



Accelerating insight

*How knowledge
supports the
global network of
firm in FY12 and
beyond.*

pwc

Vision:

Our vision is that all PwC professionals:

- Act as one network that brings the best to our clients in each and every interaction.
- Connect with people and networks to exchange knowledge and insights that address client issues without regard for geography.
- Build personal networks of experienced professionals trusted to help address complex client issues.
- Utilize methods and toolsets first to provide a quality client experience.
- Demonstrate knowledge sharing behaviors as a part of their working practices, enabled by enterprise business collaboration.

What do we mean by knowledge strategy?

We know the term “knowledge management” has different interpretations. The type of knowledge, or knowledge activities, required by one business unit or country will differ from that required by another.

1. There is a wide variety of network needs. To address this diversity while remaining focused on current objectives, this strategy is meant to begin a directional shift away from repositories and documents and closer to people and networks. It aims to encourage network sponsorship and provide a tool set that enables this new approach.
2. This strategy focuses on aligning knowledge activities across the network while maximizing the impact of current successes .
3. This strategy also recognizes that competitive intelligence, business development and market activities are currently supported and managed at the country level.
4. This strategy is designed to support and accelerate the sharing of those in country activities across borders for the benefit of the entire network.
5. This strategy is about sharing and (re)using the richest content, across the network, that supports strategic priorities. It is about using an alignment approach to stretch across borders and practices.

What is driving the need for a change in strategic direction?

Market and other business drivers:

Competition

Ernst & Young has centralized knowledge management operations into one firm structure.

Deloitte has first mover advantage in social media use.

KPMG hires Chief Knowledge Officer from Bain and increases technology spend.

McKinsey brand is synonymous with knowledge.

Business trends

Faster time and speed to market is seen as foundational.

Quickly onboard new staff and integrate acquisitions.

Globalization

Non traditional sources of useable information.

Historical knowledge in West, new opportunities in East.

Customer feedback

Customers want a more meaningful relationship and easier interaction with PwC and its people.

Workforce Shift

Boomers are retiring.

Millennials work differently.

Modern networks and channels are required.

Creating a common knowledge framework

A common knowledge sharing framework

- We have a lot of content. It is pervasive and available, but only if you know who to ask.
- Highest value content changes quickly. It is highly situational in application. It is often not well suited to formal documentation. How to apply it or knowing when not to apply it is important.
- New value (insight) is challenging to capture as it occurs at the point at which knowledge is acted upon or discussed.
- Within borders, PwC professionals openly share on a person to person basis. Few people withhold when asked.
- Great value is created when a collection of people gather to collaborate on solving a problem. To create scale, you need awareness, connectivity and re-use.
- The primary goal should be to connect people to foster collaboration and create insight that leads to opportunity.

KM priorities supporting FY12 and beyond

A focus on insight, networks, collaboration and process integration is being adopted by many knowledge programs across the firm to better enable x-nation knowledge sharing.

- 1. Share and use insights** – Support and enable opportunities and engagement delivery, across silos, priority clients and geographies.
- 2. Accelerate personal and topical collaboration** – Accelerate development of personal networks and timely participation in networks that provide personal learning, growth and business opportunities. Focus our tool set to enable the behavioral change required for real time connectivity that enables capture and re-use of knowledge and insights.
- 3. Embed knowledge activities into working practices** – Capture key insights and usable ideas through methods and tools and other key processes.
- 4. Realign knowledge workers to support sharing and identification of insights** – Develop new baseline roles and responsibilities for knowledge workers that focus more on the client and less on administration.

What does this look like in practice?

A global network of PwC healthcare directors are discussing ideas as to how technology could be used to help manage illness in rural areas. A question is posed: Could a smart phone application be developed that could monitor patients' health, and communicate the results straight back to their doctors, saving time and money?

One director takes the idea to a US telecom client. Another director takes the idea to their client in Spain.

The US team wins a non-competitive engagement and, after implementation, helps the Spanish team in discussions with their client.

...next stop, rural China.



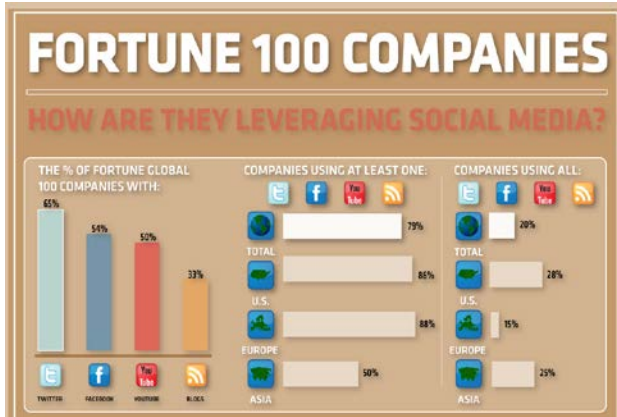
Social Media: Enabling Business

Key Trends

Globally tens of thousands of staff need to connect to leverage the collective expertise, experience and skills inside and outside the organization in order to achieve sustainable and profitable growth.

