

Miller, Walker, & Thompson, LLP



A Strategic Plan Written to Provide a Knowledge Management System

Written By: Carrie Johnson, CPA

Indiana Wesleyan University: Marion Indiana

By: Matt Stonitsch, Joseph Hilton, Dana
Bushman, and Bud Hosler

Table of Contents

Memorandum.....	3
Executive Summary.....	4
Assumptions.....	6
Knowledge Management Systems	
What Is Knowledge Management?.....	7
The Need for Knowledge Management.....	7
Capturing Information.....	8
Managing the Information.....	10
Responsibility of Maintaining the System.....	13
Benefits and Costs of Knowledge Management System.....	16
Income Projection Explanation.....	17
Development and Implementation Timeline.....	18
Features and Functionalities of Ning.....	19
Effects of Changes in the CPA Profession	
Knowledge Management and Globalization.....	20
Knowledge Management and Mobility.....	21
Working With Other Firms on Globalization.....	21
Knowledge Management and Technology.....	22
Knowledge Management in Other Industries.....	24
External Resources	
Knowledge Management and the Indiana CPA Society (INCPAS).....	26
Impact of CPA Society KMS on the Firm.....	27
Assistance From Other Organizations.....	28
Conclusion.....	29
Appendix A.....	30
Appendix B.....	31
Appendix C.....	32
Bibliography.....	33

Memorandum

To: Miller, Walker, & Thompson, LLP (MWT)

From: Carrie Johnson, CPA, Partner of MWT

Subject: Knowledge Management System Plan

Date: October 31, 2011

As requested, I have attached an executive summary followed by a more detailed plan including solutions to the issue of knowledge management due to the retiring of five partners within the next seven years. This plan demonstrates the value of implementing a knowledge management system, and gives detail on how the implementation of such a system would work.

Executive Summary

Miller, Walker, & Thompson, LLP (MWT) is a small accounting firm in Indianapolis, Indiana that works with small to medium-sized, privately owned businesses that operate in Indianapolis, surrounding areas, and surrounding states. MWT has developed a niche for businesses in construction, manufacturing, multi-family housing real estate, and non-profit. The areas the firm specializes in are attestation and assurance (A&A), tax compliance, general business consulting, and basic accounting services. MWT has 43 employees and seven partners. Five of these seven partners are all set to retire within the next seven years. With the partners retiring within the next seven years, the firm will lose valuable information and key intelligence.

As a CPA firm, knowledge is one of the most valuable assets. MWT needs to find a way to capture and apply knowledge before the partners leave. In order to stop the loss of intellectual capital, MWT must capture the knowledge of both partners and the current employees. We believe that the solution to retain the partners' knowledge is to implement a knowledge management system that captures knowledge. This, in turn, will help us to better serve our clients. The purpose of a knowledge management system is to organize incoming information so that it is easily accessible and more useful to employees. Knowledge in the system will include information related to:

- Accounting (technical principles and processes)
- Relational aspects (communication and interpersonal skills)
- Current events and economic conditions (political and legal information)
- Outside perspective (client feedback and questions)
- Employees frequently asked questions

This system is not about finding new knowledge, but about retaining and organizing the knowledge that already exists. In this age of technology, there is an overload of information available to people, but much of it gets lost in the mix. The firm can use the knowledge management system to decide what knowledge employees need to know; they can then make that information the most available to them. We do not need to hire any new employees to find new knowledge or information, but we suggest that the firm hire a Chief Knowledge Manager

(CKO). The CKO would identify all necessary information and how to capture it, as well as organizing information in a way that would make it easy to find and use. In order to put the knowledge management system in place, the CKO would work with the IT department. IT's focus will be on the initial development of the system, and the CKO will determine what knowledge and information the system will need to contain. The CKO will also have one assistant to help sort through all of the information in terms of the changes in the accounting profession and another assistant to sort through all other relevant information.

