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BAIN & COMPANY

CP/KM EXPERTS

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BACKGROUND

Bain & Company (Bain) is a leading management-consulting firm founded in 1973. The firm currently has more than 2,800 consultants working in 28 offices across six continents. Bain's business mission is "to make companies more valuable and convert strategy and action into economic performance." The firm offers expertise in a number of industries, including conglomerates, consumer products, financial services, etc and functional areas, including strategy, e-commerce strategy, customers, and growth.

THE CATALYST, GOALS, AND DRIVING FACTORS

Bain has been an early adopter of KM and demonstrated strong KM leadership. Its awareness of KM started in the early 1980s, when the firm created a KM function, the Experience Center. All client presentations were captured in a database, which was searchable off of a mainframe computer by a staff of librarians. With momentum from consultants for increased knowledge source content, in 1992, Bain built its first desktop application, BRAVA (Bain resource archive for value addition). Although BRAVA helped increase knowledge sharing, by the mid-1990s, Bain knew that, to continue as a leader, it needed to extend its learning and knowledge systems to the next level, utilizing Web-oriented technology solutions to make it easier for consultants to locate the most knowledgeable colleagues, the newest codified insights, and the most relevant and updated industry data. In summary, Bain's KM support systems were far from being cutting edge in the mid-1990s: It did not leverage the power of the latest Web-enabled KM tools.

Hence, in 1997, Internet technology solutions were deployed to support Bain's KM client delivery support services. A critical viewpoint shaping the KM deployment strategies was that Bain's senior leadership embraced training and KM as essential for success in today's increasingly competitive environment, an environment where clients are more demanding and sophisticated everywhere. Over the last few years, especially in fast-paced high-tech areas, industry cycles have become shorter, which makes it critical for consultants to tap into Bain's knowledge real-time as it is created, regardless of location.

Training has always been a highly structured, core activity at Bain. Tom Tierney, Bain's former managing director, was a strong advocate for learning initiatives. At Bain, Training, IT, Intellectual Property Management, and KM all report to Steven Tallman, Bain's VP of global operations. Ultimately, KM evolved in close synchronization with the evolution of training, which has helped ensure that such training is well designed for rapid learning and rapid access, both value levers to the success Bain has achieved in its KM efforts.

However, Steven Tallman took on the role of spearheading Bain's global Training and KM strategy to convince other Bain partners that they were not fully leveraging the "knowledge of the firm." With sponsorship from other senior Bain talent, Mark Horwitch, a senior VP, and Robert Armacost, a former senior manager consultant, and

Tallman formed a core change leadership team to champion Bain's KM strategy and execution efforts. Mark's words were very emphatic: "KM is not just a tool or a flash silver bullet; it's at the heart of Bain's next wave of innovation." In his view, KM is not a system but a set of good business practices that play a key role in the delivery of strategic business goals.

This view is that KM should be a core concern of the chief executive's own agenda, which seems to be the case at Bain. In 1998, Tom Tierney, then Bain's worldwide managing director, made building a KM system one of the firm's top three strategic priorities. This is still the case with current managing director, John Donahoe. This is not to say that Bain's board (the Policy Committee) signed a blank check to Steven and Mark back in 1998. They had to "earn their budget" by convincing very fact-based senior consultants that it made good business sense. To achieve that, they not only set out on an "evangelizing" journey, they built a strong business case, pinpointing the constraints to case-team success from not having the right data, information, and access to experts at the right time (again, P is primary goal; S, secondary goal; N, not relevant).

Communication tools (top down and bottom up):

- (N) Improve communication of vision and knowledge strategy.
- (S) Improve communication of company values.
- (S) Keep the organization alert.
- (S) Engage customers and community at large.
- (P) Divulge results more broadly and promote systemic analysis.
- (N) Facilitate bottom-up communications.
- (N) Make it easy for employees to suggest improvements to management.

Push information and knowledge to employees:

- (P) Capture, organize, and distribute codified knowledge (e.g., database access).
- (P) Improve access to external sources of information and knowledge.
- (N) Improve decision making.
- (P) Empower front-line employees.

Improve reuse of knowledge:

- (P) Develop expertise maps (uncover existing knowledge).
- (S) Map and measure intangible assets.
- (P) Facilitate search of previously developed knowledge.

Foster collaboration:

- (P) Increase collaboration among different functions of the organization.
- (P) Increase collaboration among different locations of the organization.
- (P) Improve overall knowledge sharing.
- (P) Support the development of communities of practice.
- (S) Increase connections not related to work.

Improve human capital management:

- (N) Improve hiring.
- (N) Improve internal mobility and deployment of existing employees.
- (N) Integrate temporary and outside human resources and expertise.
- (P) Improve training and acquisition of skills.
- (P) Get new employees up to speed very quickly.
- (S) Reduce time spent on menial activities.
- (S) Improve employee retention.
- (N) Facilitate work and integration of telecommuters.

Improve relationships with external stakeholders and increase information flow:

- (S) Improve information exchange with suppliers, partners, and customers.
- (N) Capture customer information.
- (S) Improve customer satisfaction.
- (S) Reduce sales costs.
- (S) Reduce customer service costs.

IMPLEMENTATION JOURNEY

1973–1983: Word of mouth, one-on-one training.

1983–1993: Experience Center, local training programs.

1993–1999: BRAVA, global training programs.

1998–1999: Bain Virtual University (BVU 1.0 and 2.0).

2000: KM application: Global Experience Center (GXC 1.0).

2002: GXC 2.0.

2002: My Bain.com (new corporate intranet).

TRAINING AND KNOWLEDGE MANAGEMENT

Knowledge management at Bain is closely linked to training efforts and programs. The ultimate goal of both KM and training is to prepare consultants to do more effective client work. Since most of Bain's projects involve customized solutions, knowledge reuse is not about providing off-the-shelf solutions, but consultants with a strong foundation in core business concepts and general industry knowledge that allows them to better leverage their own analytical and creative capabilities. It is also about a continuous effort to facilitate the transmission of tacit knowledge from more experienced consultants to more junior consultants and from "owners" of specific expertise to seekers of such experience or skills.

Although training and KM are becoming highly interwoven, a few differences keep the two efforts from becoming one:

- Training tends to be significantly more structured than KM: As consultants move up in their consulting careers, they participate in a number of training programs carefully designed to give them the skills and knowledge they need to succeed. Consequently, as consultants develop, increasing weight is given to training project management skills, overall office management, coaching, and selling skills;
- Training modules are usually more perennial than KM applications (documents in the KM databases tend to get outdated more quickly and people leave the firm).
- A lot of training, even online, is focused on the development of consultants' soft skills (leadership, teamwork, client relationship, selling, etc.) and the transmission of Bain's corporate values.

