload and due to the knowledge resources. A such kind of Knowledge Management means in the practical use to provide very quickly know-how off the brains of the employees to their other peers. In hereby not only the explicit knowledge is focused but either the implicit and tacit knowledge.

Current studies shows that only a limited part of the accurately accessed knowledge is exploited in companies - also on credit and savings cooperatives. The great challenge is to provide knowledge timely and in a customized way.

The information and communication platform of the German cooperative financial link-up system started with the following approach: To know what will be and to know what is relevant and important could be the motto in the more and more developing information and knowledge society. There is no doubt especially in our decentralized world of a cooperative

financial network system about the necessity of collecting, rehashing and preparing as well as providing knowledge for the different purposes.

Situation in the German cooperative financial link-up system

The cooperative financial link-up system is featured by a very heterogeneous structure. In this aspect the situation is similar to the most member countries of ACCU. Apart from small credit cooperatives with a few employees there are also banks with some hundred employees. A variety of cooperative companies complete the cooperative landscape which assist the singular banks from the regional or national level on demand. As far as the content is concerned the project VR-Knowledge is a classical project for Knowledge Management supplemented by following specific requirements:

- Special features of the cooperative financial link-up system (structure, culture, collaboration within the cooperative family) with 1,600 independent banks, regional cooperative companies of network organization and other companies operating on the national level compared with other classical enterprises
- One of the first countrywide and association-overlapping approach of information and communication in the cooperative financial link-up system
- High number of potential users

VR-Knowledge

Not only within a single bank but also in a whole cooperative financial link-up system the wheel is reinvented many times. The organized distribution of knowledge is often carried out by circular letters of the associations, IT-centers, other cooperative partners or central banks and institutions as well as by the educational events. But an essential part falls by the wayside ! In the cooperative financial link-up system a huge pool individual expertise of the employees consist in an unstructured form and haven't any access to other employees. An exchange of resolved daily problems, concrete business incidents and processes, successful projects or pattern solutions doesn't take place – if ever verbal and sporadically. The results don't be present in a fast and easily accessible way.

Apart from the German cooperative IT-center FIDUCIA IT AG as a regional IT-provider the publishing cooperative company DG-Verlag, the IT cooperative management consulting company GenoTEC and the software producer Change-IT participated as intermediary provider on the development of the project VR-Knowledge. The vision of this idea was imbedded in the cooperative principle help for self-help and should generate a We-feeling within the cooperative financial link-up system. The main goals are the fast tracking and searching of knowledge, the efficient distribution and allocation of knowledge, the high quality and qualification of the employees, reduced risks (credit default, market prices), innovation and an increase in earnings.

To comply with the character of a network-wide project and to incorporate existing intermediary the DG-Verlag was shared to join the project. The well-know Fraunhofer Institute round off the project by precious scientific and practical experiences. The detailed goals of VR-Knowledge were:

- Transfer and exchange of the existing implicit and explicit knowledge
- Acquisition of new knowledge and know-how
- Set-up of networks of confidence and thus improvement of communication
- Reduction of costs by quick searching and utilization of knowledge
- Development of innovations by systematic interactions of experts of different specialist areas

- Improvement of quality through moderation guided by experts. The expert should have practical experiences of cooperative banking in the sense of the system who have not only theoretical background but also have implemented exemplarily some projects in credit unions

Besides as technical assumption the following condition has expressively to be considered: the IT-system should be handled quickly, easily and cost-effectively on every working place via Internet-Browser.

Procedures

In achieving a channeled allocation of all resources following approach divided in three steps was selected:

- Stage of analysis and conception
  - Concrete definition of the target system
  - Execution of spoken and written panels and interviews of employees
  - Design of the frame concept including organization (processes and structures), business model, calculation of expenses and motivation of employees and measures of integration
- Prototype
  - Fast implementation and construction of the platform
  - Flexible adjustment and enlargement of the system on the basis of experiences of the employees and editorial staff
- Productive system
  - Exact specification of the requirements for the system
  - Requirement-based selection of the appropriate producer
  - Fast customizing und implementation on basis of the prototype

In the stage of analysis and conception the goals of VR-Knowledge were elaborated by questionings and surveys as wells as by talks with employees of the cooperative banks and other cooperative companies. After this the technical realization was implemented in a prototype and provided to selected pilot credit unions. The emphasis in the stage of prototype were the implementation of the editorial processes and responsibilities, the investigations and adjustments of the editorial contents (knowledge pool) and the development of the technical appliances.