MWT has decided that Ning will be the best software to use to implement the knowledge management system. For those of you who are not familiar with Ning, it is a social platform that allows people to create their own social networks. We feel that utilizing Ning's features will significantly contribute to the firm's organization of knowledge. Employees can post knowledge through text, pictures, or video. These pieces of information can be posted through the Ning website, Facebook, Twitter, or a mobile application. Employees' posts will be sorted by their years of experience and the type of service (attestation and assurance, accounting, business consulting, and tax compliance).

One main issue the knowledge management system addresses is changes in the CPA profession. The changes the company has to address and prepare for are globalization, mobility, and technology. The accounting principles are changing in order to move toward having IFRS. Any IFRS processes that the company has to follow in the future can be sorted through the knowledge management system so that employees can prepare and learn information now. The firm needs to prepare for changes in the ever-developing world of technology. For these reasons, a knowledge management system must be put into place so that the firm can fully prepare and train employees on new knowledge. There are a number of other companies that already have knowledge management systems in place. We believe that through studying other organization's methods of knowledge management, we can further grasp what knowledge is and how to capture it.

In addition, we have found several other organizations that offer knowledge management training and networking. We also feel that the CPA Society can play a prominent role in

facilitating the growth of knowledge management. The CPA Society can sponsor events and support the education of knowledge management. The implementation of a knowledge management system will add to our company's intellectual assets. It will support a process that will capture knowledge now and allow for future changes in the profession.

Assumptions

Strategic Plan for Miller, Walker, and Thompson, LLP

Prepared By Carrie Johnson, CPA

After conducting my own research, conversations with other business professionals, and using my own professional opinion I made the following assumptions:

- Salary of CKO \$100,000
- Each of the two assistants is \$40,000
- Assuming employees will not abuse the privilege of uploading information.
- All information uploaded by someone other than Knowledge Management Team will be relevant to the organization
- MTW has the capability to tangibly identify the skills of employees in each department
- MTW has an IT department
- All employees do not already have access to a smart phone
- Customers are going to provide honest feedback related to our actions and services
- Employees will be able to distinguish between relevant and non-relevant information that should be posted on the group site
- Employees will not like/view/comment on posts for the sole purpose of building up their points total
- There is a non-profit organization located within the community that we can work with
- MTW provides all employees with a company smart phone
- Each year revenues will increase

What is Knowledge Management?

Knowledge management can be defined as the process of creating, formalizing, disseminating, and confirming the understanding of information necessary to perform work (King). When applying a knowledge management system to its optimal level, it should take advantage of the existing knowledge and support innovation by attaining new knowledge. A knowledge management system (KMS) will give employees the opportunity to contribute their thoughts and ideas, while having the ability to acquire knowledge and insight from other employees. A KMS will also keep everyone up-to-date about information in the accounting profession, the firm, and with clients to help solve some of the business challenges within the organization.

The Need for Knowledge Management

In order to attain vital information before the partners retire, a knowledge management system must be implemented into MWT. Partners are the people in the firm that have the most experience and are the most valuable to the success of the company. Our firm cannot afford to lose valuable knowledge and insight that only the partners obtain. We also need to address the issue of how to attain not only knowledge from the partners, but also from the employees because they are the people that perform the daily functions of the firm. Each employee at MWT has had different backgrounds and experiences that bring unique perspectives to the firm. Gathering knowledge from the both of these groups of people is crucial for MWT to maintain a competitive advantage amongst other accounting firms in the Indianapolis area. A system to manage the knowledge attained from these people will enable MWT to make changes in their business activities and be more efficient in everything we do.

Important information that will be included in the knowledge management system includes that related to: accounting (technical principles and processes), current events and economic conditions (political and legal information), outside perspective (client feedback and questions), employees frequently asked questions (have employees identify 5 main problems/questions).

Capturing Information

A successful business is not only able to share knowledge across all divisions, but also capable of implementing this knowledge in a way to benefit current and future clients. Knowledge is useless if it is not put into practice. It can be obtained from two different sources, internal and external. Internal knowledge may be embedded in behaviors, procedures, software and equipment; be recorded in various documents; or stored in databases and online repositories. Common sources of external knowledge include publications, universities, government agencies, professional associations, personal relations, consultants, vendors, knowledge brokers, and inter-organizational alliances (Zack).

