Knowledge at KPMG

September, 2011

Robert L. Armacost – Global Head of Knowledge
Knowledge Management in Professional Services

- Why KM matters so much in professional services
- Primer on KM success factors
- Our experience at KPMG
How to get started in KM

Job Counseling

We'll need to disguise the fact that you're a moron.

Ironically, the best way is to become an expert in something called "knowledge management."

We must develop knowledge optimization initiatives to leverage our key learnings.

SMART.
<table>
<thead>
<tr>
<th>Characteristics</th>
<th>KM implications</th>
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<tr>
<td>• Knowledge IS the product being sold</td>
<td>• KM is <strong>core</strong> to the company strategy and must involve everyone</td>
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<td>• Competitive pressure is greater than ever</td>
<td>• KM must focus on tangible <strong>impact</strong> on revenues and efficiencies</td>
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<td>• Common approach to problems, but design customised solutions for each client</td>
<td>• Focus on codifying <strong>approaches &amp; products</strong></td>
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<td>• Strong policies to protect client confidentiality</td>
<td>• Encourage people to talk to each other about project experience</td>
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<tr>
<td>• About enabling all people to quickly engage and add value</td>
<td>• Develop <strong>strict guidelines</strong> to protect content</td>
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<td></td>
<td>• Tailor system to <strong>all user levels</strong></td>
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This is where organizations want KM to help

**Corporate Strategy Issues**

- Globalization
- M&A and merger integration
- Deregulation

**Business Processes**

- Supplier facing
  - Sourcing
  - Supply chain management
- Internal
  - Manufacturing
  - R&D/innovation
- Customer facing
  - Orders, salesforce
  - Service

- More successful global reach, integration and response speed
- More productivity
- Increased growth and customer value
- Higher employee retention

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Major KM success stories have peaked ongoing interest in KM

“During the 1990s, few [efforts] have been as important or as rewarding as ... sharing and managing knowledge throughout our company ... this priority was one of the keys to reducing our operating costs by more than $2 billion per year ... over the last seven years.”

Kenneth Derr, Chairman and CEO, Chevron

“In 1997, John Browne, CEO of BP Amoco, asked [Kent Greenes] to lead an effort ... In 1998 they went to work in earnest, and in one year brought $260 million to the bottom-line -- documented savings attributable to knowledge management -- plus $400 million more likely but not yet booked. Nearly $700 million [over two years].”

Fortune magazine

“[Siemens] ShareNet, which cost only $7.8 million, has added $122 million in sales ... it was crucial to landing a $3 million contract to build a pilot broadband network for Telekom Malaysia.”

Business Week magazine
85% of companies have no stated objectives for KM

Percentage of respondents

- No KM efforts underway
- Clear objectives

- KM efforts underway
- No stated objectives
Why KM Often Fails

• Not properly defining KM for the organization

• Viewing KM as a separate function, versus just a part of business strategy

• Not enough thought before technology

• Misguided focus on people and process

• Trying to take the “big bang” approach
A potential definition of KM

“The practice of creating, capturing, transferring and accessing the right knowledge and information when needed to make better decisions, take action, and deliver results in support of the underlying business strategy”
Knowledge management is an integrated process, supported by people and IT

- **Aligned** with overall business strategy
- **Defined by:**
  - **Content:** What should be captured?
  - **Approach:** Connecting people or finding documents? Centralized or decentralized?
  - **Accessibility:** Who has access to what?
- **Technology selection** based on:
  - **Strategy**
  - **Architecture**
  - **Cost effectiveness**
- **Optimized for user-friendliness and easy access** to relevant content

- **Knowledge process cycle:**
  - **Create**
  - **Capture**
  - **Organize**
  - **Share**
  - **Use**

- **Business strategy & KM objectives**
- **Technology**
- **People and incentives**

- **A plan to encourage and enable** KM activities by the line
  - **Roles**
  - **Metrics**
  - **Performance evaluation**
  - **Incentives**
  - **Training**