Although Bain has no explicit cultural values on knowledge sharing, its core value as “one global firm” reinforces the value of sharing and transferring knowledge rapidly to meet client requirements. Highly responsive behaviors exist at Bain, so when a consultant reaches out for support, the cultural expectation is that support will be returned rapidly with “value.” Another key supporting KM core value of the firm is continuous learning, which reinforces the value of knowledge stretch and sharing to achieve business goals. The core values of “one global firm” and “continuous learning” are continually reinforced in KM communication initiatives to foster alignment.

MOVING TRAINING AND KNOWLEDGE MANAGEMENT ONLINE

Training at Bain, prior to the online environment, usually involved a combination of one-to-one coaching and local and global training programs. Bain Virtual University (BVU), a complete Web-based learning environment, was introduced in 1998. By the summer of 2001, more than 170 modules were available to all employees across the globe. Although the traditional training methods remain in place, the BVU has changed many of them.

Like other leading consulting firms, Bain always had some form of knowledge management. KM is at the core of successful consulting firms. It plays an important role in making each consultant perform “smarter” than if he or she acted and learned alone. It is no surprise that many of the best practices, concepts, and vocabulary used today in the KM literature (mentoring, communities of practice, reuse of codified knowledge, etc.) evolved from the consulting firms. The Web, however, introduced many new opportunities to accelerate knowledge flow, provide targeted knowledge (tacit or explicit) for those who seek it, and make it much easier for knowledge owners to distribute it more widely.

Since 1993, Bain has had an online environment for sharing codified knowledge. Bain’s first online initiative was BRAVA. The BRAVA initiative was an important step toward accelerating knowledge flow. However, it did not leverage the power of the Web and had a limited number of applications (cases, clients, and internal people information). BRAVA also had very little human support on content. This started changing in 1999, when a new KM initiative was organized. In 2000, Bain launched its state-of-art KM platform, the Global Experience Center (GXC).

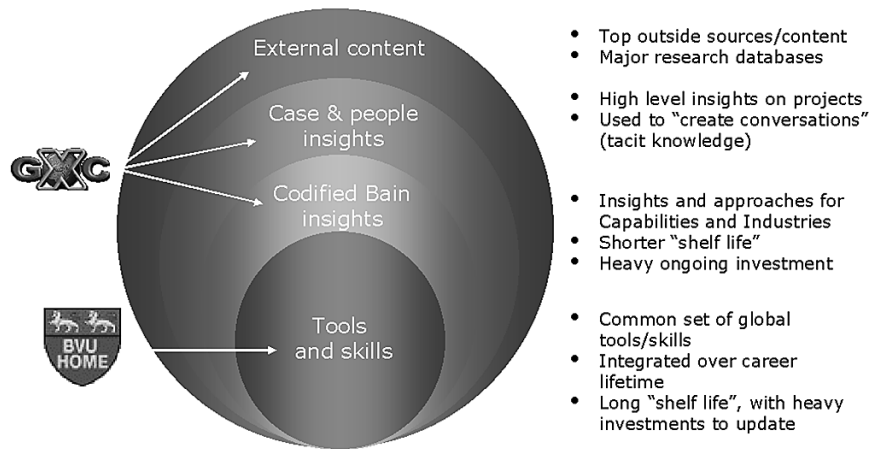


Figure 8-1
Bain's GXC and BVU (Source: Bain & Company)

Both BVU and GXC were developed in-house in a relatively short period of time (each in less than 1 year). One reason the GXC was successful was that the implementation scope started with four of the firm's most important industries and four of the most important capabilities, to demonstrate value creation and impact early in the deployment of the new KM capabilities.

In the GXC, each application is maintained and branded as its own area in Bain's CP environment. The design of these two complementary areas, however, makes it very easy for consultants to jump from one application to the other. Certain applications, such as search and peer finder, in particular, can show integrated links and search results. Figure 8-1 helps explain how Bain looks at the role and areas of BVU and GXC. Next, BVU and GXC are discussed separately in more detail.

Bain Virtual University

The BVU Environment

BVU's design takes into consideration that individuals have different learning styles. Modules are presented in a variety of formats, including Web-based Power Point presentations, hands-on exercises (computer-based training, CBT), multimedia courses, and templates that can be used in real-life projects. There is a "training on demand" philosophy. This design also makes extensive use of hyperlinking, which enables consultants to easily move between different parts of a particular

module, complete modules, and even offline references, such as related books. In summary, the Bain training design creates a very integrated approach to learning.

BVU includes courses tailored for every level of consultant, from recent junior hires through partners who need to hone specific client relationship skills. All consultants have full access, anytime, anywhere to the complete library of modules. This total access approach to BVU helps convey a very open, transparent environment and pushes the responsibility for learning to the consultants. Bain's philosophy is that the consultants themselves know best when they can and want to acquire skills: at the beginning of a new case, during slack times, after performance review.

Bain integrated offline training with the online environments of BVU. According to Steven Tallman, the primary goal of BVU was not to reduce training costs but improve the skills of consultants and the efficiency of their training. There have been only minimal reductions in the time consultants spend in offline training programs. However, some innovative ideas have been developed to improve synergies between on- and offline training. For example, consultants are now usually required to take some preparatory BVU courses before attending offline-training sessions. In addition, consultants take online tests before and after attending offline-training programs. Test results are available only to that consultant and the training department, which uses the results as a way to measure the effectiveness of both the online modules and offline courses.

The Development of BVU Content

With a large number of proprietary frameworks, concepts, and culture-specific modules, the success of BVU has relied enormously on the voluntary participation of Bain's own consultants. According to Steven, more than 10% of the worldwide staff contributed to the development of the courses, logging more than 16,000 hours on content development and review, focus groups, testing, and the like. (This contribution is certainly worth far more than the approximate \$1 million spent on the actual software and IT development.) Module authors, contributors, and reviewers are clearly identified at the beginning of each module. Indeed, participating in the development of a module is regarded as a way for consultants to gain prestige and credibility within the organization.

Of particular interest in terms of KM is the considerable effort was spent developing the “culture” modules of BVU. These modules play an important role in creating the myths, folklore, and attitudes that help shape their core value of being “one firm” across the world. There are 75 videos in this area of BVU alone. The culture modules are among the most popular modules. Included are presentations and stories told by a large number of the most senior partners at Bain. They present Bain’s history, mission, core values, and visions about what it takes to achieve great results and build extraordinary teams. New hires, in particular, tend to spend a lot of time watching these videos. As existing management literature shows, there is no effective KM without close attention to the “soft” and cultural issues. The collection of “culture” modules demonstrates that Bain’s BVU architects were well aware of this.

