

Business Value from Knowledge Management

Sharing our KM
measurement experience
with KIPA

Phil Barnett
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PwC Advisory Services
Collaboration & Knowledge Management

Agenda

Some measures we're proud of!

Classical ROI and KM ROI Drivers

PwC's KM Transformation Dashboard

Leveraging existing Management Metrics

Common User Experience Meters

Innovative ROI approaches

Our "Reality" Filter

Conclusions & Discussion

Some KM Results we're proud of

- 96% of all our engagement teams used our knowledge tools
- Our Knowledge Gateway sees an average of 200,000 hits/month (from about 30,000 employees)
- 72% of our 2010 survey respondents said that our KM improvements had made them more competitive in the market
- In a survey of client engagement managers, ~15% of their project value is attributed to KM (tied very closely with Human Capital, Brand, and Technology infrastructure)
- On average, at least 50% of PwC US client service professionals use our KM tools on a monthly basis
- For the 9th year, PwC was included in the global MAKE (Most Admired Knowledge Enterprise) award, and this year we were No. 4 alongside Google, Apple and IBM.

Classical ROI

ROI% = Economic Benefits – Economic Costs

Economic Costs



Organizations should expect business ROI impacts from effective Knowledge Processes!

Some Potential KM KPIs that we can develop:

Cost: historical data / lessons learned for developing cost estimates (cost accuracy)

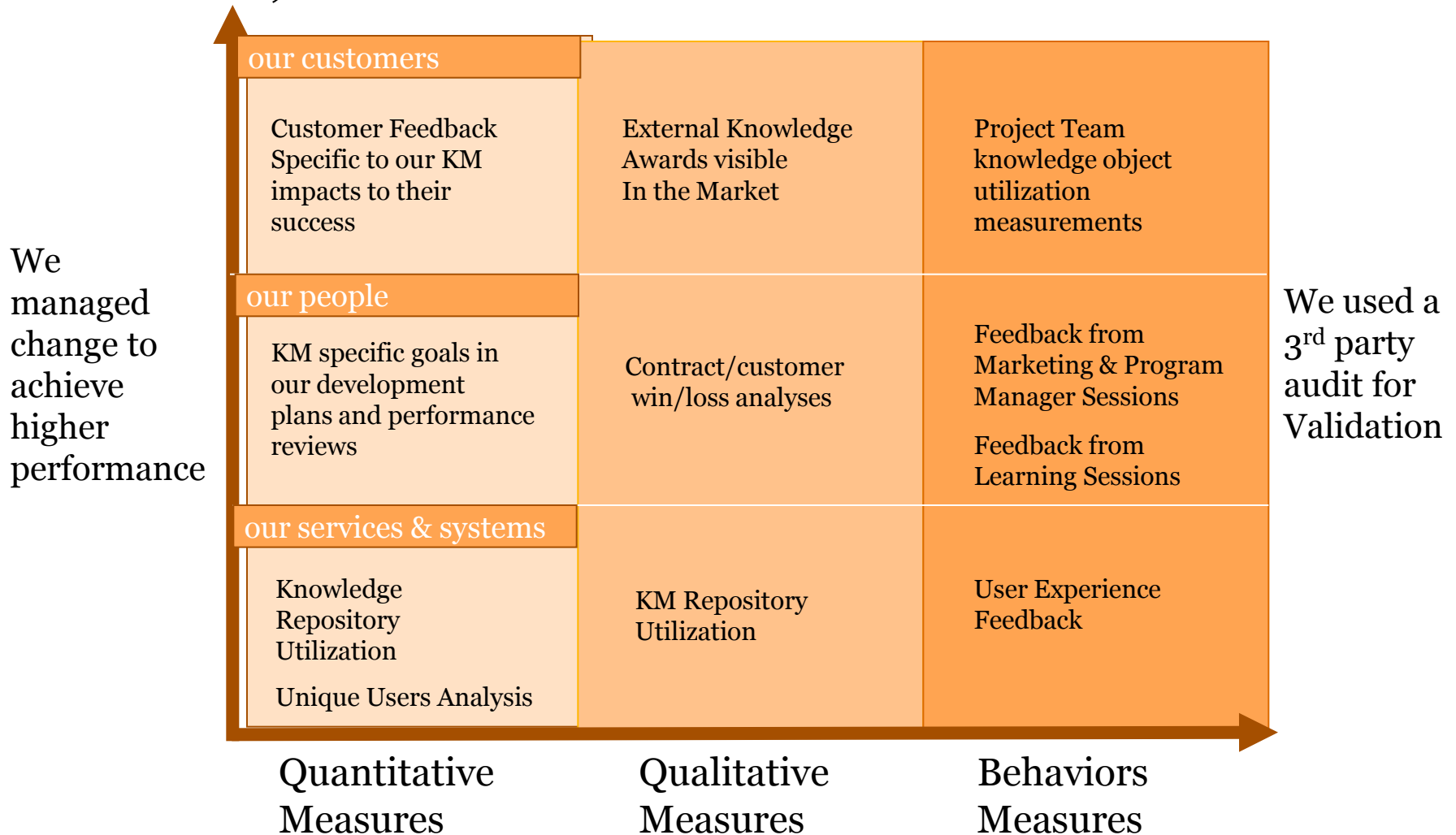
Cost / Quality: information sharing on suppliers, e.g. risks, personnel changes, unit pricing, etc.
(number of common suppliers programs, portfolios or business units)