- **Dedicated KM staff to drive the program**
A first step is a knowledge “audit” of each business process

- Find sources and flows of knowledge
- Determine how it is captured

- Map core processes
- Identify knowledge needs

ILLUSTRATIVE
Mapping processes will then highlight points of knowledge creation, transfer, and use

Example: Investment advisory services

Client
- Contact firm

Advisor
- Develop profile
- Develop strategies
- Review strategies
- Develop strategies
- Review strategies

Supervisor
- Review strategies
- Research

Research department
- Advise/ offer research
- Make decisions
- Review plan
- Prepare plan
- Monitor results

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Generally, knowledge strategies blend two approaches

**Personalization**
- Focuses on **networking people**
- Used when **high creativity/customization** are required
- Often **higher margin businesses** requiring experts

**Codification**
- Focuses on **re-use of solutions**
- Works with **standardized products**
- Often **lower margin businesses** requiring executors
But there are tradeoffs between them

- **Personalization**
  - Enabling and maintaining networking is not cheap
  - The best knowledge disappears when people leave

- **Codification**
  - Significant time needed to codify materials
  - Investment is lost with outdated knowledge
Optimal knowledge strategies emphasize one approach over the other.

**KPMG Example**

**Personalization**
- Engagement profiles to experts
- My Site and People-finder search
- Practice conferences
- Incentives to assist others with proposals

**Codification**
- Training modules
- Industry analysis
- Methodologies
- External sources and databases
Measures, performance evaluations and incentives are also essential

**Measures**
- Direct linkages to drivers of corporate strategy
- A few key metrics versus a ‘laundry list’
- Balance of results and process metrics

**Performance evaluation**
- Establishment of goals and expectations
- Development of skill plans
- Monitoring and rewarding progress
- Feedback enablers

**Incentives**
- Combination of financial and non-financial rewards
- Encouragement of performance at a reasonable cost to the company

Define these elements specific to program needs
Culture is frequently a barrier to effective KM

<table>
<thead>
<tr>
<th>Typical state</th>
<th>Desired state</th>
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<tbody>
<tr>
<td><strong>Hoarding</strong> knowledge</td>
<td><strong>Sharing</strong> knowledge</td>
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<tr>
<td><strong>Avoiding</strong> risks</td>
<td><strong>Managing</strong> risks</td>
</tr>
<tr>
<td>“The team saved thousands, and the manager took credit”</td>
<td>“The team won a trip for implementing best practices”</td>
</tr>
<tr>
<td><strong>Protection of people</strong> and resources from other projects</td>
<td><strong>Collaboration</strong> to solve problems</td>
</tr>
<tr>
<td><strong>Rewards for individual performance</strong> and financial results</td>
<td><strong>Rewards for developing knowledge and people assets</strong></td>
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Technology is really about enabling easy access to relevant content

- The set of knowledge, information, and data that supports the KM strategy
- Filtered resources
- Easy to use and navigate
Critical success factors in KM

**Overall:**
1. Drive development of the system from the top, led by respected line management
2. Focus where value lies, and generate quick wins
3. Clearly define objectives and scope up-front
4. Develop business requirements first, technology last
5. Base the system around where knowledge is created and how it is used
6. Implement measures and incentives to drive participation

**Content:**
7. KM succeeds when it is owned by “the line” – build a plan to embed KM into day-to-day roles
8. Create a team and leader to develop and maintain the program
9. Take small steps, learn from real users

**Process:**
10. Don’t get side-tracked by technology
Knowledge at KPMG
KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We have 138,000 outstanding professionals working together to deliver value in 150 countries worldwide.

Our purpose is to turn knowledge into value for the benefit of our clients, our people, and the capital markets.

