

Bringing Campfires Together:

Building a knowledge sharing culture in a professional services firm

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EXECUTIVE SUMMARY

In a professional services firm, the core of the business model is to bring together a team of people with a range of expertise and knowledge to serve the client. A major KM challenge is to bring in the right expertise – the right people – when they can create value for a client.

Culture is very important in whether people are open to meeting this challenge. A major component of our knowledge asset, and culture, is our social capital. For an individual, this capital consists of who they know, what they know about what others can do, and the quality of their relationships with these others.

This can be expressed in the form of a model that we will call the social capital value chain. The organisation is a network of *relationships* between people. We can enrich the quality of these relationships, which will sometimes involve working on those that have been damaged in the past. *Trust* must be present in the relationships. As trust increases, the quality of *conversations* between people will increase. From these conversations opportunities to lever existing knowledge and innovate will be created and seized. We will *create solutions* for and with clients. These solutions are illustrated with two case studies.

Networking lunches

It may not sound like much, but we've organised lunch. We have created opportunities for knowledge workers to spend informal time together, to build rapport that will lead to rich working relationships, and increase the social capital of the firm. This is focusing on the beginning stages of the value chain.

Knowledge flows in the client service team

The quality of the journey along the value chain depends on the skills of the people involved. The 'best partner' project examined the skills and behaviour required to be a good client service partner. In conversation, new partners in Deloitte were asked to name those they saw as good client service partners, and to describe the behaviours of such a best partner. This gave us insights into how best partners act, as client advisor and team leader, and the internal and external networks and knowledge flows they work within.

This work will be followed up by social network analysis on communities of practice around industry expertise; to improve the relationships value chain. We will also look at best practice in the client service team and barriers to operating as a best partner.

INTRODUCTION

Like most organisations, a professional services firm is a collection of pockets of different expertise. The core of our business model is that we bring together a team of people with the appropriate mix of this expertise and knowledge to serve the client. A major challenge is to bring in the right expertise – the right people – when they can create value for a client. Knowledge management can contribute to meeting that challenge.

Our pockets of expertise are campfires, or communities of professionals with their different areas of practice. These campfires are people who work with each other, support each other and learn together. They include, for example, our various specialised tax groups, IT systems implementers, negotiators with our forensic accounting team, or the deal brokers in corporate finance. People from these campfires combine for other purposes around new campfires, for example those with an interest in the future of aged health care, or those with experience in the automotive industry.

Culture is very important in whether people are open to working together in this way. A major component of our knowledge asset, and culture, is our social capital. For the organisation, that is how strongly our campfires are burning, how welcoming they are to visitors, and how quickly new ones are lit where there is an idea or a client need. For an individual, this is who they know, what they know about what others can do, and the quality of their relationships with these others.

What is social capital?

The study of social capital has its beginnings in anthropology and sociology. The World Bank, an organisation renowned for its innovation in knowledge management, is interested in the effect it has on the social capital of the countries that it works in. They use anthropological and sociological tools to look at social capital. The tools may, for example, map kinship systems, explore membership of cultural institutions, or survey who you would go to for help if you lost your pig (Krishna 1999).

Social capital is the asset that a society or organisation has built up in the interrelationships between people. A stable society that can achieve its goals of feeding and housing people does this in part through a strong web of relationships and interdependencies between people and institutions in the society. A sports team with high social capital is one where the players know each other well and have built trust between them. They will therefore play better as a team.

Nahapiet and Ghoshal (1998) argue that social capital helps create intellectual capital by facilitating knowledge combination and exchange between people. So, social capital is not the same as the people asset, or the tacit knowledge that people have in their heads and bodies. Rather it is the web of interrelationships between people that help the individual share and grow their individual asset.

In sales organisations and professional services firms there is a long tradition of winning and dining customers, getting staff together socially at the end of the week, or for celebratory lunches at the end of an assignment. As organisations get bigger we need to get smarter about this. There are challenges not only around geography, but also around not being physically able to do this with everyone in the office, even if they are all in the same building.

Cohen and Prusak (2001) have done some work on social capital in a corporate setting. Laurence Prusak was a Principal in the knowledge management practice at Ernst & Young, a firm that spent millions on technology for knowledge management.