Some of the more common ways information can be gathered are through face-to-face meetings, workshops, and training sessions. All of these enable people to establish personal relationships with coworkers who they associate with on a daily basis. One of the key parts to my proposed knowledge management system is interaction between all members of MWT. The last Friday of every month, there will be a four-hour time slot set aside for this meeting. One of the partners will be present for the entire meeting and the focus of the meeting will be gaining knowledge from the partners. The employees will be divided into two sections. The reason behind dividing this confluence into two sections is that we can still have half of our employees generating revenue for the company. Time spent in these meetings is time taken away from serving our client and collecting our receivables.

The central focus of these meetings will be gathering information from partners that cannot be found anywhere else. The CKO will be the person who organizes and directs the meeting. The partner who is attending the meeting will not have time to plan out an agenda for this gathering, which is why I have placed this task on the shoulders of the CKO. Some areas of discussion during the meeting that the partner may be asked to address include the following: responsibilities of the partner, how do you become a partner, daily conflicts they must deal with, what is the most rewording part about their job, and do their daily business activities consist of. These topics focus on information that cannot be found on any database and must be collected from the actual partners. There will be a time at the end of the meeting for a Q & A session

where employees can ask partners information relevant to their job. The CKO will archive information from the meetings on the database so it will be available to the employees. Each month, a partner will attend the meeting. This gives employees the opportunity to gain insight from all the partners of the firm while allowing knowledge to be collected from each partner before he/she retires.

In addition to having face-to-face interaction, knowledge may also be obtained from employees through surveys. These surveys would address common question and/or problems employees have. On the survey, the employees will write down how many years they have been with the company. This will help provide a way to organize the results onto the database. Once the surveys are complete they will be given to the CKO, who will read them and identify questions/problems that are addressed multiple times. The CKO will then upload this information onto the database under the section relevant to years of experience.

Another important source of information that we plan to use in order to obtain useful knowledge is feedback from customers. This can be done by providing the customer with a simple questionnaire before and after our firm performs the services. Our clients can help provide us an outside perspective on the positive and negative things that they have observed throughout meetings with our employees. We can take this information and insert it into our knowledge management system to inform other employees on ways to improve interaction with customers. We would also work with a local non-profit organization to help contribute to the surrounding community.

Our knowledge management system is going to be designed around the Ning software, which will enable us to create our own social networking group amongst everyone in the firm. All of the information can be relayed to the employees in some way through this software. This software will give MWT the ability to systematize, enhance, and expedite large-scale inter-firm knowledge management.

It is crucial to understand the way people think because this will directly affect how MWT delivers information to each employee. “It is now increasingly the view that learning is a social