Trend	Description
Rise of the Millennial and retirement of the Baby Boomers	<p>A high percentage of knowledge “walks out the door” as staff retire and a new generation of people join who think and operate in new and different ways To stem our loss of knowledge from our previous generation sand capture the creative capabilities of our next generation we might:</p> <ul style="list-style-type: none">▪ Engage retiring specialists as knowledge mentors and creators▪ Provide knowledge channels which are modern and are attractive to our diverse workforce
Acceleration of time and speed to market	<p>Global events like the financial crisis, the ever faster pace of change due to technology, and the demands of our clients will require faster responses and shorter time to market. Increases in business and operating risks create the need to manage and respond more quickly. A faster changing environment leads to rapid rise and decline of business opportunities and business risks. Agile Knowledge Management activities will:</p> <ul style="list-style-type: none">▪ Reduce time to onboard new staff, establishing and sustaining networks▪ Integrate people and content from acquisitions▪ Build new capabilities
Explosion of data and new technologies	<p>The volume, speed and number of data sources will continue to explode. The increase in the volume of data will make capturing insights for both ourselves and our clients more difficult.</p> <ul style="list-style-type: none">▪ The relatively lower cost and greater availability of data will create new business opportunities in analyzing and interpreting data and aggregating multiple sources to identify new insights.▪ However, the availability of new decision tools and technologies will create opportunities for provision of many of our services.
Globalization and the shift in economic centers of growth	<p>As global markets continue to shift from West to East and North to South, we will require a more seamless transfer of IP and knowledge across the Network. The majority of todays IP and relationship networks are based in the West while business opportunities are in the East. Businesses will increasingly operate in a cross border way. These shifts will involve:</p> <ul style="list-style-type: none">▪ New sources of knowledge beyond traditional sources (geographic, cultural)▪ Opportunities to acquire knowledge effectively▪ Need for increased integration of channels across organisations or with new organisations

Basic Framework of Social Media



Source: Burton-Marstellar Evidence-Based Communications Group, "The Global Social Media Check-up", February 2010; Flowtown, "How are Companies Leveraging Social Media?", March 2010

Web 2.0 technologies	Description	Category of technology
Wikis, commenting, shared workspaces	Facilitates co-creation of content/applications across large, distributed set of participants.	Broad collaboration
Blogs, podcasts, videocasts, peer to peer	Offers individuals a way to communicate/share information with broad set of other individuals.	Broad communication
Prediction markets, information markets, polling	Harnesses the collective power of the community and generates a collectively derived answer.	Collective estimation
Tagging, social bookmarking/filtering, user tracking, ratings, RSS	Adds additional information to primary content to prioritize information or make it more valuable.	Metadata creation
Social networking, network mapping	Leverages connections between people to offer new applications.	Social graphing

Source: McKinsey Quarterly, "Six ways to make Web 2.0 work", February 2009;

SOCIAL NETWORKING IS CONTENT FLOWING AS FREELY AS POSSIBLE

- Hal Varian, Google's chief economist, perhaps said it best in an interview with McKinsey in 2009: "If you look at the beginning of the 20th century, we saw the rise of mass production. Henry Ford and the entire team were down on the factory floor raising this, lowering that, speeding up the assembly line, changing the way things were built, and were able to extract far more efficiencies than were available before. I think the same thing is happening now with digital technology. **When we're all networked, we all have access to the same documents, to the same capabilities, to this common infrastructure, and we can improve the way work—intellectual work, knowledge work—flows through the organization.** And again, in my opinion, that will lead to a substantial advantage in terms of productivity."

HOW COMPANIES USE SOCIAL MEDIA

- Companies use social media in two major ways – externally, for marketing and branding purposes, and internally, to disseminate information and promote discussion.
- One-third of the top global 100 companies maintain a blog, and 65% use Twitter.
- According to the Burton-Marstellar Evidence-Based Communications

Source: McKinsey Quarterly, "Hal Varian on how the Web Challenges managers", January 2009; Burton-Marstellar Evidence-Based Communications Group, "The Global Social Media Check-up", February 2010; McKinsey Quarterly, "How Web 2.0 is changing the way we work: An interview with MIT's Andrew McAfee", November 2009;

Group, "While companies are relatively less active on their corporate blogs than on the social media channels, there is a lot of commenting from stakeholders on active corporate blogs. For example, only 11% of U.S. corporate blogs had posts in the past month, but 90% of the blogs with posts had comments from stakeholders."