Another interesting aspect related to new hires is that most of the initial content in BVU was developed with a focus on this group of consultants. The approach reinforced their implementation philosophy of not trying to be everything to everyone. The strategy employed was to have valuable content (100 modules that every new person needs) “growing with the class”; that is, the growth in the volume and topics of content would meet the career growth needs of this group. This allowed Bain not only to have a more focused approach but also to leverage the initial energy, openness, and interest for Internet applications in this group. Business fundamentals, such as “Bain Speak,” “Core Analytics,” and Basic Communication Tools,” were some of the early modules deployed. Over time, Bain introduced additional modules aimed at senior consultants.

Employee Use of BVU

Employees can search for modules on BVU according to a number of criteria: alphabetical, type of toolkit, type of course, and format (standard Power Point-like presentations, video presentations, interactive training, templates). A number of courses can also be downloaded for offline training and greater speed. To better illustrate this, a selection of BVU’s screenshot samples is presented in Figures 8-2 through 8-5: an alphabetical module list, a standard presentation, a video module, and interactive computer-based training.

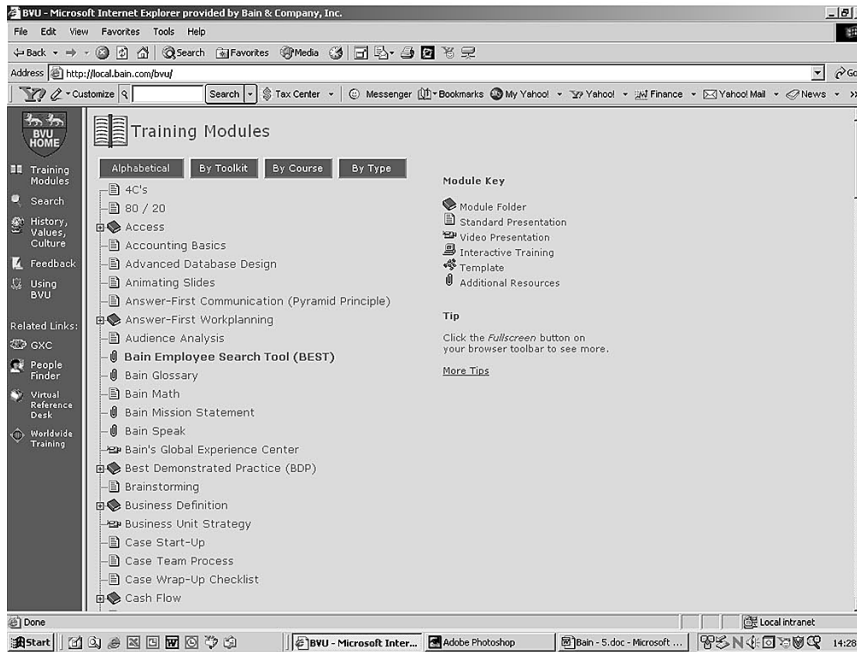


Figure 8-2
BVU Training Modules Listed in Alphabetical Order
(Source: Bain & Company)

Business Definition

Business Definition Steps - Summary

Step 1 Competitive advantage in the value chain

Step 2 Cost Sharing | Customer value sharing

Step 3 Customer + Competitor acid tests

- What is the mix of steps in the value chain in this business (through to end customer price)?
- How large an advantage can an actual or potential competitor achieve in each?
- Which related businesses have potential or actual cost or customer sharing?
- How much useful sharing can be "donated" from other businesses?
- How much of an advantage does the benefit of sharing confer on each competitor?
- Is the real world business consistent with this view?
 - customers buy this way
 - competitors compete this way
- The true competitive strength of each participant in this business and therefore the normative profit expectations they can achieve

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SUMMARY
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Go to slide: 45. Business Definition Steps - Summary

Figure 8-3
BVU Standard Presentation Module (Source: Bain & Company)

BVU Video Module

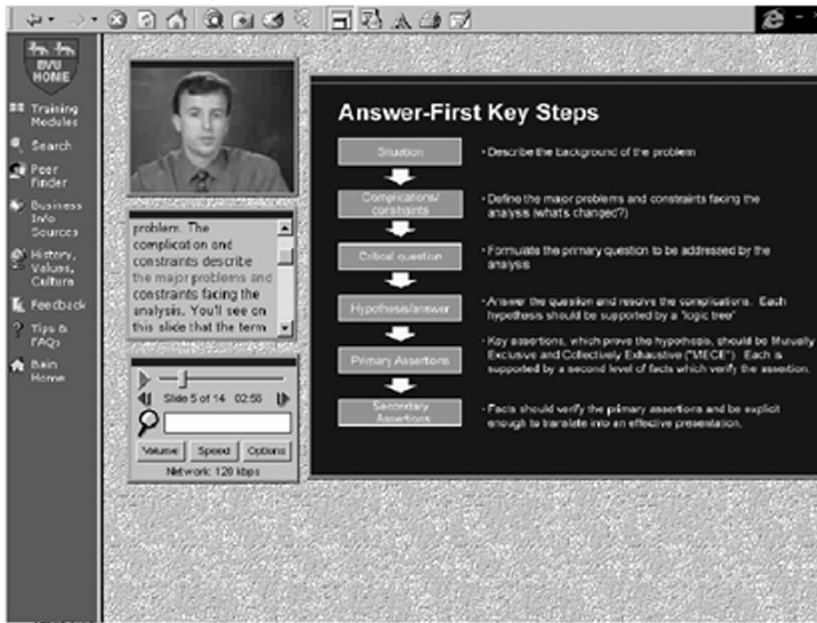


Figure 8-4
BVU Video Module (Source: Bain & Company)

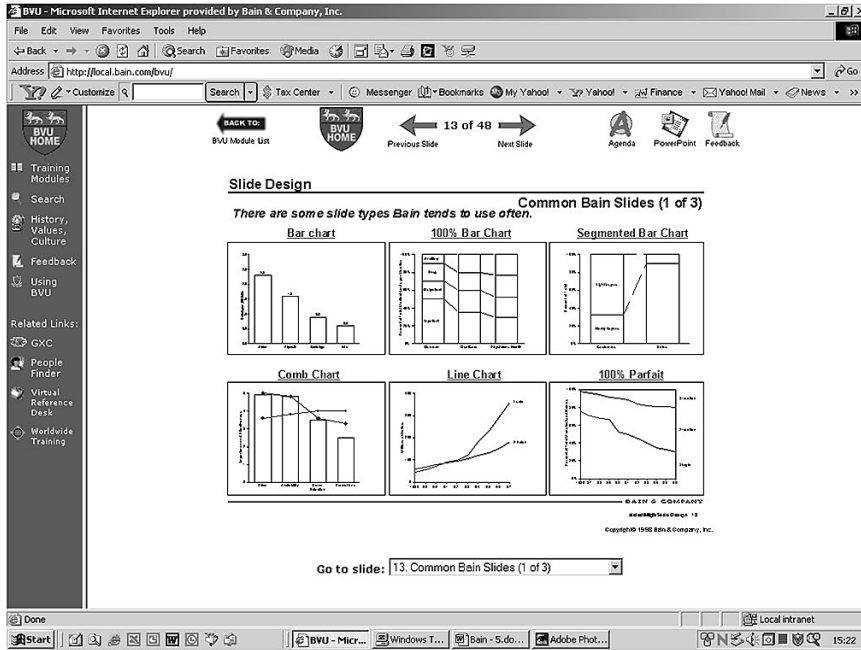


Figure 8-5
BVU Computer Based Training (Source: Bain & Company)