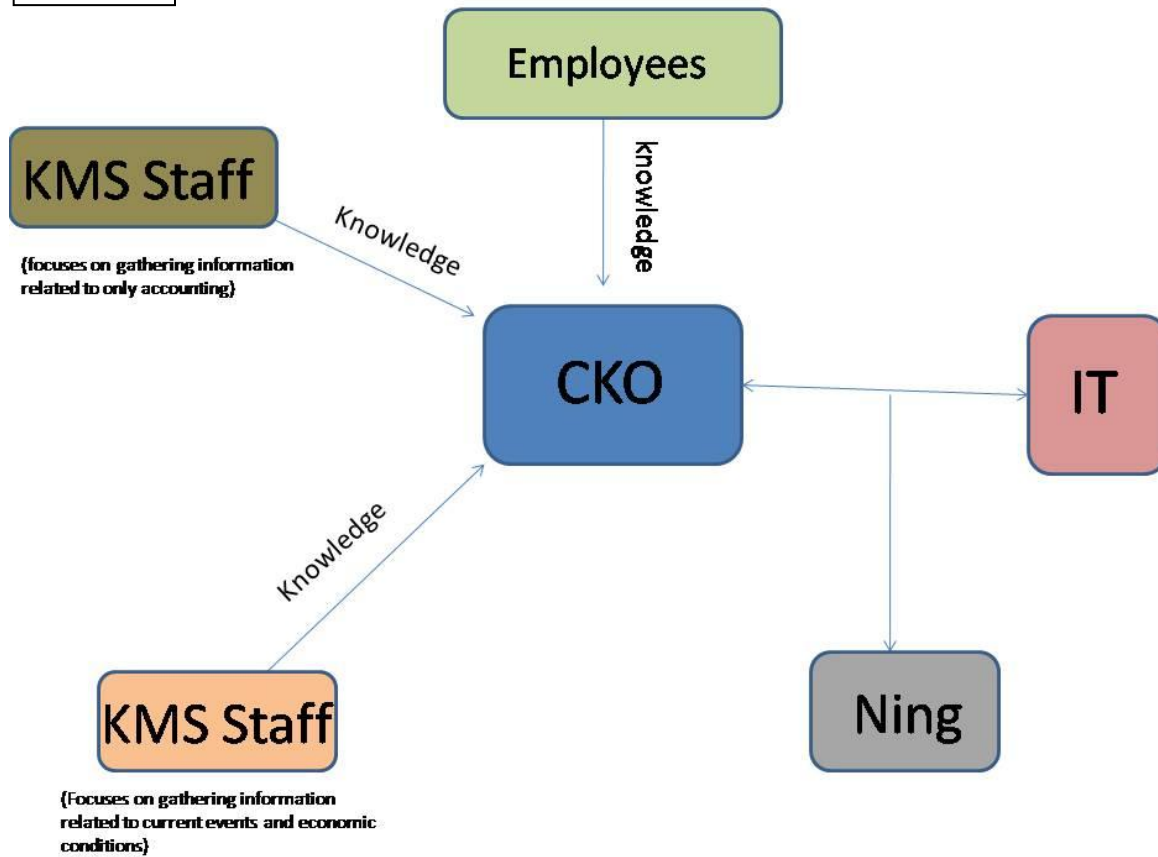
activity because learners acquire information from their social networks as much if not more than from formal experts (social information processing). While there is a place for formal designed learning activities, learning in relation to, and on-the-job is more effective than off-the-job training (How People Learn Systems). For example, some people are visual learners and some people are audible learners. When trying to understand a topic, some people need to read an entire book while others can be content with just knowing the cliff notes version. By making MWT's system adaptable to personality and learning differences, each employee can retain maximal knowledge.

Employees can utilize video and audio recording technology on mobile devices to capture data. Employees have the ability to capture new, valuable information through a video or audio recording. The employee would then be able to upload the video or audio recording to the KMS. Capturing data through audio and video recording will not only allow employees to capture information, but will also allow KMS administrators to analyze videos in order to learn what communication skills are effective with certain customers.

Managing the Information

Developing the system will include analyzing, organizing, and archiving all captured information. The knowledge management staff will first analyze information as it is captured and submitted to the system. After analysis, the CKO will determine what information is relevant and reliable; this information will then be added to the database. Information added to the database will be organized in two different sections. Figure 1:1 illustrates how knowledge is gathered and inputted into Ning.

Figure 1:1



The first section is organized by years of experience and will be comprised of commonly asked questions/problems with which people at that particular level of experience typically deal. There will also be answers provided for frequently asked questions so employees will not have to take up too much of the time of their supervisors. The second section will be organized in relation to the four areas of specialization with which the firm deals. This will allow employees to look up information specific to their area of practice. The organizational structure of the knowledge management system will enable employees to locate specific information in an efficient manner, which will increase productivity of the firm as a whole. Figure 1:2 illustrates the homepage that users will see when they log onto MWT's social network.

Figure 1:2



The staff will be responsible for continually obtaining and updating all information pertaining to changes in accounting rules to ensure accuracy of the knowledge management system. The CKO and knowledge management staff will conduct the research and development of knowledge, and hardware and software components of the knowledge management system itself.

Encourage Contribution/utilization

The firm will raise employee awareness of the usefulness of the system by conducting a training seminar to encourage employees to use the knowledge management system. The innate benefit that the knowledge management system will provide to each employee should provide sufficient motivation for contribution.