HOW COMPANIES ENCOURAGE SOCIAL MEDIA USE

- There is a lot of debate about how to get social media use started in an organization. The debate is divided into two schools: those who advocate a top-down vs. those who advocate a bottom-up approach.
- In the bottom-up approach, management "deploys the tools, stops worrying about what's going to happen, and get out of the way...and let it percolate up from down below. Or if you hear about a grassroots effort, encourage it, support it financially, but, again, get out of the way, let the bottom-up energy happen," according to Andrew McAfee, in an interview with McKinsey in 2009.
- The top-down approach hypothesizes that energy from the top, or at least signaling that management approves of it and its in-line with the goals of the organization, is needed. Otherwise, according to McAfee, "people are going to sit on the fence for a long time and they're going to wonder if this is a worthwhile use of their time, if it will increase their human capital in the organization or not."

Opportunities and issues when Implementing Social Media Systems

POTENTIAL ISSUES

Despite all the potential benefits of social networking, McKinsey survey respondents were split over their satisfaction with Web 2.0 technologies. Much of the dissatisfaction stems from improper implementation of Web 2.0.

- **Low participation can hinder value of social media technology.** Social media are platforms through which content can be created and shared. Without a strong level of participation, the effectiveness of the technology to encourage collaboration and knowledge-sharing is diminished. Participation is a particular issue if it is not built into a user's daily workflow.
- **Misunderstanding the medium's power.** If managers do not fully understand how value is created with social media, then they will be less effective in maximizing that value across the firm.
- **Innovation platform as a PR campaign.** Executives launching blogs either internally or externally, is a clear signal to their organization that they are open to more social media interaction. However, the effect is diminished when the blogs read like press releases or then commenting feature is turned off.
- **Deployment without investment.** The "if we build it, they will come" philosophy – i.e. enthusiastic people deploy new tools, but don't invest the time to drive people to the new tools and signal that it's a way to achieve performance goals, or wait a sufficient amount of time for the communities to build up and thrive.
- **Need for strong internal capabilities.** 42 percent of McKinsey respondents say that if given the opportunity to do something differently to make their Internet technologies investments more effective, they would have "strengthened internal capabilities to make the most of the market opportunity at hand".
- **Measuring impact and judging success.** According to Andrew McAfee, expert on Web 2.0: "I haven't come across people who have done our old-fashioned technology ROIs and are happy about it. What I've seen instead is organizations that do a bit of thinking about: What do we want to have happen? What business need are we trying to address? What challenge, what opportunity, are we trying to seize here? And then think about which exact technologies they can deploy to help them with that."
- **Speed is of the essence in adoption.** 24 percent of respondents to a McKinsey survey said that their companies "should have invested sooner in the technology that in the meantime had a significant impact on our industry". This can be difficult for companies with higher security issues or less flexible leadership structures that make it harder to move quickly on new trends.
- **Trusting the content.** For workers to use the knowledge that's being shared through social media, they have to trust that the writer is expert enough on the topic to use the information. Trust can be affected by a number of factors, including demographic similarity, organizational similarity, social capital and actions of the knowledge source.

BENEFITS OF SOCIAL NETWORKING

Nearly 75 percent of executives surveyed by McKinsey say that their companies plan to maintain or increase investments in social media and collaboration technologies in the coming years. Less than a fifth say that they are disappointed with the results of their investments. These findings suggest that despite the potential risks and the need for infrastructure, companies have found strong benefits to using social media.

- **Harnessing the power of informal networks.** Much of a company's information and knowledge already flows through informal networks. Formalizing those networks and building infrastructure to help them flourish, will help companies to harness that power.
- **Increased productivity.** By speeding up the ease and speed through which knowledge can be shared, work can be done more efficiently – and often, with the inspiration of peers, in more creative ways.
- **Taking knowledge out of the silo.** 81% of McKinsey respondents agreed that information sharing has increased as a result of the company's use of Web 2.0 tools and technologies. The benefits are especially apparent among companies that are traditionally vertically-organized – social media allows these companies to break out of the mold and communicate with individuals with whom they would not otherwise.
- **Flagging holes in knowledge.** When knowledge is being shared most effectively, it also makes holes in knowledge more apparent – there's no hiding behind the guise of ineffective communication.