Schedule: access to historical data for quicker proposal turnarounds (proposal cycle times and win rate)

Quality/Technical: collaboration on "standard work" or leading practices (date of last update, number of contributors,)

ROI Driver	Our Measurement Experience
Cycle time reduction and time savings	This has been the easiest to estimate. Maps to simplification and utility KPIs with significant business value created.
Retention of existing customers/contracts	We have not formally measured a KM association with client retention beyond measuring how many engagement teams are using KM tools and knowledge repositories, which is ~97% of all our ongoing engagements!
Winning new customers/contract	We have not formally measured a KM association with new clients/contracts beyond measuring how many engagement teams are using KM tools and knowledge repositories in our business opportunity management process. Measures are unreliable because of data quality.
Value pricing products & services	We have not formally measured a KM association with value pricing our products and services because of the recession's impact on our markets.

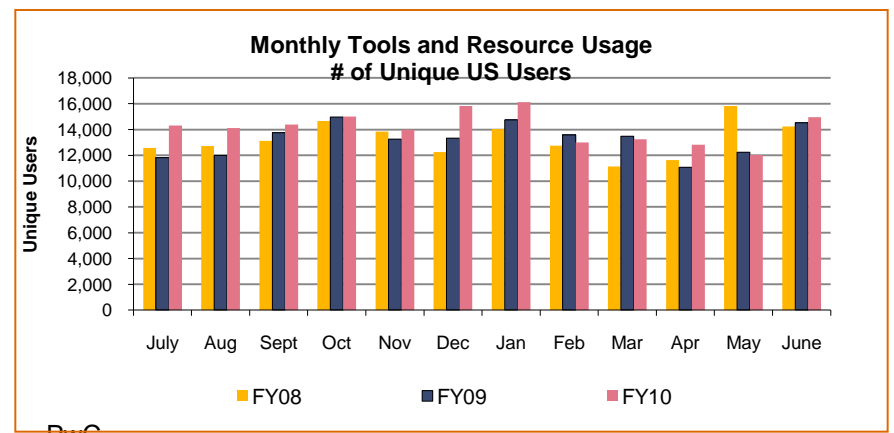
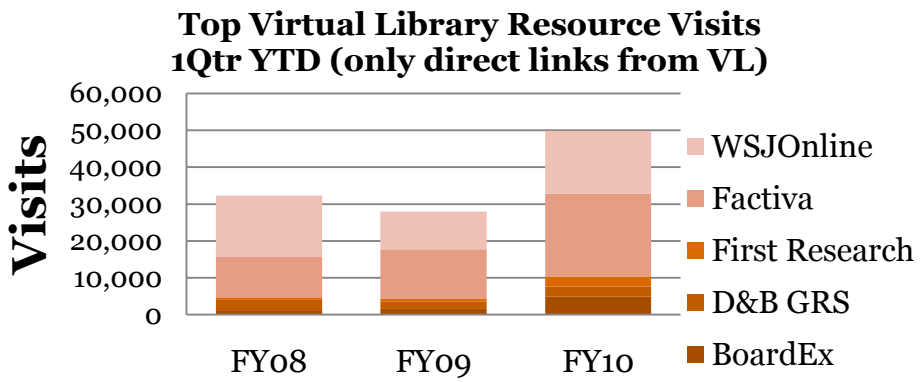
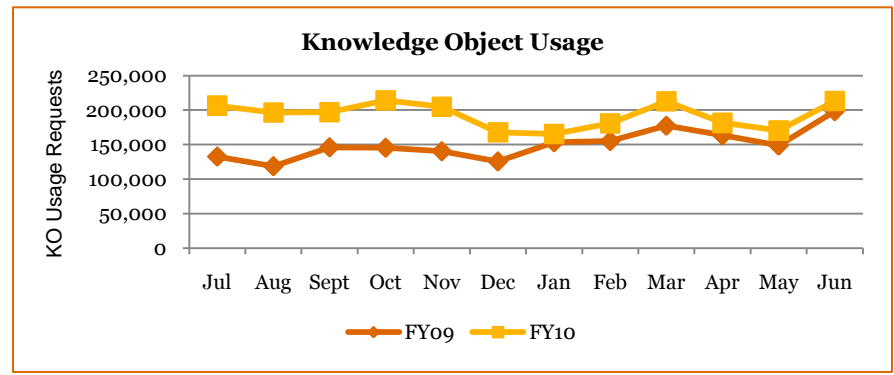
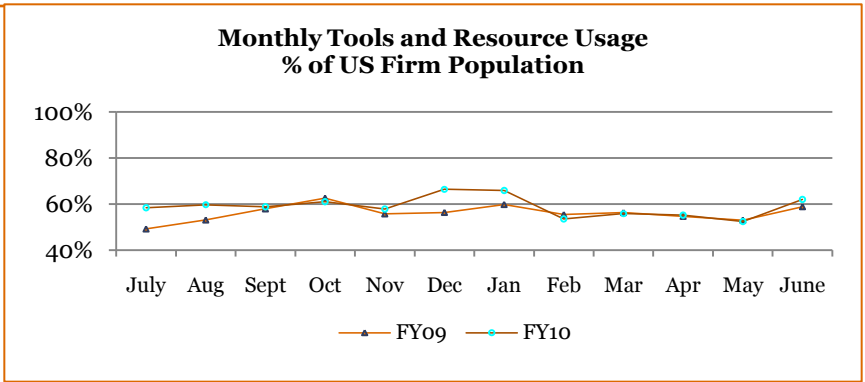
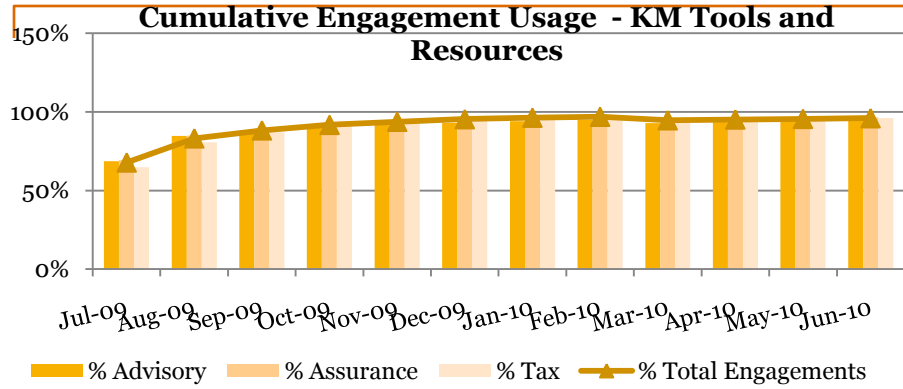
Over the time-frame of our transformation, we tied KM metrics reporting to a management level performance dashboard, similar to a “balanced scorecard”



Qualitative measures are influenced by our KM processes, efficiency and progress

Qualitative Measure Targets	Means	Example
Our Clients	Net Promoter Scores	Examine feedback comments that are specific to KM
Our People	Pulse Survey / Voice of the People KM Survey	Examine feedback about progress and needs
External Observers	Global MAKE Award (Most Admired Knowledge Enterprise)	Examine rankings and peer group, plan performance improvements