Elements of VR-Knowledge

The elements of VR-Knowledge are:

- **Knowledge Pool**: The relevant knowledge is provided to the employees after passing quality assurance and editorially processed. Respective to the content and the scope of the documents the areas are differentiated in News, frequently asked questions (FAQ), Management Summaries, basics, circular letters and press review. The employees are able to access quickly to the contents which are relevant for them.

- **Discussion Forum**: The discussion forum fulfill two essential tasks: On the one hand the employees can ask specific questions. By the collaboration of a technical expert it is secured that the questions are competently responded within a few hours in the respective field. On the other hand the discussion forum give the opportunity to exchange experiences and views in a quite facilitated way intensifying the technical communication within the cooperative financial link-up system

- **Experts Yellow Pages**: To completing to the areas " knowledge up-to-dated" and "discussion forum" the employees get a support to find experts for their problems.

- **E-Learning**: In completing to the editorial contents seminars, special offers for education and trainings of the provider of education measures are incorporated here according to the cooperative education system.

- **Chat**: The employees are invited for special events to discuss online with famous experts.

The technical platform was selected in a multi-level process. Based on the criteria of evaluation screened in the pre-up stage several provider were inquired by written questionnaire. Apart from the future-proof application of the technology an elementary aspect for the choice of the provider is the necessity to meet further developments and requirements of VR-Knowledge in a flexible way and by appropriate expense. In the most cases it will clear the only a portal architecture can achieve the desired features because the modular composition enables the integration of further clients in the course of the continuing roll-out. Besides of the gradual enlargement with regards to content the functional supplement have to be considered under the buzzword of flexibility that apart from original modules additional applications of other providers can be integrated which aren't part of the cooperative financial link-up system. In these phases it's the objective to create searching results which can easily be caught by the staff by considering links with special contents.

Moreover additional supplements will support the cooperation of the employees of a cooperative financial network system. Informal networks and "communities of knowledge" will have the opportunity to use project spaces for their communication and the internal exchange of documents. These chat rooms have to be adapted to the specific requirements and functions of the different groups. Essential functions are address book of the group, time schedule, management of documents and discussion forums.

Attitude of users

In the starting phase the number of users rose from some hundreds to over 3,000 users in the pilot project although measures of marketing and communication hadn't been carried out at all. To mention in this context is that no training was offered or even demanded by the participants. The users are able to work efficiently with the systems without educational support. The main results were:

- Users take access to the knowledge database either on weekend or during night time which shows the willingness of the employees to deal intensively with some problems of the job and to qualify in some specialist areas
- The quantity of the contents was evaluated as sufficient. Up-to-date information was estimated as quite vital and meaningful for the daily use.
- The discussion form was seen as an outstanding instrument to rely on mutual communication and support

Realization and implementation in credit unions

The implementation of Knowledge Management has various facets. As a very simple form of beginning Knowledge Management credit unions can optimize the documentation of knowledge of products and processes which are already defined by working instructions, workflow descriptions and other organizational basics. To make the knowledge visible and tangible for others in the organization regulations for proxy and substitution of personnel in absence or working instructions as well as process specifications should be entered and

recorded into the IT-database or intranet platform supporting as reference work and online library. Job descriptions and profiles of requirements are common sources to identify somebody's jobs abilities and specialist areas and can other helps to refer to this person if special answers to a problem are needed. The documentation of certain qualifications and strong prints assist the credit unions to draft knowledge maps with many knowledge reserves of different people.

The systematization of knowledge is essential to create and store knowledge of experts in the initial phase. But then again support tools like indicating searching items in a database or Intranet will help employees to access quickly the knowledge inventory and gather all relevant information to a special issue. The formation of knowledge is an important process to accumulate the storages in the database which can fostered by learning groups with regular exchange as meetings or contacts by E-Mail. The participants will get and maintain up-to-dated knowledge and develop solutions for problems and ideas. The real problem of this idea is the time factor because many employees see this kind of cooperation as imposed burden of time which can lead to overtime and additional efforts for preparation - and not to forget: Sometimes the participants aren't outgoing people for communication.

