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# COMPANY WITHIN A COMPANY:

when a traditional firm must act  
swiftly, in order to win

*Creating an innovative firm within a traditional one is a worth considering option in Polish environment, when one wants to take advantage of a huge business opportunity*

Sławomir Lachowski 

**T**HERE IS A CONSTANT inflow of new opportunities, technologies, emerging niches and products into the market. On the other hand there are companies controlling certain essential assets like capital, skills or information, which enable exploiting the opportunities and executing innovative undertakings. However, virtues of these assets-rich companies may simultaneously be perceived as their weaknesses: corporate identity, brand, organizational culture, target client groups may limit their drive to expand the activity in direction uncommon for their current profile. In order not to mishandle new business opportunities, they would have to let go at least some of what they possess. And they may well be unwilling to do so.

Questions arises, if a large, established company is able to pursue new emerging market opportunities in any way, not loosing its heritage and all related possibilities with it? A solution to solve that dilemma may be creating a company embedded within a company. BRE Bank took this path, founding mBank within its own structure - an innovative virtual bank based on an entirely different business model. The undertaking proved to be successful in every respect. After two and a half years of activity, mBank attracted more than 410 thousand clients and captured 30 percent share of the domestic market, reaching number one position. It also became one of the largest internet banks in Europe.

## A new market opportunity emerges

The idea for the business came out unexpectedly, even though it was preceded by the events taking place in my mother company for a couple of months. In the spring 2000 intensive analytical work was conducted in BRE Bank on launching retail banking activity. It was a third attempt to this task in the previous few years, whereas all of the previous ones had not moved further than initial phase of preliminary studies. Such an outcome was partly due to the hopes, that BRE Bank was indulging in creating - together with Bank Handlowy - the largest private bank in Poland, and also - one of the largest financial institutions in Central and Eastern Europe. Such an institution would certainly possess a strong retail arm within its structure. There was not much sense in creating a concept for an own retail bank, if it was to be outdated after a few months. Existing systems of our partner, its employees and all the available assets could force a deep change of our initial idea.

Unfortunately, attempts to merge with Bank Handlowy failed.

Launching a retail activity became urgent. Even previously retail banking had been a strategic necessity for BRE Bank, for its ability to absorb market fluctuations, which had a negative impact on corporate and investment banking (driving force and foundation for the successes of the bank at the time). But in that period prospects on the capital market and services for large enterprises were seriously undermined because of finished transformation of the Polish economy and increasing domestic and foreign competition. In the same time, the promising market of retail banking, a no man's land for a long time, was getting more and more crowded.

Pressured by the requirements of the bank and competitive offerings I initiated intensive preparations. After a few weeks I presented a project of retail banking development to the management of BRE Bank. The plan involved creating Multibank - an institution for more demanding and affluent individual clients. According to the project, the bank would be based on an innovative business model and a concept of integrated distribution channels, where branches would play a key role. The Management Board accepted the project.

In the meantime, in the course of work on a detailed strategic diagnosis for Multibank, which was conducted in the middle of year 2000, we noticed that unique market opportunity for a breakthrough innovation emerged - a chance to create the first Polish fully virtual, branch-less bank.

Under these circumstances I decided that we cannot miss the market opportunity and launch of mBank as soon as possible became a priority. The Management Board of BRE Bank shared this view and ordered to intensify efforts on the idea of internet banking (and to simultaneously continue work on Multibank).

## A long way from an idea to implementation

The idea of mBank, despite of a few similar successful western implementations, was still just an idea. In essence it was a vision of a handful of enthusiasts. Now it was necessary to approach it in a more detailed and systematic way. Together with co-workers I started to verify predictions and assumptions, firstly analysing the external conditions, then comparing potential external opportunities with what we had available within the company. We were advancing in five stages.

### Stage 1: Analysis of market opportunities

Before the final decision was taken, we conducted strategic analyses and evaluated market chances of the innovative project. Most difficult was to extrapolate current business opportunities and threats into the future.