BVU’s architects clearly understood that most learning still occurs during human connections. Therefore, a special search mechanism, Peerfinder (Figure 8-6), was developed to be used in both the BVU and GXC environments to help consultants to find peers with specific knowledge. This is, indeed, the most used tool in both BVU and GXC. Consultants can use Peerfinder to look for other consultants based on a number of categories of experience: industry, study type and tool, and technique (e.g., experience curve) employed. It also includes the possibility of limiting the search based on the location and level of the consultant.

Steven believes that this last feature is particularly important, because it reduces “expert overload” by allowing consultants who have simple questions to look for peers at their level, thereby helping ensure that only very complex questions are asked to more experienced consultants (usually senior managers and partners).

One final feature of BVU and GXC warrants particular mention: the feedback application (Figure 8-7). Every document in the BVU and GXC environments has a direct link to a feedback application.

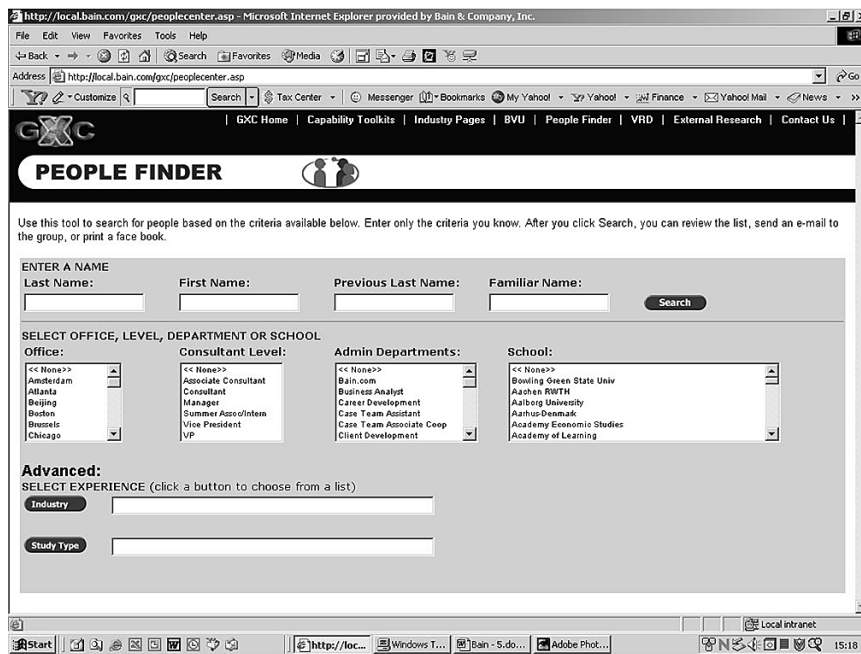


Figure 8-6
BVU and GXC Peerfinder (Source: Bain & Company)

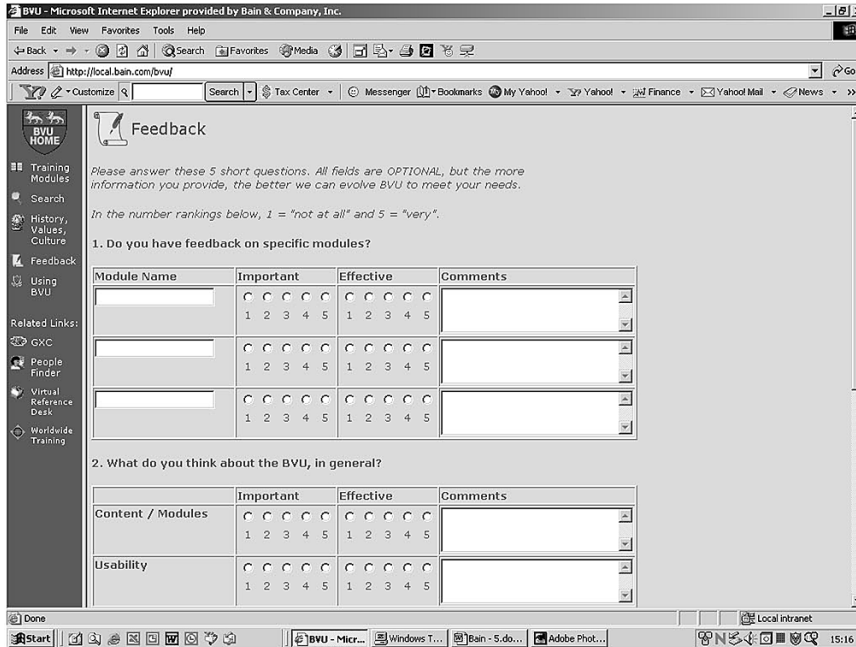


Figure 8-7
BVU Feedback Application (Source: Bain & Company)

This application allows consultants to evaluate complete modules and send commentary about specific parts of a document or module. Consultants may choose to identify themselves or provide feedback anonymously. Most choose to identify themselves. Evaluations of complete modules follow a more structured questionnaire given to consultants to fill out periodically. Documents that receive a high number of positive feedback are more likely to be ranked higher in search results.

Global Experience Center

The GXC can be seen as a CP organized around five core sources of knowledge for Bain’s client work:

1. *Tools.* These are proprietary and nonproprietary frameworks, concepts, templates, and other tools that can be applied across a number of projects.

2. *Capabilities.* This is a repository of Bain’s proprietary insights across all its key “study types” of client work (e.g., cost reduction, mergers and acquisitions (M&A), growth strategy).
3. *Industry information.* This source of organized information per industry combines both internal and external sources.
4. *Case, client, and people information.* This is Bain’s improved repository (as compared to BRAVA’s) of information on previous client work. Client information is “sanitized” by knowledge brokers (client names are removed and data disguised) to allow a companywide view, and the repository is designed to facilitate tacit knowledge sharing.
5. *External research.* Such research includes access to high-value subscription databases as well as links to top business sources that have been preselected or suggested by the research department or consultants.

The GXC was built on top of an existing IT infrastructure as shown in Figure 8-8.