By arguing of problems we can look to some results of practical research. For human being it's an unnatural behavior to pass heavily acquired knowledge to another person in the same company. According to the guiding principle "Knowledge is power " they keep their own know-how as peers are seen as competitors and small rivals. Important for them is to twinkle with one's own know-how and to make oneself indispensable for the employer as strategy for the safety of their jobs. Admittedly this is a strong argument for this mindset of reluctance.

So it will be a great challenge for the management to counteract these concerns and to communicate clearly the strategic meaning and advantage of Knowledge Management. In this context the focal point remains at the key task to formulate a coherent strategy for motivation and a communicative structure which are mainly dependent on the corporate culture and the mentality of the actors. In the change management it will get high importance to define a strategy for the congruence of the goals between the company and the employees. Staff should consider the transfer and circulation of knowledge as a vital and decisive chance to survive in the market – and this can also save jobs and income. The breakthrough can consist of measures of promotion and rewards for transfer of knowledge by granting incentives and stipulating quality goals in the performance assessments.

To formalize the process of Knowledge Management informal or formal meetings between departments and divisions as well as the installation of committee services within cooperative management can help to find the first steps of the project. An Internet-Strategy for cooperative combined with reasonable information structure can underscore the significance of an IT-based Knowledge Management offering a learning portal for staff to qualify for new and innovative solutions.

Under the design of a Content Manager the services of news, a knowledge pool, a forum for discussions and chat, FAQ's und advices, a direct link to experts and to other special issues like manuals can enhance the acceptance of the employees and assist by friendly user interfaces.

To strengthen the relationships to members a database of knowledge about members and customers might facilitate efficient perception of the needs and expectations of the members for services and promotion which gives orientation to the credit unions to fulfill efficiently the cooperative promotion tasks towards the members.

Summarizing Evaluation

In consideration of the single elements of VR-Knowledge a sufficient proportion and level of explicit and implicit knowledge have to be found. The question has to be deepened how many documents are necessary to run optimally the knowledge pool. A comparison with the profession of certified auditor shows that a tree structure isn't adequate and that contexts linked with networks are much more helpful for users. This aspect should be taken into account by the selection of the productive systems. The roles of the experts are highly appreciated in intensifying the usage of VR-Knowledge. By the variety of discussion points experts can generate FAQ's and further inventory knowledge. Hereby the necessary capacities have to be provided in the national and regional cooperative associations and the insights of the meaning of experts and their executive have to be developed.

In relation to the single modules of VR-Knowledge the users were supposed not be trained in dealing with the Medium Internet in majority. But what has to be done is that a change of awareness has to put in place in dealing with knowledge in the daily duties. This means the whole process of communication, transfer and development of knowledge in a credit union. With this challenge further support and practical guidelines by the project team VR-Knowledge is urgently needed by primary cooperatives. Compared with other implementations of Knowledge Management the sharing of the user happened at an early stage of the project. The participation should be seen as a clear success factor. Other modules like the yellow page are certainly a further interesting approach for development but hereby the specific frame conditions as appropriate capacities and self-administration of the credit unions have to be considered.

Outlooks

Knowledge Management will pose a challenge either in the next following years which is decisive for competition and strategic placement. The credit unions have the chance to become more productive, to optimize the use of resources, to search for solutions faster and more customized to the user, to capitalize the existing potentials and to communicate more aim-driven.

By the mainstream use and continuous development of the prevailing success-critical know-how of the cooperative financial network system - and especially the knowledge of the credit unions – enormous potentials of reduction in costs and growth of business can be released which can't be reached by conventional concepts of reorganization and streamlining.

With the common set-up of VR-Knowledge the cooperative partners offer a Knowledge Management which should exploit these potentials. But only in an open and transparent culture of confidence across different credit unions knowledge management will become successful in which a executive encourage his staff to share knowledge. The same assumption apply to the cooperative financial network system with a lot of independent players. If the overall cooperative organization link promptly the existing knowledge across the frontiers of companies and regions we can commonly and effectively face with the challenges of the future. This is only possible when the mentality of free rider of the system can be avoided.

Apart from the principle of self-help a further mission is also crucial: Knowledge is the unique productive factor which becomes more by sharing.

VR-Knowledge is now information platform – is called VR-Info-Forum and is administrated by the cooperative IT-center FIDUCIA IT AG.