In addition to widely recognized factors of e-banking development, there existed an exceptional combination of circumstances in Poland, which made the initiative especially promising. The most important among them included:

- Lack of price competition on the banking market and as a result, high profit margins. Cost structure, and especially high level of fixed expenses of the traditional banks placed limits on their maneuvering



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space and left them vulnerable to attacks.

- Shallow penetration of the modern technology among the leading retail banks. As a result, they were facing a serious obstacles in improving quality of their products and level of comfort for the clients.
- High and constantly raising expectations of the retail clients, which contrasted with the existing offerings of financial institutions.
- Fast adoption of the modern mass usage technologies in Poland, which presented a chance to develop e-banking on a wide scale.

What about the threats? First of all, a foreign competition. Evaluation of the market and competitive conditions was not easy as well and could lead to different conclusions. In the course of verifying mBank's idea I travelled to Amsterdam on an espionage mission, to see if ING Bank, whose ING Direct was conquering the markets, was planning to launch similar activity in Poland. From one of the high executives I heard an indirect answer, that Polish market was not yet developed enough for such undertakings. I felt relaxed that in the nearest future we will not face a dangerous competitor. On the other hand, it planted a seed of doubt in my mind, whether our assumptions were correct. However, it was too late to pull back and I cautiously left my doubts to myself.

### **Stage 2: Appraisal of assets available in the mother company**

In the consecutive stage we had to assess, whether BRE Bank provides personnel ready to deal with an absolutely revolutionary undertaking on the banking market, targeted at completely different profile of clients. We

drew a conclusion that employees of the mother company are worthy professionals, making an excellent fit in a traditional bank and contributing to its strategy. However, they were not appropriate for the way virtual bank works, building multi-directional and strong relations with a large number of individual clients. The very fact that BRE Bank had to engage external resources (myself and people coming from PKO BP, when we were developing retail banking) speaks for itself. It was clear that we will need brand new people and a different organizational culture.

Altogether, evaluation of the

### ***Creating the vision and the mission of mBank's activity was a process in between artistic creation and rational analysis***

attractiveness of the new initiative was very positive: we had serious chances to have a successful launch on the market, and with the course of time to become a profitable company with enormous prospects for growth, taking advantage of subsequent technological innovations and swiftly reacting to developments on the market, including - fluctuating expectations of the customers.

### **Stage 3: Creating a vision and a business model of the new company**

A vision, a mission and a business model of the new company had in fact existed even earlier, though in a simplified form. Initially they served as a justification for the project itself and for provision of BRE Bank's funds. Afterwards they attracted and motivated people, as well as cooperating companies to a hard work on mBank. Recognition of participation in a unique undertaking was a decent encouragement for everyone. Nowadays the mission and the vision create mBank's identity, warrant its existence in the eyes of the owner, employees and the clients.

Creating the vision and the mission of mBank's activity was a process in between artistic creation and rational analysis. The process lasted quite a long time anyhow. The final version of the mission (which finally became concise and reflects what is the most important and distinguishing for this company, i.e. "Maximum benefits and comfort in personal finance") emerged only after a period of time when mBank was already launched. Creating a vision of the business is, by natural way, a process, whose main elements remain the same, but details evolve with time. The philosophy of mBank's activity answers some of the basics business questions: For whom? How? What distinguishes us from the competitors? What do we want to