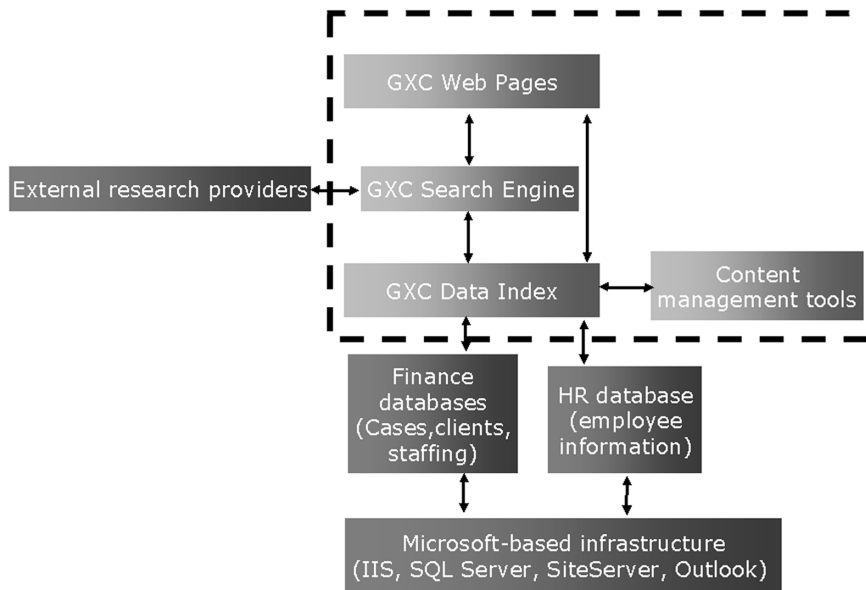


Figure 8-8
GXC IT Architecture (Source: Bain & Company)

Searching for Knowledge

All these core knowledge sources can be easily accessed through the use of an integrated search mechanism that allows users to preselect specific areas of interest (see Figure 8-9 of GXC search page). It also seamlessly integrates external research and offers unlimited access to all consultants worldwide. One of the biggest challenges of most search mechanisms is helping the users, especially novices, narrow down the scope of their search. Bain's KM team responded to this challenge by having the content area "owners" (usually practice experts) and the KM team put significant effort into categorizing the existing documents and developing a comprehensive thesaurus. Thus, GXC users are offered additional keyword suggestions to reduce the scope of their search or to find related terms and documents.

The GXC search mechanism also helps users by displaying more relevant documents first. The order that documents are displayed on

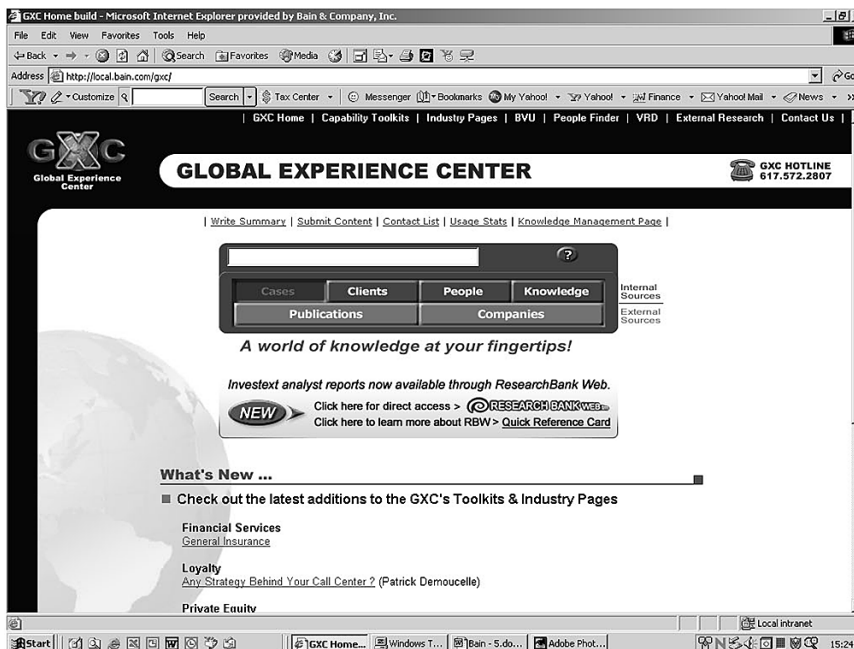


Figure 8-9
GXC Home and Search Page (Source: Bain & Company)

the results page is influenced by a couple of weighting factors (different types of content have different weighing factors):

- Prevalence of existing keywords.
- Date of the documents.
- Experts' points of view tend to rise to the top of the page.
- The proximity of the office that produced the document (the closer it is to the consultant's office, the higher the ranking).

Browsing for Knowledge

Search, as many in the KM field have learned, is just one way of finding relevant information. The other is through effective browsing. However, effective browsing can happen only when users have some idea of what they are looking for and when a site's taxonomy and organization are relevant. The screenshots of an e-commerce toolkit page and a consumer product page (Figures 8-10 and 8-11) exemplify how a great deal of GXC's success can be attributed to the careful clustering of relevant and updated information and the direct contact

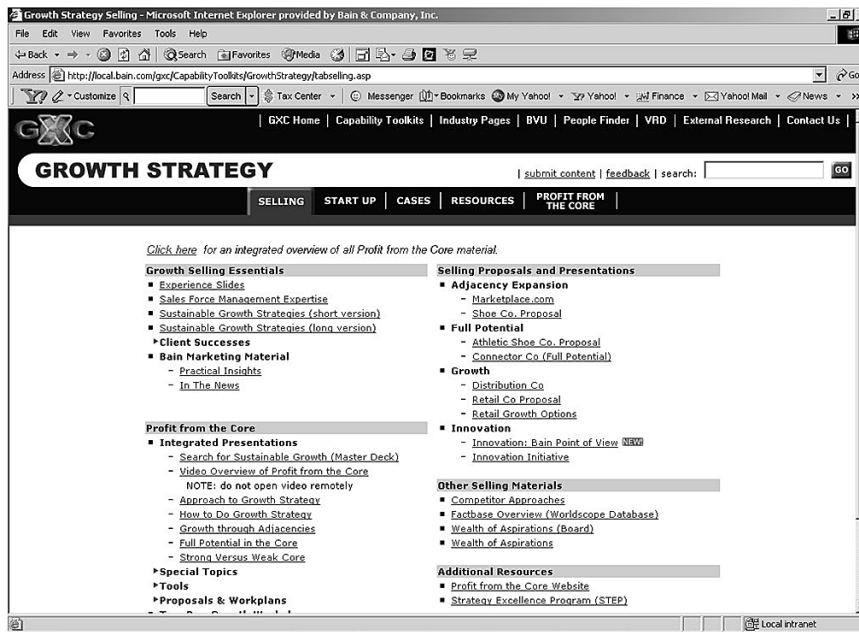


Figure 8-10
GXC Example Toolkit (Source: Bain & Company)

