

**SKILL DYNAMICS ASSESSMENT
OF THE
SPI ROMANIA SECRETARIAT
OF THE
CONVERGENCE PROGRAM**

Preliminary copy
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Objectives

This memo is aimed to describe the evolution of the skill/attitude of the two component of the Romanian local team of the Convergence initiative:
Dr. Ramona Bratu and
Dr. Oana Nedelescu ,

The main objective is to ensure the continuous and improved ability of the Romanian Convergence team to deliver value for the Romanian banking system , in view of increasing autonomy of the team from international guidance , as discussed by the Skreb Report.

More projects and more complex activity should be expected from the team , as the delivery visibility increases and as the banking system growth and sophistication reach international benchmark level. Hence , it is important to establish a plan for future skill/competence development.

Perspectives

The decision to establish the Convergence Romanian team was taken in the early months of 2006.

International advertising for the position was made between January and March 2006.

More than 20 candidates applied and a selection panel ran interviews and evaluations.

During the selection process , the decision to hire two and not just one person was taken , anticipating the expectation of the need for many parallel projects to be launched.

Dr. Ramona Bratu was appointed on July 2006 while Dr. Oana Nedelescu came to the position on September , having relocated from Washington DC back to Bucharest.

Impact with the new job.

Both team members were coming from “normal” jobs in two different but equally very structured environment (a Romanian commercial bank and the IMF respectively), while the inherently less structured initiative pushed them to a high level of autonomous initiative and in a less structured environment where positions and expectations had to be built with no previous history.

They were projected into a situation comparable to a new business start-up and this caused some initial moment of stress on all sides ; the local team , the international management team and the local structures .

Initial perceptions

On the new team side the initial perception on the job expectations was oriented to :

- A more structured “job” and consequently they experienced some initial confusion facing what was substantially a start-up.
- Expectation of presence of useful “details”, like dedicated office space , computers support and structures (secretarial) to which they were used before ; this made the initial feeling of “adventure” stronger than expected.
- high expectation from initial formal training . It was useful yet insufficient and the need to be projected into immediate actions did generate some incertitude.
- The need to satisfy much higher quality standard even on formalities , was , some times , perceived as lack of trust and did generate some organizational friction.
- underestimating the need to build a personal network of local high level contacts and the time needed to do that; this also contributed to a stressful starting.
- a step by step launch of few project while the launch process for so many parallel projects was confused and not totally shared with local authorities
- team action based on technical competencies while the span of job was very broad , from making copies and sending fax to calls with top people and a larger use/need for non technical skills.
- status established by authority , while the title “Secretariat” lowered the perception from Romanian banking executives and lack of historical background showed the need for initial success on which to build credibility.

All in all a challenging and stressful beginning that may come from:
A big step on working methods, proposed and sustained with huge impatience in an environment largely unaware even if supportive in general terms.

This pattern has to be considered normal in a situation like this where the reputation of a new team with a new mission has to be established quickly while facing a challenging international environment.

Remote & virtual mgmt support created an additional challenge.

Less than one year after

the situation has evolved positively on many aspects.

15 projects have been identified and launched through a complex process and are now running , some at a very advanced stage ; new areas of interest are under discussion and some projects are at the completion phase. The perception of the quality of the outcome is very high and the initial results support an increasing set of expectations and support from all stakeholders.

Everybody involved in the innovative Convergence Initiative went through a learning process.

The executive steering committee , the local team and the international team, they all had to adjust to emerging issues , innovative practices and the vagueness of non established mode of actions complicated by physical distance . The availability of new communication technology was key to make contacts possible and effective.

What did they learn?

On the side of the Local team today's perceptions of lessons learned can be summarized by the following statements.

Their self evaluation tells that they did learn and improve on many points , namely :

-To be thoughtful and careful on how to contact different people and put attention on both content and format, formalities and to the impact on the network that live around projects.

Pay attention to even the smallest detail on writing key letters and memos , on calling different personalities and about paying attention to logical clarification on every small issue, backed by data.

-To exploit the international network that is available and show an open attitude toward people and institutions that are unknown by the team.

-A much better ability to structure the launch of projects and run it as a carefully thought process.

This include issue selection, initial exploration and consensus building , establish a shared TOR and manage initial meetings to explore options and clear the field from biased assumptions and the establishment of the project team after the endorsement from the steering committee.

The learning process came through day to day experience, some training and a lot of daily coaching from the international Convergence team.