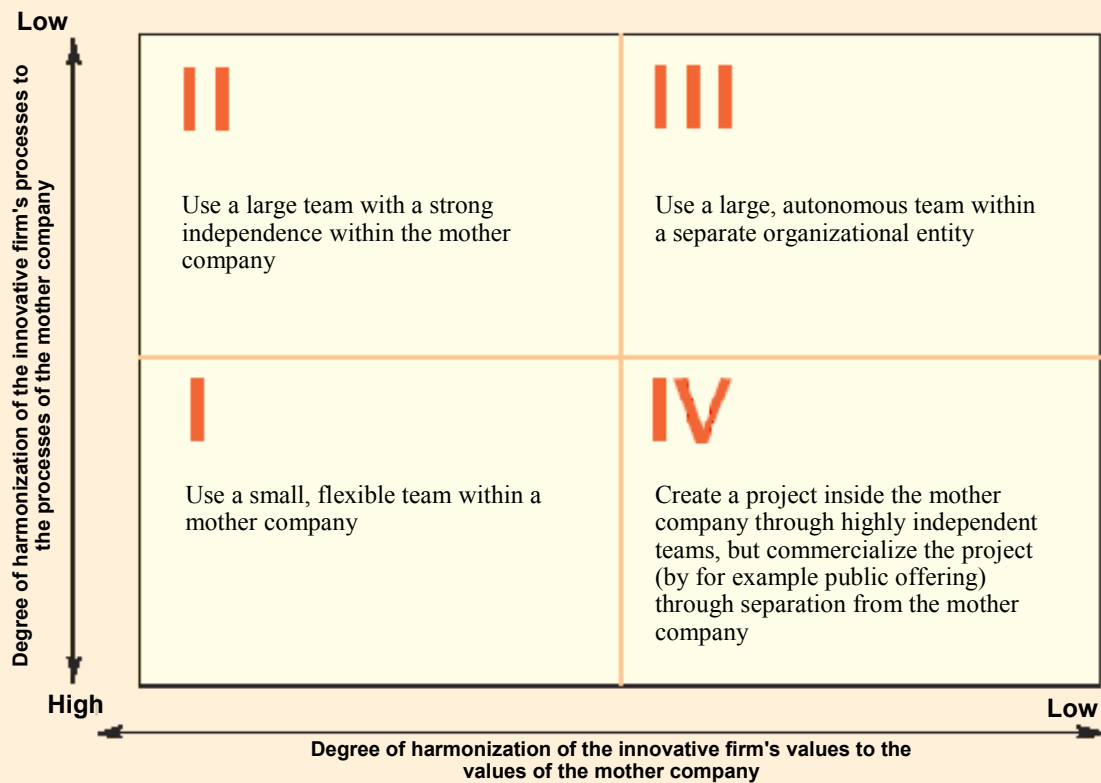
achieve? How we shape our internal and external relations?

The vision and the mission of mBank have been written down and are constantly repeated over and over again at different occasions. Recalling them ensures that we will not go astray. It also provides an iterative opportunity to call them in question, should they at any time cease to be relevant.

As a follow-up for the vision of an innovative company and its role in the market, we created a business model for the bank in which the basic value for the client was - according to the mission - the most favorable price and maximum comfort and safety in managing personal finance. It was possible thanks to cost reduction derived from direct customer service. We decided to abandon traditional branches, focusing on e-banking: application of modern echnologies allows to execute any transaction by mobile phone, cable line, computer or ATM.

When defining the business model of mBank we deliberately broke the rules of traditional retail banking, where improved quality of service and products is available at a higher price. In mBank's model we assumed creating only a limited set of innovative products and financial services. The goal was to be able to present the offer to a client in an easy way, so that he

## Choosing the right tool for the task, or how to build an innovative firm within a mother company



does not get confused with it. Despite of a modest offering we had an ambition to become a first choice bank, fulfilling the essential financial needs of an individual customer: transactional, savings and loans related. We assumed that if one can create universal products and services perfectly suitable for given needs, there is no need to inflate their number.

### **Stage 4: Together or independently, i.e. choosing strategic option for the positioning of the new firm**

The position of the project (and afterwards the resulting structure)

in relation to both its sponsor and owner in the same time, BRE Bank, was a fundamental issue for the creation of mBank. Having the mission, the vision and the business model of mBank and knowing which resources and business methods of both firms can be considered, we had to decide which functions and assets of BRE Bank and mBank to integrate and to what extent, and which to separate.