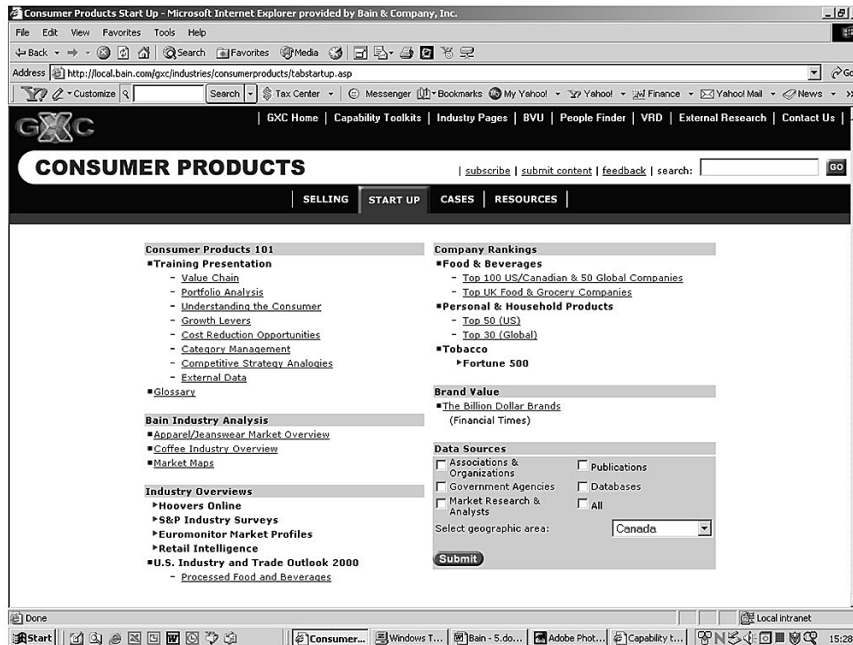


Figure 8-11
GXC Example Industry Analysis, Consumer Products
 (Source: Bain & Company)

it offers to practice leaders. GXC's clusters of information provide newcomers with enough of a knowledge body to get them started on specific projects. More experienced consultants also find some of the most recent announcements and studies posted in these "clusters." The responsibility for maintaining these pages is usually divided among members of the KM team and leading practice experts (usually senior consultants).

The GXC now has 14 industry pages and 15 capability toolkits, covering the full range of internal and external knowledge that teams need when getting started on a topic.

The pages and toolkits are organized not only to cluster information in a simple way but also to tailor relevant material for the needs of specific users. The Selling tab, for example, is intended to be used by VPs and managers when selling projects. The startup tab is for case teams to use during the first couple weeks on the case, when they need to get up to speed.

ORGANIZATIONAL SUPPORT

The KM and BVU budgets, including salaries of dedicated personnel, IT infrastructure, and expenses, is less than 1% of Bain's overall revenues. Both the BVU and GXC are strongly supported by the senior management at Bain. This support has been demonstrated in a number of ways:

- Reinforcement of cultural expectations in KM, in which John Donahoe, Bain's current managing director, consistently reminds consultants of the importance of contributing to KM.
- Adequate funding for the development and maintenance of state-of-the-art applications.
- Personal involvement and encouragement of companywide participation in the development of many BVU and GXC modules and documents.
- The direct responsibility of many senior partners for the quality of the content in the GXC in their practice areas (both industry and capability focused). Not only are the partners supposed to support the offline activities and projects of their practice areas, but they are also required to assume a senior content leadership role to ensure the GXC practice toolkits are populated with the most useful and relevant content.
- Support for the creation of a formal KM organization, including a KM director and 10 knowledge brokers. Each local office also has a knowledge officer, a senior consulting staff member responsible for local KM on a part-time basis.
- A professional standards manager in every office, who has annual responsibility for reviewing the local office case submissions to ensure codes of client confidentiality (i.e., cleansing names of companies) and the like meet the internal audit standards, this reinforces an intellectual asset management process to the KM infrastructure and the importance of our knowledge assets.
- An annual conference with all knowledge brokers and knowledge officers. Knowledge brokers meet more frequently.

Knowledge Brokers

The knowledge brokers are dispersed around the globe and usually responsible for a specific region and a specific knowledge area. These individuals, although not consultants themselves but often with a general business education or information science background, were

selected based on their first-rate skills in research, information analysis, and written and verbal communication.

Bain’s most important knowledge assets are created during client projects. Knowledge brokers play an important role in the knowledge capture process. They are immediately notified when a new project in their domain starts and work closely with the project managers to capture new insights at agreed-on milestones (start, client presentations, wrap-up). The knowledge brokers also alert team members of relevant documents, people, and knowledge that may be useful for particular projects.

They also play an important role in the codification process. In addition, to make sure that teams follow required codification guidelines, they extract key insights (tacit knowledge) by interviewing managers at the beginning and end of a case, using a questions, such as “What did you learn that is applicable to other industries?” Throughout the interviews, the brokers work to identify categories of learning that can assembled for the GXC. They also have direct responsibilities for adding data sources, identifying Bain’s experts, and editing, upgrading graphics, reformatting, and packaging codified content (produced by consultants) for GXC. Figure 8-12 summarizes the case team knowledge process that knowledge brokers facilitate.

Case Team Knowledge Process

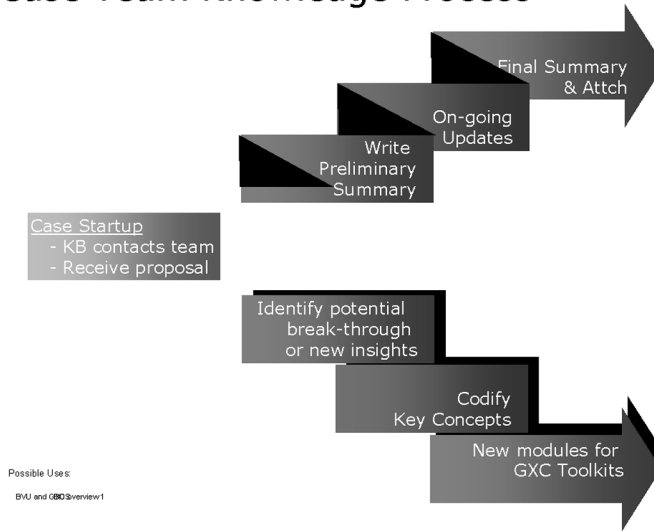


Figure 8-12
Case Team Knowledge Process (Source: Bain & Company)

METRICS AND USER SATISFACTION

Bain understands that metrics are meaningful only if they are clearly linked to help the organization achieve its business goals. In Bain's case the KM initiative has the following explicit goals:

- Create a useful everyday tool.
- Help sell work in half the time (cut proposal development time).
- Make case startups 30–50% faster.
- Help teams deliver greater value creation to clients.