Social capital is close to more traditional knowledge management work around communities of interest. Probably, most knowledge management practitioners are engaged in building communities of interest in some form. Social capital is concerned with the health of these communities, how an organisation supports and encourages them, how well knowledge flows between them, and how knowledge from each is combined for innovation.

Justification for the focus on social capital

At Deloitte

At the outset

Again, the business model of a professional services firm is to have a range of different expertise to bring to the client at the point they need it. This relies on our people knowing who in Deloitte can do what, then trusting those individuals enough that you can bring them in to work with you on the client.

At Deloitte, three of our key five strategy statements clearly support this model. These are

- strong growth through teamwork
- people, people, people
- build a knowledge sharing culture.

This provides a framework within which knowledge management is situated, and so building social capital then becomes an enabler of strategy, as it focuses on people, and encourages knowledge sharing for the purpose of forming teams to serve the client.

You will also build justification as you progress through projects. The 'best partner' project that I shall relate later in this paper reinforces the theoretical justification through people's experiences.

Through outcomes

This is long-term work, where it is hard to see the effects, especially if you are in an organisation like Deloitte where so many efforts are focussed on same thing – growth and teamwork. Ironically, organisations that are serious about knowledge management often have a commitment to a range of complementary initiatives, so attributing results to individual initiatives is problematic.

I shall look at some measurement of outcomes when I describe the two case studies.

Why would it sit in KM generally?

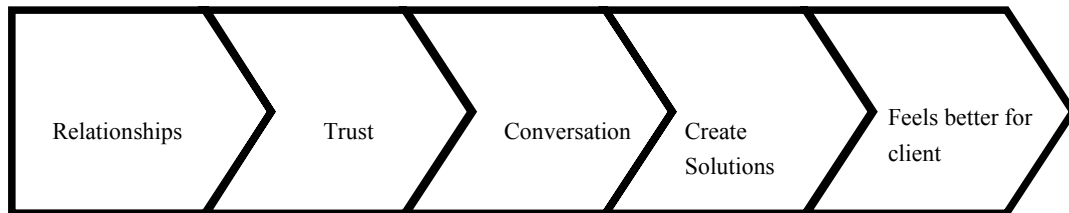
Four key ideas from knowledge management come together here.

- knowledge is our capacity to act (Sveiby)
- you get things done through the people you know, the relationships you have (Cohen and Prusak)
- trust is the bandwidth of communication (Sveiby)
- the nature and quality of the interactions influence the quality of the creation cycle as knowledge is translated from tacit to explicit and back again (Nonaka et al)

These ideas form the basis of the social capital value chain.

SOCIAL CAPITAL VALUE CHAIN

The organisation is a network of relationships between people. Through these relationships we work together to solve problems for our clients. We can enrich the quality of these relationships. As trust increases, the quality of conversations between people will increase. From these conversations opportunities to lever existing knowledge and innovate will be created and seized. We will create better solutions for and with clients.



We travel along this value chain each time we identify, win and deliver on a piece of work. The quality of the journey is important – this is where there is room to improve. For example, the partner working on GST accounting with their client sees major expenditure in R&D. They leave a voicemail for the partner in the tax practice they know deals with R&D tax advice, saying “why don’t you phone Jill Smith at BCD as I think they could be eligible for a tax concession?” Six months later the two partners meet at a lunch, and the tax partner says “thanks for the tip, we did the work for BCD, got a fee of \$15,000, I owe you one”. This is an example of travelling along the value chain.

The relationship was that the GST partner knew that the R&D partner existed. Trust existed only at the basic level of how we feel about someone who works in the same organisation; we may have heard some things about them that would make this trust higher or lower. The conversation was a minimal giving of data. The solution was a basic piece of work at a minimal fee. Jill, the client, probably felt that her business was being approached piecemeal, and she would have had to explain things twice.