Source: McKinsey Quarterly, "How Web 2.0 is changing the way we work: An interview with MIT's Andrew McAfee", November 2009; McKinsey Quarterly, "Six ways to make Web 2.0 work", February 2009; IBM Institute for Knowledge-Based Organizations, "Trust and knowledge sharing: A critical combination", March 2003; McKinsey Quarterly, "How businesses are using Web 2.0: A McKinsey Global Survey", March 2007

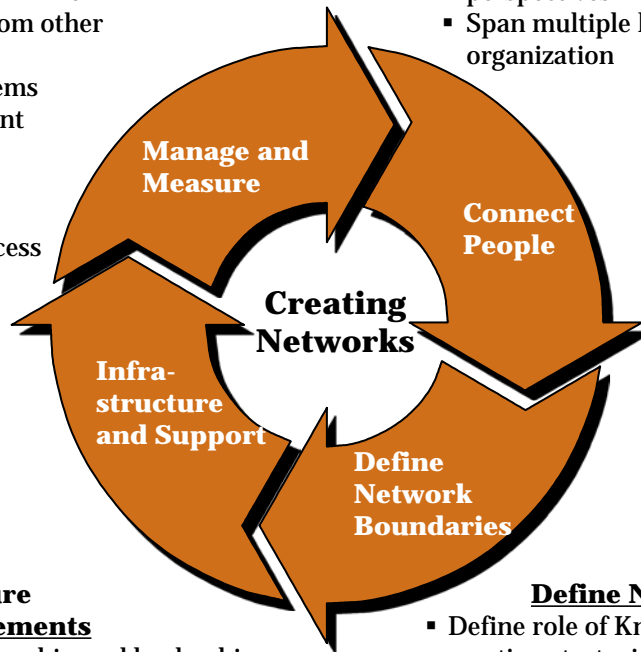
Unlocking the power of social networks

Manage and Measure

- Establish performance and management criteria
- Define methods of contribution recognition (e.g., member “Like” votes, number of links from other sources, etc.)
- Develop automated systems tracking and measurement
- Define timing period for assessment and who is responsible
- Define new member process

Connect

- Identify target audiences and participants
- Combine different and unique perspectives
- Span multiple layers of the organization



Develop Infrastructure And Support Requirements

- Define Network sponsorship and leadership
- Determine technology support
- Identify information requirements

Define Network Boundaries

- Define role of Knowledge Network in meeting strategic goals
- Establish individual Knowledge Network goals and objectives, including metrics and targets for success
- Set clear member expectations, including timeframe and levels of commitment and meeting schedule

How to unlock network participation

1. The transformation to a bottom-up culture needs to be driven from the top-down (Leadership engagement).
2. The best uses come from end-users – but leadership support helps to achieve scale
3. Ad hoc processes lose their novelty and their users over time. Sustainability requires daily use within the context of everyday processes.
4. Appeal to the participants’ needs and egos – not just their wallets.
5. Balance freedom and control – manage risk

Case Studies

LOCKHEED MARTIN

Lockheed Martin, a large global aerospace and defense company, was interested in a Web 2.0 internal strategy but had many security concerns. To address these concerns, Lockheed executives made sure that every kind of contribution could be flagged if it was inappropriate, so that every member of the organization played a part in ensuring that security was maintained, and so that there was an easy mechanism for inappropriate comments to be brought to the attention of the compliance department.

U.S. INTELLIGENCE COMMUNITY

The U.S. intelligence community had really severe problems with knowledge-sharing and locating expertise among the bureaucracy of 16 federal agencies, problems made especially clear after the events of 9/11. Some of the most useful tools they've deployed have been simple tools like an intelligence community-wide Wiki and blogging environments where

people can narrate their work. With white-bar search capabilities layered on this content, the pool of content became an effective way to find expertise, even in a large, decentralized organization.

GOOGLE

Google has, not surprisingly, been an adept adopter of social media use. Company engineers use blogs and wikis to report the progress of their work, which managers then monitor to monitor their team's efforts. Not only are the engineers better able to coordinate with each other, managers are also able to easily reallocate resources as needed.

Why launch collaboration through social media?

The experience from the recent PwC social media initiatives has demonstrated the business value of using social media technology in delivering the a positive experience to our people and teams.

The ability to create and disseminate information and knowledge has increased with the use of social media technology. Research has shown that social media technologies:

- Inspire innovation by unlocking tacit knowledge hidden within our people.
- Enable people and clients to connect and network globally, fostering better collaboration across territories.
- Provide people a mean of having a voice. In addition, it can address the generational shifts in our people and clients by keeping up with their demand for sharing and participation.
- Facilitates the sharing of knowledge and communication of ideas. Allowing people to learn differently.

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