To gauge its success, Bain's KM team uses a number of "proxies" (they know that it is almost impossible to measure a direct bottom-line impact) and evaluation techniques. Given that both BVU and GXC are Web based, designing tools to measure site traffic and activity by office and content area was not very difficult. In addition to these basic metrics, the KM team also

- Evaluates which search terms are not finding any matches.
- Relies on document- and module-specific feedback from the consultants.
- Conducts periodic surveys to gauge the level of satisfaction of consultants with the various areas of the sites.

Overall, the outcome of the "measurable" proxies suggest that Bain is on the right track. Traffic on Bain's CP (BVU and GXC) has grown continuously. By mid-2001, BVU and GXC combined were getting more than 500,000 hits per month (or more than 4.5 million hits since launch) and the average consultant was tapping into BVU alone around 50 times per month. Fewer and fewer searches were resulting in no relevant matches and surveys showed that 98% of consultants were either satisfied or extremely satisfied with GXC. Through informal surveys, the KM team believes that partners now build proposals in 30% less time and that the case team process is at least 30% faster.

These are remarkable results, given the critical nature of the user base: top notch consultants with very high-level expectation levels. As mentioned earlier, the ultimate goal of Bain's CP is to have better-performing consultants. The KM leadership team knows that establishing a direct link is often not possible. The already mentioned proxies

and anecdotes of how the CP has helped in specific project situations provide the best indirect solutions to determining the success of Bain's KM initiatives.

INCENTIVES, REWARDS, AND RECOGNITION

Bain's consultants pride themselves on delivering measurable results for their clients. As we saw, they try to apply the same "fact-based" rules to measure the impact of their internal KM initiatives. In a similar fashion, they make a clear effort to link the compensation of Bain consultants to their efforts in building the firm's intellectual assets.

This is not to say that consultants (especially more junior ones) have their pay directly linked to their contributions to the KM repositories (even though the contributions are highlighted in performance reviews). This is becoming increasingly important, however, for more senior consultants. The team managers are gauged on their compliance with completed case summaries and on how much their work draws out new industry insights. Office heads' compensation is tied to similar measures. In the case of the most senior partners, specific contributions already make up part of their bonus. Many partners are responsible for the quality of the information on their practice areas' GXC sites. They are also expected to contribute, at least, one meaningful piece of new content per year (usually not related to specific cases—often insights on a specific industry or functional capability).

The KM team also developed a number of creative tools and incentives to help shape behavior. These go well beyond direct links to individuals' pay. They include required actions and a number of initiatives to create a "healthy" competitive environment for intellectual asset creation and codification:

- There's a stronger focus on the performance of individual offices. One metric to track is the percentage of case summaries written within 2 months of the end of the project. The current target is to have 85% of summaries written in this period. Many offices are already reaching the 100% mark. Those offices that lag behind are quickly reminded, by the most senior partners, of their obligations to the firm.
- Every 6 months, a KM recognition award (an honorary plaque for Outstanding KM Leadership) is given for outstanding performance to one large and one small office. The recognition involves

some extra money for the offices to take consultants to “fun” out-of-the-office activities. Some local offices have also created their “own” rewards and recognition for teams and individuals.

- The most valuable form of recognition based on their consulting survey feedback is that the contributors appreciate having their contributions recognized and most frequently used content is a reinforcement of value contribution to help the firm be “one global firm.”

BAIN’S EXTRANET

Another initiative that exists at Bain and that can, to a certain extent, be related to KM is the extranet. Bain uses eRoom as a platform to connect with clients and keep all stakeholders abreast of project developments. So far, eRoom is not widely deployed and is instead a “niche product”; it tends to be used when cases involve multiple offices, clients with various geographic locations, and in projects that require constant and detailed exchanges among different teams (e.g., process redesign). In more traditional strategy cases, the extranet plays a less critical role. It acts more like a virtual library of milestone presentations where clients’ senior executives can easily find past documentation. Occasionally, it is also used to download some of Bain’s codified knowledge assets to clients.

All and all, this is still seen, primarily, as a team collaboration and file management tool and not a core platform for Bain’ KM strategy. This is not to say that Bain does not recognize the value of distributing codified knowledge through this channel. In fact, a conscious decision was made to stick to its core value proposition; that is, sell customized, innovative solutions and not packaged knowledge solutions.

KEY LESSONS LEARNED

Lesson 1. KM initiatives Benefit Tremendously when There Is Personal Participation and Strong Commitment from Senior Management

At Bain, support was provided not only in terms of budget and resources but also the personal and direct participation of senior management in the development of the CP. Senior partners dedicated much time producing content and evaluating the evolution of the portals. This level

of participation sends a clear message to the rest of the organization about the quality of contributions and commitment that are expected.

Lesson 2. Initiate CPs with Areas that Directly Impact the Business Results

A lot of momentum was achieved by focusing on applications that would help Bain sell more and become more productive. This generated a lot of energy and goodwill for the CP across all partner levels and offices. Web enabling of routine, back-end applications might have been easier to implement but would have had minimal business impact and generated far less interest. Bain's basic philosophy for capturing knowledge was to build a system that was flexible for a specific user group. In other words, by focusing on high leverage areas first (i.e., largest industry segments within Bain and working with leader-oriented change models), their traction success achieved early adoption momentum as the focus was always on critical-path value creation rather than conquering too broad a spectrum of customer requirements and attempting to execute all at once. In other words, avoid the "elephant sandwich" or "world hunger approach" to have more rapid impact.

Lesson 3. Develop a Content Strategy before Doing Any Development Work

It is important to understand how employees conduct their work and when and how they look for other sources of knowledge. Steven recommends a careful "audit" of each business process and knowledge domain before doing any development work. It is also very important to develop a clear understanding of the knowledge sources: What is explicit? What is tacit? Is it internal or external? For Bain, the end result of the audit process was less time and money spent on costly reworks and set of portal taxonomies and structures that was familiar and closely fit Bain's business and users' needs.

Lesson 4. Build a Content Capture Process that Is Appropriate

The success of a CP and of KM in general depends significantly more on the willingness and quality of knowledge creators and contributors than on knowledge seekers. A good part of the planning process at Bain was spent developing templates that made it very easy for

knowledge contributors to publish content online. Time is a scarce resource for consulting professionals, hence streamlining and simplifying knowledge capture processes was a key criterion for success.