-Huge enlargement of personal network, related to the mission, so now they have a large list of competent/powerful people to whom they can get immediate access as needed and so speed up the process of the projects.

-Improved ability to see the strategic picture and so prioritize argument for projects and actions for contacts.

-Day to day improvement on managing meetings, utilizing the power of influence more than direct authority.

-Understanding of the process of “building consensus” in the Romanian environment.

Who to contact first, how to build steps after step trust and how to bring people with different expectations and interests to collaborate .

-Organizing meetings , conferences with large constituency

Summary assessment

All these competencies are still in the process of improvement and will need to be formatted into a more structured pattern, shared and showed to a larger number of stakeholders, but I believe we can all share the agreement on two facts:

1-the local team made a huge learning step and has improved the quality and quantity of performance in a way that we can consider more than sufficient for the today structure, with continued international support, and able to sustain further challenges.

2-The local team perceive the need for New additional Competencies to be built because perceived as relevant for the future by them and by the international mgmt team.

My evaluation is also that a large, even if progressively decreasing , International support , specifically on intense coaching and strategic orientation will need to be delivered for the next 18-24 months , and possibly by the same team. Discontinuity will put the entire effort in danger , hile maintaining focus and relationships will cumulate results on results , with good return for the Romanian banking system.

Additional competencies needed

those additional competencies are mostly in the area of the soft skills related to personal efficiency and better team performance; here are some indications:

-Better planning ability for the complex field of the projects.

As the number and complexity of projects will necessarily build up to a much higher level , so the ability of the team need to step up to the challenge of dealing with more workload and increasing the quality of project management.

-Actions and strategy to build the proper visibility of the team , so Clients should be able to ask proper questions with less internal push and supporting the ability of everybody involved to establish better priorities .

-Ability to facilitate meetings and large groups ,provide informal guidance , organize teams

Observer notes and suggestions:

-We are in presence of a Good climate and collaborative atmosphere during project meetings.

This represent a good asset to build on for future activities and should be maintained and possibly improved.

What to do to improve the SKILL situation while moving to a period of limited international managerial support and increased national exposure?

The two members of the local teams are running through an intense skill/competencies improvement on areas that can be labelled :

- fully develop analytical skills and methods
- managing complex network relationships
- building project mgmt discipline in an ever changing environment
- acting as efficient facilitators for many process where they do not , and must not , have hierarchical power
- entering new product area and exploring new banking area

They should be able to invest on those improvement with no further complications and so it is highly recommended that someone else will provide authority support and marginal managerial support. This managerial local support should be provided with a light hand and enhancing the team professional autonomy.

Some level of administrative support should also be provided , in order to improve the productivity of the team and orient their activity to the most difficult and value delivering part of their job ; issue identification , project mgmt and closure activities.

Some formal high level , and international, training should be provided to the local team members in the area of :

- team mgmt & facilitation
 - strategy and mktg of innovation
 - interpersonal and team communication
 - report writing in international environment , like E.U.and,World Bank
- Training on such arguments are available at major international institutions like WBI , some European Business Schools and comparable institutions in European banking systems like UK and Italy. SPI should organize local sessions so also other people , working in the projects should be able to profit from it.

Attendance to international events and conferences are strongly recommended , in order to maintain and improve international network and provide exposure to innovative and challenging concepts of banking services , so they will be able to import relevant innovation timely.

It is also advisable to run a specific one/two days self learning meeting involving SPI committee members , RBA members , most of the people involved on projects and the local Convergence Team with the international part also. This meeting should be dedicated to work in teams and cristallize the lessons learned through the Convergence experience , build some shared formalization of processes and , building on that , develop a higher operational agreement and ability to exploit the Convergence asset for the entire Romanian Banking Environment.

My final and overall assessment is that the local team has gone through such an accelerated and intense learning path, even if with some imbalance, that some plan should be put in place to ensure retainement of those two precious resources that will be difficult and costly, to re-create . They should be put in the condition to work positively for at least 2-3 years and provide a growth path for other resources from the Romanian banking system in order to set a virtuous cycle of skill improvement with a positive fall out for the entire banking system.

Support from the actual international mgmt team, or person, should be maintained for, at least, 18-24 months to secure continuous injections of strategic thinking based on broad international experience. This support should be directed to build progressive self sufficiency on this aspect into the local SPI team.