What happened there was not a bad thing, but could have been much better. The two partners could have discussed the possible avenues to follow in the light of what the first partner knew about BCD, then gone to visit Jill together. At this meeting they could have explored Jill’s concerns about expenditure, the reason for the R&D, and brought their collective imagination to bear on the issue. The result would probably have been more work to do with BCD. Even more importantly, Jill would have achieved good outcomes for BCD, and feel much better about her professional advisors. In this second scenario, the quality of the journey along the chain was far richer, and led to better business outcomes.

The focus of our social capital work is to enrich the quality of the journey. Let’s look at each of the stages, together with practical ideas that can be implemented to build a knowledge sharing culture.

Relationships

The starting point is that individuals need to know other people in their organisation. It’s good to have wide networks, to be able to recognise people. We like to nod to them, remember what they do and their children’s names.

This message in isolation can end up backfiring. Maintaining these connections takes an investment of time and energy. We only have enough energy to support a certain number of connections with people. Some people’s capacity is higher, but no-one’s is infinite. Given the place we occupy in our

organisation and the strategy that we are working within, unfortunately we have to be selective about the connections we invest in.

There is also a difference between relationships we build for close collaboration, and those that are for sharing information and opportunity. We have to have a balance, generally fewer of the former and more of the latter.

We can improve the number and focus of relationships by

- networking events eg social drinks functions
- applying strategic intent to design of networking events (see case study)
- design of space eg an internal café
- social network analysis

(This list and other lists later in this paper are not exhaustive. They are ideas and solutions that are appropriate for our context. They will be useful in many other organisations, but each organisation must make a judgement about what will work for them.)

Trust

All our relationships feel better, and enable better knowledge sharing, where the levels of trust are high. We communicate better, and give and receive more. Trust takes time to build and can be eroded quickly.

A strong employee brand and a supportive knowledge sharing culture will mean that people approach each other initially with a willingness to trust. Face to face interactions also build trust more quickly. We must also acknowledge that we don't start this work from a neutral position. There are already strong bonds between people in some parts of any organisation, and bad blood and distrust in other parts.

Efforts to improve trust can include

- encouraging mentoring
- reward knowledge sharing through remuneration systems
- investing in face to face time
- reduce hierarchy and reporting lines

Conversations

Conversations happen for different purposes and with different results. Nonaka emphasises the need to manage conversations for knowledge creation. Mentoring relationships give rise to conversations around personal goals and behaviours. Then there are serendipitous conversations that we didn't expect, but an idea is born or a connection made. Each require a set of skills.

The quality of conversations can be improved in various ways, for example by

- training in interpersonal and dialoguing skills
- using actors in workshops as role models
- rewarding innovation
- use of well briefed facilitators
- be clear about the purpose of communication or interaction
- but allow space for chance encounters!

Create Solutions

Solutions are created to solve problems that the client has. This is done through leveraging existing solutions that have been used elsewhere, tailoring these as appropriate, or innovation to create new solutions. Innovation is usually dependent on building in some way on previously created solutions. Often, good innovation will bring together ideas from different areas of expertise, from different pieces of existing work. So, a multidisciplinary team can lead to better solutions. This can be hard work, where people have different expectations, knowledge and ways of working. A mix of a close collaborative group and a wide reach through a network to bring in new information is needed.

Better solutions will be encouraged through

- building teamwork skills
- examining team dynamics
- forming multi disciplinary teams
- access to information though traditional knowledge management systems
- networking.

Feels Better

This result informs the whole chain, and is the result of a rich journey along the chain. Clients get valuable solutions to their business problems. The trusted advisor relationship with the client is enhanced. More interestingly, the actual experience for the people in the organisation and the client of interacting with each other is a knowledge experience. People feel better about the experience of and value in the consulting process.

STANDARDS AUSTRALIA

It would be easy to say that the value chain is situated in the 'Culture' box within 'Knowledge Foundations' in the Standards Australia Knowledge Management framework. However, this is too easy an answer. Certainly, most of the initiatives I talk about here are designed to build a culture that supports knowledge sharing and creation.

The value chain is also concerned with 'Knowledge Processes', in sharing tacit knowledge, bringing in knowledge from the external environment into the conversations, nurturing communities, and innovating.

CASE STUDIES

Here are two examples of projects undertaken at Deloitte to examine and build our social capital, and the quality of the journey along the value chain.