Innovative start-up projects which reach beyond competence area and activity scope of a mother company can be developed in four ways: within organizational structure of the mother company, through flexible workgroups, through autonomous project teams or outside

of the company - the latter in case when the undertaking is a breakthrough innovation and does not fit to the processes of the mother organization. (see diagram *Choosing the right tool for the task, or how to build an innovative firm within a mother company.*)

C. Christiansen, author of the book "The Innovators Dilemma: When New Technologies Cause Great Firms to Fail" once said, that for Old World companies the only way to achieve success in a virtual world is "to create a wholly independent organization and let it attack the founding company. (...) If you try to approach this opportunity from within the mainstream, success rate equals zero". In the end of 90's, when internet fever reached its peak, almost noone executed innovative projects within traditional

## Internet initiatives: questions to ask when deciding on separation or integration

Essential questions: which path to choose when creating a new firm within the mother company - which functions and processes to integrate, and which to separate.

When considering which functions and processes to integrate, and which to separate, it is worth to ask basic questions related to brand, pricing, management competence, perils connected with mixing both business models, available







distribution systems, advancement and importance of IT systems, as well as factors creating value of both companies and necessity to finance the new initiative.

Below we present the answers to these basic questions, focusing on different business aspects of both companies: some of them support integration, some of them on the contrary. One should avoid extreme choices and consider each of these aspects separately.









### Independence

### Integration







#### Brand

- |  |   |  |
|--|---|--|
|   | If current corporate brand can naturally come into being in the Internet  |   |
|   | If our virtual and real world activity aims for different segments of customers or different ranges of products |   |
|  | If retaining competitive advantage requires different pricing in the virtual and the real world                 |  |







#### Management

- |   |  |   |
|---|--|---|
|  | If the management possesses skills and experience required to expand distribution channels into Internet           |  |
|  | If the management is prepared to different evaluation of the results, taking into account Internet characteristics |  |
|  | If there is a clash between main channels  |  |
|  | If Internet is a direct threat to the current business   |  |

#### Operational activity

- |   |   |   |
|---|---|---|
|  | If our current distribution system can be integrated with Internet distribution |  |
|  | If our current IT systems provide a solid foundation for operational activity   |  |
|  | If our operational systems guarantee competitive advantage                      |  |

#### Capital

- |   |   |   |
|---|---|---|
|  | If there are problems with the recruitment and retaining of executives managing Internet activity |  |
|  | If external capital is required to finance the initiative   |  |
|  | If distributors, suppliers and other partners constitute a prerequisite for success               |  |

Based on: R. Gulati and J. Garino "Get the Right Mix of Bricks and Clicks", Harvard Business Review May-June 2000

## Together or separately: pros and cons

Decision on whether the company based on a distinct business model (for example internet initiative of a traditional company) should be integrated with the mother company or separated from it is not a simple "or,or" choice. Diverse

companies require very different integration or separation degree and each time they should think of pros and cons of the solutions and consider which functions and processes to integrate, and which to separate.

<p><b>Pros of strong integration:</b></p> <ul style="list-style-type: none"> <li>• established brand</li> <li>• information exchange, knowledge sharing</li> <li>• joint purchasing</li> <li>• effective distribution (including: common clients)</li> </ul>	<p><b>Cons of strong integration:</b></p> <ul style="list-style-type: none"> <li>• worse flexibility</li> <li>• hindered access to capital</li> <li>• more difficult to attract talented managers</li> <li>• harder to expand into new market niches and address different customer groups</li> </ul>
<p><b>Cons of strong separation:</b></p> <ul style="list-style-type: none"> <li>• limited possibilities of sharing operational expenses and lowering them (for example expenses for separate marketing campaigns)</li> <li>• deteriorated exchange of vital information about the market, customers and competition</li> <li>• inferior cooperation on achieving strategic goals</li> </ul>	<p><b>Pros of strong separation:</b></p> <ul style="list-style-type: none"> <li>• stronger focus on a new initiative and innovative, flexible methods of activity</li> <li>• stronger flexibility</li> <li>• access to funds</li> <li>• easier to attract talented managers</li> <li>• easier to enter into business alliances</li> <li>• easier to build corporate culture adequate to the innovative character of the initiative</li> </ul>

organizations, but instead opted for a spin-off or take-over of an external company already advanced with the similar project.