To ensure that the knowledge management system is continually developing, the CKO and department managers will have the ability to see which posts are viewed most often or which posts receive the most traffic through Ning’s data analytics software. Enabling the CKO to view the amount of traffic a post receives provides a means of talent evaluation. The fact that a

contribution receives a relatively large amount of traffic indicates that it is helpful to employees within the firm. The firm will view employees whose posts are most frequented as assets, and the partners can then factor this into the promotion process. The incentives for employees to make quality contributions are to help the firm be more productive and to be individually recognized by the partners. These incentives will be a way to conduct quality control and ensure that the knowledge management system is continually developing.

Responsibility of Maintaining the System

From our research and projections surrounding the knowledge management process, we gathered that capturing, organizing, and disseminating intellectual capital is going to require a significant amount of time, skills, and resources. The current status of MWT amplifies the consequence surrounding this project. With five partners set to retire within seven years, the firm is in a precarious situation of potentially losing years of critical knowledge and expertise. Successfully navigating through this volatile period is going to be crucial to the long-term success of MWT. Establishing and maintaining a knowledge management system is inherently going to require input and cooperation from the whole firm, but it is also imperative that we prevent this process from draining the quality of our main services. We believe it would be in our best interest to hire a Chief Knowledge Officer (CKO). The CKO would achieve the knowledge management objectives our firm has established, and minimize the unnecessary effort of key members within MWT.

As it relates to our proposed knowledge management system, the CKO's leading role is to collaborate with partners in identifying necessary data and how to capture it, planning and delegating the gathering of information, and storing the data in a way that is safe, organized, and easy to use. There is an incredibly large base of knowledge within MWT and from many external sources. As a result, the partners will have to communicate what kind of information they look to gather.

Once significant areas and sources of knowledge have been identified, the CKO will need to decide the best means of gathering this information. This will likely take the form of interviews, blogs, overseeing different sectors within the firm during their daily operations, and podcasts for internal and client information. Information pertaining to developments within the profession will likely come from external sources, such as the AICPA website. The regular employees of MWT will complete much of this work, but it is the CKO's job to coordinate this process. After obtaining the knowledge management goals of the partners, the CKO must work together with his/her staff in order to meet these goals and provide the most useful information to each department in the firm.

The CKO will receive a certain portion of the firm's budget to hire staff to aid him or her in the organization, management, maintenance, and development of the knowledge management system. The knowledge management staff will work closely with IT to establish the system. Once the system is in place, IT will focus on maintaining the technical aspect of the system. The knowledge management staff will focus on the organization, management, and development of the knowledge. To specify, developing the system will include analyzing, summarizing, organizing, and archiving pertinent information provided by accountants. The knowledge management staff will be responsible for obtaining technical information from FASB, IASB, the IRS, and the SEC pertaining to guidelines, rules, and regulations. CPA licensure requirements, additional certifications, potential changes in the future of the profession, and convergence of GAAP and IFRS will be an additional task for the CKO and KMS staff to undertake. Consistent updates will be required for the current event and economic conditions section of the system.

Aside from gathering and organizing the information, the CKO's biggest role will be aiding in the development of a culture where submitting information is a valued and encouraged activity. According to Dave Pollard, a former CKO of Ernst & Young, the most important role of a Chief Knowledge Officer is to, "move knowledge-sharing from something to do on top of everything else we do to the way we do things around here. Our firm has decided to use Ning as a tool for gathering and storing data. The CKO would be in charge of initially setting up the network, organizing the inflowing data to make sure it is categorized and easily retrieved, and then training the employees on how to both submit and find needed information.

CKOs come from a variety of backgrounds including human resources and information systems (Bontis), but MWT needs to be searching for some key characteristics during the hiring process.

(1) Communication Skills: Interacting with the partners will be critical to the CKO's success. Being able to listen and understand the knowledge management needs of the firm, and then effectively communicating the CKO's plan of reaching those objectives will be the foundation of the whole project. On top of that, the CKO will train the employees and partners on the use of the Ning software.