Networking lunches

It may not sound like much, but we've organised lunch. We have created opportunities for knowledge workers to spend informal time together, to build rapport that will lead to rich working relationships, and increase the social capital of the firm. This is focusing on the beginning stages of the value chain.

The lunches are for managers. Broadly, a professional services firm will have three bands of people. These are analysts, who are still in their apprenticeship, managers, and then partners. Managers are at the stage in their career where they have developed their technical professional base, and have begun to build expertise in their chosen area. They will need to be well-networked internally as they get more senior, but this hasn't been as important to date. They may spend more time at the client that the partner does, are well placed to see and understand what is happening in their client's business. If they develop a good understanding of what their colleagues can do, they are well placed to match it to the needs of their client.

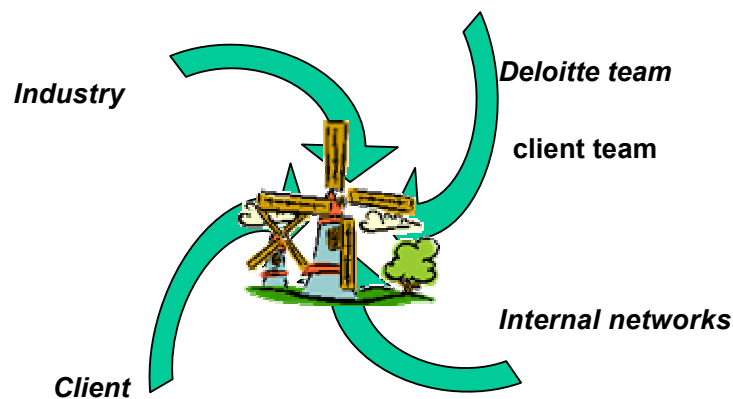
Although the lunch must feel informal, only a well thought out planned approach can make this happen. Managers are seated at tables of no more than six people, each with a mix of people from different service lines, or pockets of expertise. For the first lunch, informal 'facilitators' on each table were briefed to ensure that conversation flowed, that everyone participated, and that the conversation wasn't about sport the entire time! There are no speakers at the lunches, other than a two minute welcome by the host, partway through.

Good food and a glass of wine are added incentives, along with official sanction to spend one and a half hours just getting to know your colleagues. It's a chance to eyeball people and see if you feel that you could work with them if the opportunity arose. It also opens the door to serendipity – who knows what might come out of these conversations? We've designed a *socialisation* space (to use Nonaka's term), which sows the seeds of numerous creation cycles. Feedback from the attendees is positive; they enjoy the lunches and see them as valuable.

Best Partner project

The quality of the journey along the value chain depends on the skills of the people involved. The ‘best partner’ project examined the skills and behaviour required to be a good client service partner. In one on one conversation, new partners in Deloitte were asked to name those they saw as good client service partners, and to describe the behaviours of such a best partner. This gave us insights into how best partners act, as client advisor and team leader, and the networks and knowledge flows they work within.

We found that best partners act within four domains, with the client, leading a Deloitte team, in their internal Deloitte networks and in the wider industry that their clients are part of.



Client

A best partner has a role as a ‘trusted advisor’ to their clients. (This phrase has been taken from Maister.) Being a trusted advisor has two key components. The first is that the best partners know their clients well and have built a friendship. The second is that they are trusted to add value to the client’s business across the whole business, not just within their own narrow area of expertise. They are frequently called on for advice, and spend a great deal of time with the client, physically and on the phone. They are good consultants, often having a presence that the new partners struggled to define.

Deloitte team

A best partner leads a high performing team. A delivery team plays a significant part in serving a client on individual projects. Best partners are skilful in putting a single delivery team together to match the client, developing and motivating the individuals in the team, setting goals, coaching, delegating, empowering and trusting the team to deliver. They can also bring partners and their teams from multiple locations or departments to work together with the client. In short, they lead teams to achieve great things.

Industry

To advise a client well, the best partner knows what is happening in the industry they are working in. They have wide networks outside their organisation, and are respected for what they have done. They combine what they know of the industry with what they know of the client, and this results in

innovative, valuable solutions. Of course, working with their clients is the major way of building knowledge and expertise in a particular industry.