It seemed that the idea to create mBank was a great fit to the concept of executing the project outside the organization. There was no doubt that we were dealing with a breakthrough innovation, the implementation of which required different competences than those available in BRE Bank. The people necessary to achieve success were far from the stereotype of a conservative (in a good sense) employee of a corporate and investment bank. Corporate culture and values favourable for mBank's success were entirely different than ones

existent in the mother company. Finally, target client groups, products and services, way of communicating and approaching the customers were disparate.



Nevertheless, we decided to execute the project within BRE Bank, retaining independence, autonomy and respect for differences in all the areas.

In taking this rather difficult and certainly not intuitive choice between integration and separation we found the roadmap of a decision process by Gulatii and Garino to be helpful (see diagram *Internet initiatives: questions to ask when deciding on separation or integration*). The final results of analysis of factors for and against internal integration decided not only

on mBank being implemented within BRE Bank's organizational structure. They also determined something far more important - how will mBank be implemented, i.e. what will it create by itself, and what will be "borrowed" from the mother company (see diagram *Integration with BRE Bank and scope of mBank's independence: fixing the degree of autonomy*).

As a result, mBank created its own communication channels with the client (independent brand and logo), its own headquarters (Łódź instead of Warsaw 148 km away from BRE Bank's HQ), its own personnel (acquired from the outside). On the other hand from the mother company it received support of BRE brand (associated by the clients with reliability and innovation), seeing it as a guarantee of stability in promotion and

## Integration with BRE Bank and scope of mBank's independence: fixing the degree of autonomy

Independence - mBank 	Integration – BRE Bank 
<b>Brand</b>	
***	*
<p>New kind of activity</p> <ul style="list-style-type: none"> <li>• Different customer segments</li> <li>• New products and services</li> </ul> <p>Different kind of marketing</p> <ul style="list-style-type: none"> <li>• Aggressive pricing</li> <li>• Guerilla marketing</li> <li>• Focus on electronic distribution channels</li> </ul>	<p>Limited support with BRE Bank's brand</p> <p>Trusted BRE Bank's brand is helpful in developing deposit activity - the brand gives credibility to the new initiative</p>
<b>Management</b>	
**	**
<p>Need to create a new corporate culture</p> <p>Necessity to acquire talented, young people with fundamentally different qualifications</p> <p>Higher risk and faster pace of decision making</p>	<p>Requisite minimum of cooperation with BRE Bank's structure</p> <ul style="list-style-type: none"> <li>• Possibility of parallel development thanks different areas of activity</li> <li>• Access to general IT knowledge resources</li> </ul>
<b>Operational activity</b>	
**	*
<p>Deploying a new system into an integrated autonomous operating model</p> <p>Distribution system based on the new distribution channels: Internet, Call Center, external network</p>	<p>Requisite minimum of cooperation with BRE Bank's structure</p> <p>Taking advantage of IT human resources to develop new IT system</p>
<b>Capital and other assets</b>	
*	**
<p>Problems with acquisition and proper motivation of talented people</p>	<p>BRE Bank makes available enough capital resources to finance the initiative</p> <p>Possibility to take advantage of corporate relations to acquire cooperation of external partners</p>

JULY 2003 \* - stars signal to what extent given argument supports integration or independence; more stars signal prevalence of the argument for integration or independence



communication with the market, as well as with employees. It also received support from the executives of BRE Bank, not

- Innovative, friendly business model, attractive for the client.
- Basing the style of our communication and building

enthusiasm and engagement, willingness to sacrifice and a courage in dealing with challenges reaching beyond previous experience. They were people with a fresh

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limited merely to moral support, but also one in form of capital, resulting from understanding of the project's importance for the mother company.

For me, as mBank's project leader, its execution in this framework meant kind of a *deja vu* in all the critical management areas. I was active as a board member of a large corporate bank in a constant interaction with people and structures not adjusted with mBank, which anyway was also different from another retail project - Multibank. In the course of time I realized that the success of mBank will be determined not only by excellent business idea (detailed within the business model) but also people, involving also the organizational culture within which they were working.