Some typical KM quantitative/usage meters



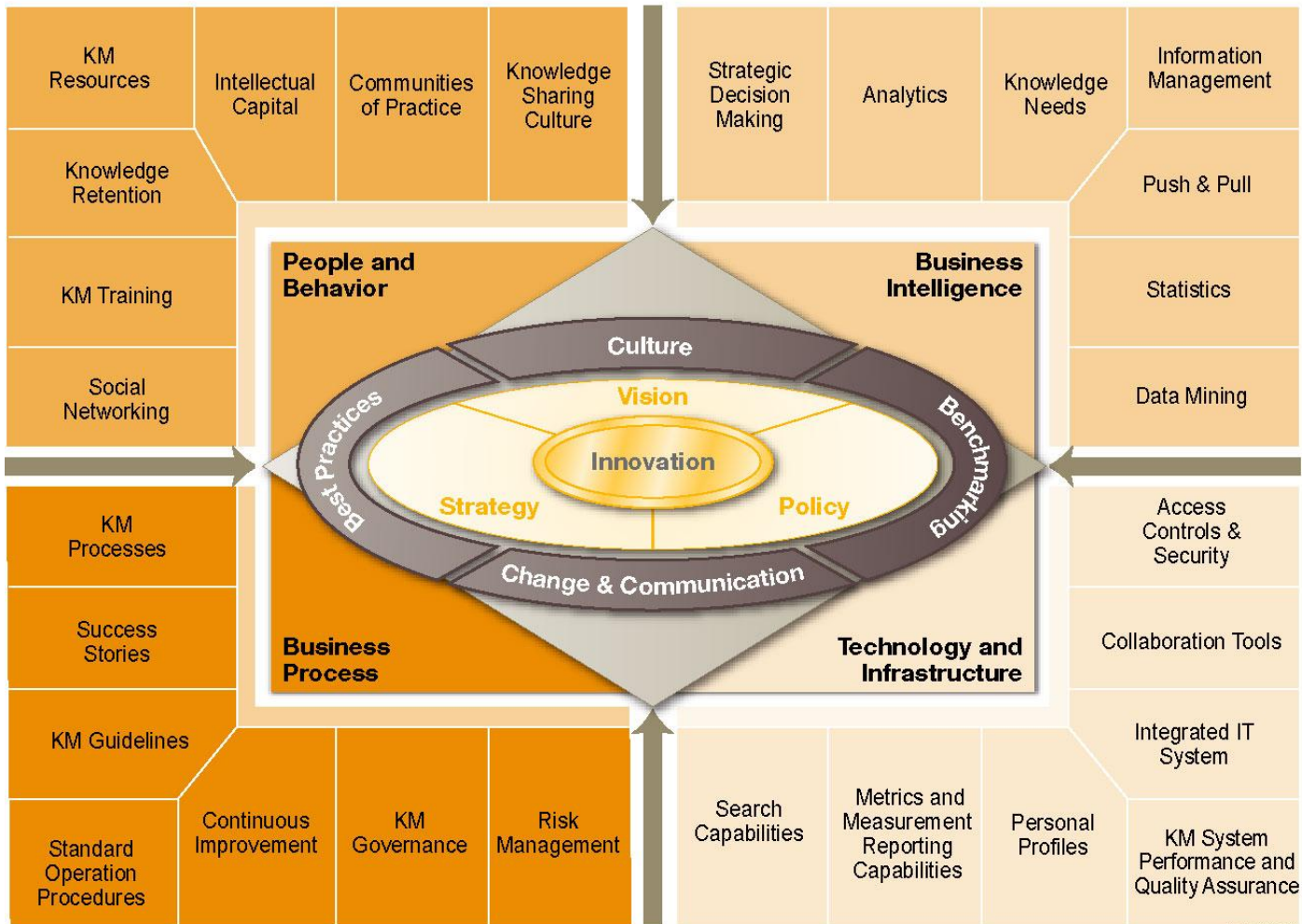
• Year over year increase is mainly in Factiva

- Top content used during June included Health Reform related, new segmentation framework and 10 Minutes on the Cloud
- The Knowledge Gateway and Document Search are the most used tools consistently month to month
- Person by topic and iDP are consistently the least used tools with a low number of unique users the entire fiscal year

But we also engineered targeted hypothesis testing to measure intended KM outcomes

Designed Probe	Means	Results
Engagement Team Value Perception	Allocation of profit to a “K-Factor” percentage	Allocation to KM is typically 15% of profit
Text Mining PeopleSoft Records	Search and compare Development Plans (what was promised) with Self-Assessments (what was delivered)	Staff results reported in the Annual Summaries slightly exceeded commitments in Development Plans.
“Voice of the People” Survey	4 KM questions to 10,000 people	45% response, feedback on utility, value, bottlenecks, suggested KM innovations
External Auditor	Combination of interviews and financial analytics	Our upgrade of KM returned >9X investment over a 4 year investment horizon

And our PwC KM framework provides a dynamic foundation for a balanced approach to metrics



This framework focuses on enabling innovation-driven KM. PwC has supported numerous clients in developing KM programs designed within this framework. In our experience, it enables the identification of best practices at the points of innovation, success measures, and a balanced design across Technology, Process, People and Business Intelligence.

We've heard this cliché before: “knowledge management ROI is tough to measure.”

However, we can and do measure it every day in project and business management. Key is selecting yard-sticks leaders already use and trust to run the business.

Phil Barnett, Managing Director

PricewaterhouseCoopers LLP

Advisory/Collaboration and Knowledge Management

3109 W. Dr. Martin Luther King, Jr. Blvd.

Tampa, FL 33609

phil.barnett@us.pwc.com

312-543-9094