<table>
<thead>
<tr>
<th>Audit</th>
<th>Tax</th>
<th>Advisory</th>
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<tr>
<td>Audit teams equipped with a high level of technical skills and empowered with professional skepticism provide the heart and soul of a good audit.</td>
<td>Through a forward thinking multidisciplinary approach, technical experience, and deep industry knowledge, KPMG’s Tax professionals can add value and help organizations manage the tax complexities of an ever-changing business environment</td>
<td>KPMG’s professionals combine technical, market, and business skills that allow them to deliver objective advice and guidance that help the firm’s clients grow their businesses, improve their performance, and manage risk more effectively.</td>
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</table>

“most mature” “highest growth”
Knowledge Management objectives for KPMG

To harness the knowledge of our 140,000 people to help them deliver and create value for our clients.

Why getting it right is important:

✓ Make it easier for KPMG people to find what they need
✓ Help us deliver deeper, forward thinking insights
✓ Foster stronger client relationships and more effective service delivery
✓ Improve response time to proposals and client inquiries
✓ Increase access to the collective expertise of our people
✓ Reduce duplication of knowledge investments across member firms
✓ Help drive profitable growth across all member firms and practices
✓ Improve the total experience for our people and satisfaction with KPMG
1. Federation of country – raising a challenge of gaining full global alignment

2. Strong culture of client confidentiality – and significant regulatory constraints as a public accounting firm

3. Diverse firm with different businesses – all with need for a tailored approach toward KM

4. But...a strong need for our people to access content and people across our businesses and countries
Achieving the Knowledge vision is a long-term journey

FY10
- Global Head of Knowledge and Steering Group formed
- Knowledge Strategy created and agreed
- Key roles filled
- Portal and other core tools stabilized

FY11
- Knowledge strategy refreshed and adopted globally
- Organization fully built, including offshore teams
- Functional and Markets KM programs in place
- Portal and connectivity tools upgraded, with global adoption

FY12
- Drive awareness, adoption and usage of knowledge tools
- Fully scale global content harvesting and management programs
- Deploy the next phase of tools, such as Search, External Collaboration and Internal Social Media
- Drive tangible business impact, especially to global strategy priorities

FY13 and beyond
- Significant global integration of all knowledge programs
- Visible impact on the capabilities of our team and Partners
- We realize a “pervasive culture of sharing”
- Recognized by clients and the market as a Knowledge leader
- Integration of KM strategies with IBS platform
Our objective: To harness the knowledge of our 140,000 people to help them deliver and create value for our clients

The KPMG Knowledge strategy is built on three strategic pillars...

High quality, robust and timely content, so our people can access and use the right content, at the right time, to support their clients

Strong connectivity, collaboration and sharing among our people, teams and networks

A pervasive culture of knowledge sharing and collaboration among our people and across our global firms

...supported by three core enablers

A professionalized, efficient and globally consistent Knowledge support organization

Globally aligned and user-centric enabling technology, to support sharing and access to content, people and tools

A visible change and communications program to drive awareness, adoption and participation by our global staff

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Global Knowledge organization is built and in place, with two critical offshore support groups running at the KGS

- Core global knowledge team (business and ITS staff) is in place, with key staff in London, Montvale/NY, Toronto and Gurgaon
- Global Functional and Industry knowledge teams, with Director-level leads, are in place
- Regional/member firm KM in key countries are closely aligned to the global strategy and supporting local implementation
- Two global offshore support teams at KGS are in place supporting (1) Knowledge and (2) Research – delivering high quality, low cost support to member firms
KPMG Portal

- The unifying access point to KPMG content, resources, tools and people
- Home for knowledge repositories for Audit, Tax, Advisory and Markets
- Internal communications channel and relevant marketplace news
- Launched in 62 countries with 30 under development. 11.5M page views monthly, 118K unique users
- FY11 accomplishments
  - Faster, stabilized infrastructure
  - Significant new adoption and site/content build-out
  - Retirement of legacy Portal tools
- Upcoming goals (late FY11 and FY12)
  - New Autonomy search engine
  - Upgraded Portal usability
  - Single Advisory Portal
Source of our differentiation in services and industries
Aligned to key client issues, and harvested from client work, research efforts and Institutes
Drives publications and go-to-market strategies

Harvested to identify best work and experts, and to update methodologies and approaches
Not everything is codified in writing – most shared informally by individuals and networks

Created by our functions, with industry tailoring sometimes needed
Supports both proposals and client delivery

Facts, regulations and trends
Delivered thru training and tools
Enhancing capture of engagement and proposal knowledge

**Engagement Information**

Clients expect us to bring the full knowledge and insights of KPMG to bear on the challenges and issues they face.