### **Stage 5: Create a corporate culture for the new company**

Since the beginning of mBank's and Multibank's existence we shared the view that the key to a lasting success is building a clear corporate culture, coherent with the agreed vision, mission and the business model. Its goal was to efficiently support the strategies of the two retail projects and to distinguish us in a positive way from the competition. The values which we selected were:

- relations with the clients on honesty and business fairness (delivering on the promises!). Full transparency, openness and readiness to admit the mistakes. Work based on a constant and direct feedback from the clients.
- A kind of "communities", i.e. relations between the employees and the clients, creating their own communication style, language, atmosphere and emotional background (client council, forum, chatrooms, discussion boards, Aquarius club, Multiworlds).
- Strong and charismatic leadership, able to draw from the people's reserves exceeding the level known to be standard of work in other organizations. As a result: flat structure, high availability of the leaders and their constant presence in teams.
- Dynamism and pace of action. Promptness in reacting on the feedback from the clients or the market. Courage to reach for what yesterday seemed unreachable. Flexibility and creativity in thinking and acting.
- The newest and most customer friendly technology.
- Drawing from world's best practices and their creative inclusion into solutions attractive for our clients.

Specific mBank and Multibank projects required (and require) a team work and a peculiar kind of people. They are characterized by

view on banking, factinated by opportunities created by new technologies. Many of our employees were fanatical about the areas in which they specialized. For the leader and people shaping the corporate culture it meant necessity to balance such elements as business efficiency, research and development and satisfaction from performed work. Satisfaction surveys that were conducted have shown that vast majority of mBank employees was considering (and still considers) atmosphere at work, team relations, ambitious challenges and development opportunities as main factors motivating engagement and identification with the organization.

All the time we were accompanied by the thought that we participate in a semi-cult experience, radically distinct in different aspects of a corporate culture in relation to BRE Bank, of which we were part of. This distinctiveness we were glad to emphasize. On the other hand, we were conscious of our belonging to BRE - a bank of a remarkable record and a distinguishing reputation - which is a source of pride, and in the same time belief of having a strong support (we took advantage of BRE renown in our communication with the market).

The most visible differences between our organization cultures are located on three levels:

- personnel selection - required banking experience (BRE) vs. often lack of any professional experience (mBank);
- structures - fixed structure imposing some behaviours and dependencies

(BRE) vs. egalitarianism, youth, enthusiasm, belief in lack of any constraints (mBank);

- location - Warsaw vs. Łódź.

Whereas incubation of mBank within BRE Bank does not contradict the practices of executing projects of this type, retaining it in the structure of the mother company is a kind of an experiment. BRE Bank's corporate culture comes to an aid - it is very different, highly tolerant though, therefore lack of a complete separation of mBank does not have to be excessively painful in the long run. It is the actual independence of the management that is the necessary condition for the employees and clients to maintain recognition of mBank as autonomous entity. This very recognition is indispensable for our lasting success on the market.

### Requirements for a successful implementation phase

An enterprise which sees new market opportunities and would wish to take advantage of them, but not at expense of previous achievements and abandoning its current business model, should consider an option of creating a company within a company and take the steps which I described earlier. It is not enough, though. Certain requirements must be met, otherwise the revolutionary project will turn to a flop. Obviously among conditions

necessary for the undertaking to be successful one must mention support of the owner, his acceptance and access to the capital. Nevertheless, these are not sufficient. One must take into account also other conditions, not less important, including:

- partner-like relations with the President of the mother company;
- ambitious goals (mission and vision, i.e. strong identity and clear goal of the new initiative);
- appropriate corporate culture;
- passionate employees, carefully selected and motivated;
- determination and charisma of the leader;
- tolerant corporate culture of the mother company.