POST VISIT COMMENTS

On my last day in Bucharest, I had the opportunity to hand the draft copy of this memo to the SPI Steering Committee members.

The general feed-back is centered on the satisfaction for the results achieved in such a short period of time.

The project teams working productively and the quality and number of the current projects are raising the expectations for the next period.

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The local SPI team is considered at a good level and potentially open to further skill improvement.

There is agreement on the fact that the support from the international team continues, so to ensure the full exploitation of the Investment made.

There is openness to consider some improvement in terms of local support to the team, under the resource constrain that are present.

I suggest that this report should be considered side by side with the Skreb Report on the banking relevance of the projects.

Convergence Project
SPI Romania
May 24, 2007

Subject: Comments on the state of advancement of the SPI project in Romania.

I want to add some additional comments about my observations while visiting the SPI team in Bucharest.

These comments are more related to the organizational state of the entire effort, as I have seen it developing during the last two years, and not only on the skill development of the two components of the local team.

During my stay in Romania I had the chance to talk with the local SPI Team

Dott. Oana Nedelescu

Dott. Ramona Bratu

and interview them in depth about their feelings , skill improvement , skill issues and organizational climate.

We spent significant time going back to the entire period from their hiring and now. the conversation focused on early expectations , contrasted with actual day to day facts , interactions with the international team and specifically on the support of the local SPI Steering committee and the interactions with top bank executives during the launch and the run of the projects.

I had the opportunity to observe them in action during a local training on RIA , involving 20 local people and hosted by the NBR.

I also had the opportunity to seat in the real project committees meeting and observe the good climate and motivation of the participants, the standing of the local team and the network of factual relationships built through the entire process.

I visited also all the SPI Steering committee members:

Consistent with the findings of the Skreb report, they all expressed their appreciation about the Convergence SPI Achievements in Romania :

- good understanding and solid support from the collaborative members of the steering committee
- balanced relationships between SPI Team and RBA. The two entities are able to work side by side with no interference and with good collaboration attitude, in the open respect of the relative role.
- very good and strategically oriented international support, both managerial and technical
- solid growth path of the local team
- clear view of what need to be achieved in the short/long term
- willingness to cooperate, as possible, on the process of financial support to the project

The background concept was about how good the experience has been for the entire Romanian banking system in terms of outcome and process.

While the Romania “case” can not represent a situation to be cloned blindly in other realities, I believe there are some aspects that, adapted to the specificity of every situations could be taken as the base for every other similar case:

- The establishment of the SPI Steering committee is of paramount importance , because it set the stage for the Bank involvement and for a good prioritization of the projects. All participants are key , including and perhaps particularly the consumer protection agency.

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-the investment of a small local team on which to invest in terms of skills and networking , so to insure the building of a solid local capacity that will remain as an asset after the initial period. The local team can also be utilized for support to other banking systems in nearby countries , so to create a network of highly skilled people , able and experienced in cooperating and transferring what can be transferred of the relative projects , so saving effort and multiplying outcome.

The actual cooperation between Washington DC, Rome, Croatia, Albania and Romania on these projects is a good factual example of what and how this can be achieved. This was not at all obvious during the first round of founding meetings, back on 2005.

-the injection of the international support was key to improving the strategic span of the effort, to shorten the experienced transfer and to install the concept of “Honest Broker” that has been key to the positioning of the activity.

What was the initial organizational concept of the entire Convergence project:

-a small and efficient international team of expert supporting the progressively accelerated development of a number of countries banking systems , none of which would justify totally such a dedicated team , because of the initial small dimension is now demonstrated to be a good design principle.

It has also been learned and demonstrated true that, while the same project is different in different countries, the analytical structure is the same and so a significant part of the effort can be re-utilized and small conferences can usefully be organized in the area for every subject.

-The Convergence approach should be extended to all the countries in the area , so to build an international efficient team that will position itself as a kind of “financial sector think tank” delivering services , performed as projects , for all the countries in the area.

This is demonstrated now to be possible and convenient in this highly fragmented part of Europe.

-My last observation is that this effort should be supported by both the countries with a high interest in the development of the local banking systems and by the E.U. also as a way of speeding the alignment of the local banking systems to E.U. Standards.

This private-public approach, with strong involvement of local powers and creation of a solid skilled team seems to be a good approach , highly efficient and transferable.

The skill created until now should be leveraged to build other team components and maintaining the international network that has worked for Romania.

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