Lesson 5. Quality Is More Important than Quantity

If a CP is to focus on knowledge flow, it is very important that people trust the information they receive; otherwise, users quickly disregard the tool. Bain made it very easy for consultants to give feedback about the information they found on BVU and GXC. Consultants are invited to give feedback at the page level or about the overall importance and effectiveness of modules, documents, and specific applications. The feedback mechanisms and frequent surveys of users allow the KM team to quickly correct mistakes or address missing points. Particular attention is also given to information that consultants are unable to find on the CP: Searched terms are periodically monitored to develop a content strategy that meets changing consultant needs.

Lesson 6. Make Authors' Contributions Highly Visible and Use Both "Sticks And Carrots" as Incentives

Knowledge creators and contributors to the online environment need to be clearly recognized. Documents on both BVU and GXC clearly state the names of the contributors, including primary and secondary authors, as well as reviewers. Additionally, a general e-mail message is periodically sent to all consultants highlighting the "top 20" most-used documents in the portal environment. This top 20 list serves not only to direct consultants to those documents most useful to their peers but, by listing the author and office, gives additional prestige to the documents' authors. Given that a core characteristic is their desire for recognition of Bain's consultants (or high-end strategy consultants in general), this visible recognition leads to a healthy competitive environment, where a large proportion of consultants are motivated to be among the leading contributors to the KM effort.

Lesson 7. Modular and Meaningful Launches Tend to Be More Effective

Closely related to a content strategy is the idea of modularity. The Internet itself is a very modular network that allows pieces of content

and applications to be seamlessly integrated into existing solutions. Bain took advantage of that. Not only did it focus on specific audiences (and, according to Steven, will continue to do so) but on specific clusters of content that had depth or were considered strategic enough to justify the creation of a training module or a section within GXC. For instance, GXC launched with specific content areas for only four industry verticals and five core capabilities. Over time, other industry and capability content areas were added.

Lesson 8. IT Need Not Be Costly

Despite its sophistication, the deployment of Bain's CP was not costly. The firm spent less than \$2 million in software licenses and "coding" costs. For Bain, a few additional project sales and the improved quality of case results already guarantee a high return on this investment. There is no major secret to keeping CP costs in check. The keys are to concentrate on functionality that really adds value to the business, avoid costly "bells and whistles," leverage existing data and systems, and roll out applications incrementally. An important lesson was not to implement Web applications just because it is easy to do so. For instance, Bain could have easily added chats, instant messaging, and discussions forums. However, after careful analysis of how work is conducted and how knowledge is shared and created, the KM team decided that it was not the right time to implement these tools.

Lesson 9. Knowledge Brokers Play an Important Role

Although consultants may understand that one of their responsibilities with the firm is to codify part of the intellectual capital created during client engagements, it is very easy for this responsibility to take a "backseat" as consultants move from project to project. At Bain, knowledge brokers are the keepers of the "knowledge codifying process": They make sure that consultants (especially project managers) do not forget to codify relevant knowledge sharing elements of their projects. This occurs at various milestones (start, presentations, wrap-up) during projects. The knowledge brokers are also key resources for consultants who need a human introduction to Bain's core capabilities in specific knowledge domains. Finally, they play an important role in organizing and keeping the online information up to date.

Lesson 10. Librarian and Researcher Roles Are Changing

As consultants find it increasingly easier to search for codified information and experts online, the role of librarians and research professionals within the firm is changing. These professionals are rapidly abandoning some of the more menial research activities and focusing on higher-level tasks, such as finding relevant information sources, updating taxonomies, keeping track of new advances in research-related technologies, developing vertical expertise in different areas, and so forth.

FUTURE DIRECTIONS

Bain is currently working in version 2.0 of GXC (to be released in April–May 2002). After extensive surveys and interviews, the company developed a plan that will include but is not limited to the following improvements:

- Improve the interface design and the integration of external research.
- Make searches more accurate and relevant (by improving the search algorithm and eliciting constant feedback from consultants through a star-rating system like Amazon's).
- Improve the Peerfinder search tool by including new search criteria. Given the large number of consultants worldwide, it was determined that it was also important to improve relevancy ranking for people searches.
- Add tools that help partners sell projects more easily.
- Integrate the BVU and GXC (there will be no distinction from an interface point of view). Because the BVU is more geared toward more junior consultants, it will be more seamlessly integrated with other GXC tools used more often by this level of consultants. In fact, a key change to the next GXC version is a clearer division in the environments for junior and senior consultants (from managers to partners). This change is not geared toward restricting access to information but to enable finding appropriate information more quickly (e.g., junior consultants do not need to look for proposals, while this is an important part of the partners' job).
- As with many other KM databases that grow very quickly, Bain has learned that content duplication and outdated information

can become a problem. A content audit was done, and as a result, the new GXC 2.0 version will streamline some content areas and improve others.

- Have a single point of access to all external research sources (with some value-added intelligence), since consultants reported that these searches were too complex and buried in many hard-to-find sources and databases.

Bain is rethinking how work is performed at the team level to make teams and individuals more efficient and to facilitate the knowledge capture process. This may include more sophisticated Web-based tools (potentially like eRoom) that provide strong document management system capabilities to improve the teams' internal document work flow and make the capture process at the end of each case a simpler process.

Steven Talman's CP vision for Bain is to offer a single global home page: My Bain. My Bain would be designed with 50% of the real estate completely personalized by the consultants and 50% centrally controlled with information pushed to consultants based on their office location. Such an enhanced CP would allow consultants to build personal "dashboards," integrating all their communication tools, interesting news feeds, updated Bain content from areas of professional interest as well as personal feeds such as weather. This application is scheduled to be launched in the second half of 2002 and represents a major step in improving personal productivity. Given Bain's initial experience and success building BVU and GXC, Steven thinks that most of this new project can be developed internally with standard Internet tools and programming languages.

CLOSING THOUGHTS

The case of Bain offers interesting insights about KM- and CP-oriented projects. Bain's experience appears to support the two main schools of thought in the KM literature: the information school and the behavioral school. It is clear that the deployment of Bain's CP significantly improved the speed and accuracy of knowledge flow in the firm. It is also evident, however, that the IT investment would not have succeeded to the extent it did if Bain did not already have a KM-friendly culture and did not create new incentives and rewards (and also requirements) to shape consultants' behavior toward more intellectual asset creation and codification. Consultants' values and

attitudes were clearly demonstrated by the very high levels of participation in the development, rollout, and maintenance of the CP tools. Their openness to learning irrespective of hierarchy is also reinforced by the design and access structure of their CP, which promotes tremendous vision for “empowered learning for employees.” Finally, three of Bain’s core explicit values are clearly revealed in the design and practices related to the deployment of BVU and GXC: a continuous learning environment, one firm, and focus on client services and results.