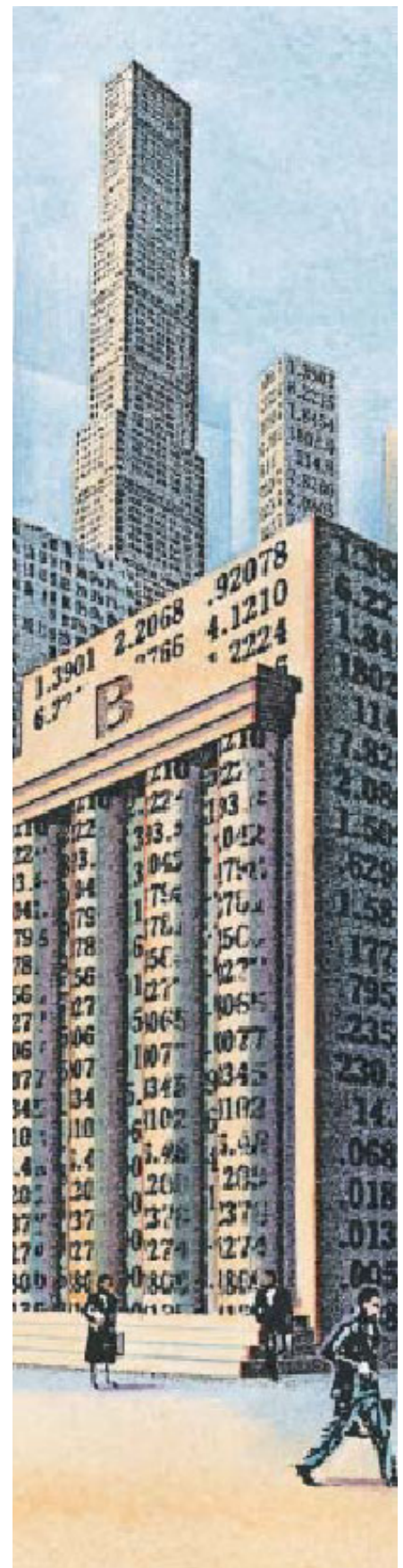
In case of mBank one should also mention seventh condition - utter independence of the new company, but - as I mentioned - everything is dependent on the specifics of both companies' relations and their way of doing business. On some prerequisites I have elaborated earlier, describing corporate culture, relationship with the President of the mother company and employees of the firm. Below I would like to elaborate some more on these conditions, which may become a meaningless catchwords, if they are not accompanied by real life examples.

### Independence

Looking back I can say that to key reasons of my achieving the goals

### *mBank: past and the present*

In the minds of 75% of banking clients mBank is the most recognized brand among internet banks. It was created in November 2000 as the first virtual bank in Poland and Central and Eastern Europe. Today mBank is an undisputed leader in e-banking in our country, having more than 500 thousand accounts and serving more than 410 thousand clients, which accounts for 30% share of the market. It is also one of the largest internet banks in Europe. Multibank was created within BRE structures almost in the same time (for affluent and demanding clients) and has already attracted almost 100 thousand clients within its niche.



which were defined (and among them - building and maintaining a separate corporate culture) belongs far reaching independence

incredibly difficult task. From an operational point of view it could be done only by people with a perfect orientation in the architecture of IT

maturity and a scale of activity sufficiently large to allow operational profit, mBank will be separated from BRE Bank's structures and introduced on the

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in execution of the project (not to be mistaken with a lack of the control by the Executive Board) and partner-like, trust-based relations with Wojciech Kostrzewa. BRE's President agreed to an unwritten contract, that the project will have an individualistic trait and that I will be able to count on his support in difficult moments. I did not realize then how necessary it would turn out to be. For example, I had the last word on controversial issues related to the project that I led, which sparked resistance of BRE Bank's representatives. One of the issues - mBank's logo, in their opinion too distant from the banking tradition. Support of the mother company's President helped me to go ahead with my ideas and retain complete leadership of the new initiative.

### **Determination and charisma**

Creating a company within a company carries a risk of encountering crises of different kinds. In order to face them, the leader of the new organization must be stubborn, strongly believing in the vision of the initiative and charismatic. I realized this during execution of mBank's project.

Launching mBank in 100 days (that was our goal) was an

systems and customer service procedures.