Our new Engagement Information process and accompanying tools can support your content needs during the Sales and Delivery phases of your engagement.

**Engagement Profiles**

Quality Engagement Profiles will help you know what KPMG has done before.

Engagement Profiles are a new Internal Use Only knowledge tool to facilitate improved knowledge capture and sharing around our most distinctive and meaningful engagements.

**Engagement Credentials**

Better quality Engagement Credentials can help sell work more effectively.

This tool provides you with access to "Case Study"-format credentials for client presentations. Alternate formats for Tomstones and Landmark Deals will appear in future versions.

**Engagement Profile or Engagement Credential?**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Engagement Profiles</th>
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<tbody>
<tr>
<td>Internal Knowledge Sharing</td>
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<table>
<thead>
<tr>
<th>How?</th>
<th>Engagement Profiles</th>
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</thead>
<tbody>
<tr>
<td>Supporting the Delivery Process helping our people to access the breadth of our internal knowledge so that they can bring the best that KPMG has to offer to our clients.</td>
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<table>
<thead>
<tr>
<th>Writing</th>
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<tr>
<td>Factual reporting style that focuses on the facts</td>
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<th>Purpose</th>
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<td>External Sales and Marketing</td>
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<th>How?</th>
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<td>Supporting the Sales Process Helping our people to demonstrate our best experience to potential new clients to help us win new business.</td>
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<td>Compelling sales language that</td>
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**Supporting Guidance**

- Engagement Profiles User Guide
  - 19 May 2011 | PDF
- Engagement Credentials User Guide
  - 19 May 2011 | PDF
- Engagement Information FAQs
  - 19 May 2011 | PDF
- Advisory Knowledge Organization Brochure
  - 20 May 2011 | PDF
New Global Engagement Credentials library on the Portal

File Download

Do you want to open or save this file?

Name: PowerPointFile.pptx
Type: Microsoft Office PowerPoint Presentation
From: portal.ema.kworld.kpmg.com

Open  Save  Cancel

Selected Credentials
Click 'X' to remove selection
1 of 10
x Leading European Retail Bank - Sourcing

Retail

Restructuring credentials coming soon.
Enhanced desktop research tools

- KPMG professionals have access to a wide set online self-service research tools
- Globalized procurement has saved more than $2 million annually on tools spend
- New global Company Snapshot tool provides deeper company insights
- Tools are now enabled for use on mobile devices and iPads
Offshore Global Research Capabilities

- KPMG Global Research Centre is in place at KGS:
  - Common suite of products and services
  - Best-of-breed use of offshore resources
  - Integrated operations and staff
  - Support (over time) for multiple time zones and languages

- More than 100 staff in place, supporting ELLP, Global T&R, ASPAC Advisory and India

- Immediate goals: Build deeper sector expertise, and expand services to support all member firms
My Site is KPMG's online people directory, for contact, CV/ Résumé and skills information

• More than My Site 90,000 profiles are in place (double last year)

• Includes a “smart” search of our global people directory, and the their CVs and profiles

• Numerous success stories and testimonials come every day from the businesses

• But….adoption and awareness are critical – an enhanced My Site campaign has launched and needs your support
Finding people – search My Site – we’re ALL there!!

Find someone for my team
Find someone to answer my client’s question
Find someone to help me articulate my client’s need

We love the cost optimisation work you’ve done for us, we also have this need to communicate more effectively across our organisation and route out and more actively support our talented people – do you know anything about that?

Instant access to our global people and change network!