Internal networks

Similarly, best partners are networked well within their organisation. They know what the firm has to offer, and who the experts are. They have trust based relationships internally, and can find people able and willing to work with them. They do this with an abundance mentality (Covey, 1989) that sees the benefit for the client and the firm, rather than for their individual business unit or ledger.

Culture change

The best partner conversations are important for the conversations that happened during the process, more than for the explicit output of the 'results'. The 'results' are already encoded in numerous business texts, sales programs, and competency frameworks. Getting people to talk about these behaviours in the context of what they see, what they do and want they want to learn is powerful. There is now an organisational articulation of what we are striving for.

Opportunities to share the results internally are also valuable, especially since there is visible senior sponsorship. Knowledge management is holding a mirror up to the organisation and saying "See! Here's what we think is the best behaviour. Are we really acting like this? How does it fit with our strategic intent?" These are ways of building a knowledge sharing culture.

Measurement

The outcomes are broad and complex, and do not lend themselves to be measured easily. Measurement of results is difficult when you are influencing complex systems. However, we are often pushed to try. Some attempts can be made. Four months after the first of the lunches, which are held every couple of months, the managers were surveyed to gauge their response. We tried to quantify the amount of work they subsequently became involved in that was in part attributable to the lunches.

Overwhelmingly, the response was that the lunches were beneficial and should continue. In an environment where time is keenly felt as a scarce resources, this response is significant. In terms of creating access to new work for the managers, the response was less encouraging. One reported being involved in a \$100k project where having a contact from the lunch helped, another had gained a \$10k piece of work. The managers did stress that it was too early for many of the new relationships to result in new work.

Another way of measuring the success of a project is to see where the work that is done influences other projects or ways of working in the organisation. Another indicator of success is whether there are follow on projects that come out of the initial work. The models developed in the best partner project have been used on learning programmes, as a framework for learning lessons from a major tender process, and to shape discussion and implementation of a new partner performance review cycle.

A further key indicator of success is the willingness of people that have been touched by the first project to be involved in subsequent projects. The new partners interviewed for the best partner project subsequently acted as the pilot group for a social network analysis exercise.

WHAT'S NEXT?

This work will be followed up by social network analysis on communities of practice around industry expertise; to improve the 'relationships' stage of value chain. At the 'feels better' end of the value chain we will look at best practice in the client service team and barriers to operating as a best partner.

Social network analysis

This work will develop visual representations of the map of relationships in industry groups. The industry groups are cross functional groupings of those with expertise and knowledge in particular industries. We will look at who is working with whom, and who is seen to have an abundance mentality (Covey). This will show how knowledge is passed around the network, and provide a vocabulary for people to analyse the quality of their personal networks.

Feels Better

It's very early days for this project. So far the work on the value chain has concentrated on our own people internally. We also want to look at how our clients are involved in the creation process. The quality of their experience of working with us is important in how they feel about us, and how we build value with them in their business.

Initially we'll examine the way this works in successful teams. From this, there will be lessons to learn and adapt to other client service teams.

ABOUT THE AUTHOR

Cris Townley is part of People & Knowledge at Deloitte Touche Tohmatsu in Australia. She is working within Deloitte to build a knowledge sharing culture. This encompasses a wide range of projects, from working with senior leadership to explore and develop the knowledge management strategy in a wider strategic context, to a redesign of the intranet team structure and process to encourage greater consultation and involvement of local knowledge communities.

Cris has a range of diverse experiences that she brings to building a strategic approach to sharing and creating knowledge. These include:

- Developing and implementing people development programs at PricewaterhouseCoopers
- Driving the adoption of the new practice management system during the merger of Coopers & Lybrand and Price Waterhouse in Australia
- Corporate Governance and Event Management at Sydney Gay and Lesbian Mardi Gras
- Financial auditor in the UK and Australia with Coopers & Lybrand
- High school teacher in the UK

Formal Qualifications

Cris has a BA Hons in Mathematics and Education and a Post Graduate Certificate of Education from Cambridge University. She holds an MA in Sociology (Essex) and qualified as a Chartered Accountant.

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