Therefore we decided to "relocate" the best specialists from Multibank project (as a result its launch was postponed by 6 months), who were to carry most burden of the initiative in the period till the start of mBank. It resulted in a violent resistance from team leaders, who felt abused by the execution of an external project at expense of their own. Rebellion took place in the day when BRE Bank's Executive Board gave green light for mBank. Few hours of heated discussion in the night, during which I engaged my entire authority as a manager and a colleague, gave me a chance to convince the team about the necessity to take on efforts related to launching internet banking. I have a debt of gratitude and a deep respect for those who created mBank in a planned timeframe, and then in a vast majority returned to the Multibank project, knowing that they will have to wait at least two years for their commercial success.

### **Ambitious goals**

In the second phase, the managing of mBank was taken over by the people acquired during implementation phase. They went on with the initiative under conditions of a far reaching autonomy. We assumed that after reaching operational

Warsaw Stock Exchange. That was an important element of BRE Bank's strategy. It would yield profit for the owner and create better conditions for further expansion of mBank through acquisition of necessary capital and tying the best managers with stock options.

From the beginning it was a goal, with which the employees also strongly identified. However in September 2000 the decision was taken to cancel the operation with Bank Częstochowa, which was supposed to be a vehicle for independence and a public offering. The decision was taken literally in the last minute, when everything had already been prepared, including delegation of individual tasks to employees, customization of the operating systems and a strategy of communication with the environment. Earlier on, the restructuring of Bank Częstochowa, which was being prepared for the transformation from a traditional bank into a virtual one, was successfully conducted. Assets and clients declaring attachment to a traditional model had been intended to be relocated to BRE Bank (enterprises) and Multibank (individual clients). mBank was to be transferred into an almost empty Bank Częstochowa. For a time being some of mBank employees were already working simultaneously in Bank Częstochowa, and employees of the latter - in mBank. The target team was integrated long before merger operation.

Abandoning this project was a strong disappointment for everybody and released strong frustrations. mBank crew

is not an army of specialists hired for high wages. The way the team was built and the corporate culture emphasized benefits postponed in time, resulting from the commercial success and increasing value of the bank. Engagement of the employees was driven by a vision of creating a remarkable project, but also by prospects of high benefits in form of raising salaries and sharing the increase of bank's value after public offering.

After the decision on remaining in BRE Bank's structure almost all employees of Bank Częstochowa which were to be transferred to mBank had left. Many mBank employees soon found other challenges in competing banks and other financial institutions. In all regards it was a traumatic experience. One had to bid farewell to dreams of the stockmarket, independence, creating value of the company through direct incentives directed to employees. One had to bid

farewell to a lot of people. The rest was affected with a motivational crisis.

The search for new challenges lasted a few months. Only implementation and success of new mBank's projects, such as Mutual Funds Supermarket and Credit Cards, as well as setting a new clear goal - acquiring one million clients - revived the spirit of the team. Seems that it once again believes in its mission.

I managed to overcome all these critical moments thanks to stubbornness and faith in the success and sense of this undertaking. It allowed me to look for new challenges and set goals for the employees, which could motivate them anew.

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After two and a half years since launching, mBank is an important part of BRE Bank. Having an ambition to acquire one million clients in next 2-3 years, mBank may well become mass bank of e-

generation. In the moment when it reaches turn-around point and begins to bring in operating profit (which is due end 2003, after 36 months of functioning) its activity will have a significant impact on valuation of BRE Bank on the Warsaw Stock Exchange. As it can be seen, merging an innovative idea and an established position of the mother company does not have to look like linking fire with water.

In Poland such connection is not only possible, but optimal when one wants to take advantage of a huge business opportunity. It is difficult to find money for kick-off or development of innovative undertakings, whose bright future is only a potential one at the moment. Due to high risk not only banks, but also venture capitalists are afraid of such start-ups, even though they are by definition more risk-friendly. Potential employees still lack mobility, have low qualifications and are risk-averse. Government regulations, corruption and tax office's way of conduct are truly a curse blocking entrepreneurship. Under these circumstances the choice between creating the innovative company in-house or outside of the mother organization seems obviously in favor of the first solution.