Access people at all grades
Access CVs to see relevant skills and experience
Skills in the relevant sector

Engagement Partner X – I’m going to need someone from Forensic on my team and they need to speak German.

Engagement Manager X – I can see my client needs a Tax specialist who know about Tax Laws in China. If I can find the right person I can connect them with our client.

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Team Collaboration: More than 8,000 SharePoint team sites have been created globally for service delivery and document sharing.

- eAudit Group Audit sites
- eAdvisory
- Account home pages
- ....and many Internal projects/departments

New Client extranet launching in late September ‘11
The next phase: using Social Media to drive stronger collaboration, sharing and relationship building

**KPMG**

**KPMG people**

- Find internal people and experts
- Access insights of others
- Build networks on key topics
- Respond to client inquiries

**KPMG engagement teams**

**Networks and practices**

**Recruits**

**Clients**

**Alumni**

**Broader market stakeholders**

**Prospective clients**

**Externally: stronger market presence and external relationships**

- Strengthen KPMG’s relationships with key stakeholders, especially clients
- Project and reinforce the KPMG brand
- Improve the client experience
Social Media tools at KPMG

What are included in “Social Media” tools?

- Interactive people profile pages
- Blogs
- Microblogs (like Twitter)
- Wikis
- Video sharing (like Youtube)
- Community spaces
- Social bookmarks

What are unique about them?

- Web-based, usable
- Any user is a content creator
- More easily creates “many-to-many” dialogue and forms “crowds”
- Real-time and mobile access
- Content is retained for others to see and build upon

How may KPMG use Social Media?

- More easily find and connect with people (KPMG and outside)
- More effective informal networks (e.g. sectors, issues, hot topics)
- Posting an urgent question to a large network (no email spam)
- Better employee engagement (e.g. leadership blogs)
- Faster and better idea generation for innovation

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What difference does internal social media make to business effectiveness?

Click to watch video
http://www.youtube.com/watch?v=l5lz0sZOAA0&feature=related
Our internal use of social media today is hampered by the limitation of our existing tools

Leadership blogs (Canada)

Online discussion boards (Transfer Pricing)

Crowdsourcing of ideas (Brava Banana)

Personal profile pages (My Site)
Internal Social Media – task force and planning next steps

- Task Force on Internal Social media formed – to drive strategy completion and policy development
  - Numerous tools are in, or set for, pilot test during 2011 (e.g. Jive, Tibbr, Yammer)
    - Meet critical business demand while also learning
    - Numerous sector networks are part of pilots
  - Recommendation for global Internal Social platform to be completed in fall 2011
    - Focus on speed and agility
- Workstream focused on governance and risk guidelines
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Other top challenges

1. Making KM clear, understandable and “real” for leadership and professionals, by delivering tangible value all the time

2. Full alignment with the KPMG Global Strategy, delivering value across Growth Opportunities, High Performance Culture and Innovation

3. Gaining commitment of the leadership in our functions, sectors and member firms along all key elements of the knowledge program

4. Supporting many technology initiatives to meet the needs of the business and keep ahead of “the curve,” while conserving costs
Key challenge: Driving Change and Culture to achieve our knowledge objectives

To harness the knowledge of our 140,000 people to help them deliver and create value for our clients

Knowledge Objectives

Change & Culture Goals

- Increase participation, adoption and use of knowledge content, tools and services
- Instill an awareness and appreciation of how knowledge-sharing will contribute to our success
- Integrate knowledge-sharing into the DNA of the firm
- Institutionalize a pervasive culture of knowledge sharing among KPMG’s partners, and staff

Core initiatives

- Engage business leaders as “champions” to serve as role models for knowledge
- Deliver targeted, timely and coordinated communications
- Create a “Knowledge Training Curriculum” (integrated & standalone)
- Reinforce knowledge sharing behaviors in performance management and incentive programs

Implement a comprehensive knowledge success measures and metrics program
Thank you

Presentation by

Robert L. Armacost – Global Head of Knowledge