(2) Leadership Skills: The CKO will require leadership in a few different areas. First of all, the CKO is the face of the whole knowledge management program. If they are unable to foster and develop a culture where employees see knowledge management as a company wide effort that is pivotal to the long-term success of the firm, then the results of the program will invariably fall below expectations.

(3) Organizational Skills: The CKO will have to gather an overwhelming amount of information in a systematic manner, and then categorize it in the Ning system so that employees can retrieve relevant information quickly. This is going to require significant organization on the part of the CKO.

(4) Technological Skills: The CKO will to set up and manage the Ning database. A general knowledge of technology and Ning itself will be necessary to fulfill the CKO position.

- Benefits:
 - Easier access to information could lead to more efficient work time
 - Easier transition for new partners
 - More in-depth job descriptions for new hires and promoted staff members
 - Better prepared for potential transition to IFRS or any other accounting development

To develop this all-encompassing knowledge management system, a firm must encourage employees to share information from personal experiences. To ensure that they will contribute useful and reliable information, MWT will recognize who contributed the information, and how many “hits”, “comments”, or “likes” their information received. The luxury of having an invaluable resource at the employee's disposal is the benefit that they receive for contributing to the development of such an comprehensive knowledge management system.

Benefits and Costs of Knowledge Management System

- Benefits
 - Increase efficiency throughout the firm and ultimately increase revenues
 - Provide better working environment and help establish strong work relationships
 - Allows all employees, no matter what level in the firm, to provide input
 - Acquires information from partners before they retire

- Immediate Costs
 - Hiring CKO (\$70,000 annual salary)
 - Hiring two assistant positions to help CKO (\$55,000 annual salary each)
 - Cost to use Ning (\$599.90 per year for the Pro plan)
 - Possibly work with Ning certified partner to develop design of our Ning system (cost unknown)

- Potential Future Costs
 - Advancements in technology
 - Hiring more staff members to be part of the knowledge management staff
 - Employee time devoted to knowledge management instead of their work (but this will be made up for by the efficiency produced by the KMS)
 - Buying more storage space if we exceed the 20 gigabytes given under the Pro plan

Cost of Capital	0.11					
	Net Income Without KMS	% Change	Net Income With KMS	% Change	Benefits of KMS	Cost of KMS
2012	\$2,000,000		\$1,960,000		\$(40,000)	\$(150,000)
2013	2,000,000	0.0%	2,100,000	7.1%	100,000	(150,000)
2014	1,900,000	-5.0%	2,080,000	-1.0%	180,000	(150,000)
2015	1,900,000	0.0%	2,160,000	3.8%	260,000	(150,000)
2016	1,850,000	-2.6%	2,200,000	1.9%	350,000	(150,000)
2017	1,800,000	-2.7%	2,180,000	-0.9%	380,000	(150,000)
2018	1,700,000	-5.6%	2,130,000	-2.3%	430,000	(150,000)
2019	1,650,000	-2.9%	2,150,000	0.9%	500,000	(150,000)
2020	1,700,000	3.0%	2,160,000	0.5%	460,000	(150,000)
2021	1,750,000	2.9%	2,200,000	1.9%	450,000	(150,000)
Total	\$18,250,000		\$21,320,000		\$3,070,000	\$(1,500,000)
Present Value	\$10,941,831		\$12,463,098		\$1,521,267	\$(883,385)
NPV	\$637,882.17					
Present Value ROI	0.722					
ROI	1.05					

Income Projection Explanation

- We believe that without instituting a KMS, MWT will see their income drop progressively in the years 2014-2019 as partners retire and are replaced with less experienced staff members. The income will likely stabilize and begin to increase in years 2019-2021 when the new partners become more experienced.

-If MWT creates a successful KMS, we project that the initial cost of learning the system and training the employees will create a loss in the first few years, and then the revenue will increase as employees grow comfortable using the KMS. The reductions in income from the retiring partners will be lessened by more documented knowledge and better training for new partners.

-The initial salary cost of the CKO and his assistants will total \$180,000 in 2012, and increase 8% per year after that. \$600 for the annual Ning fee was also added to the costs of KMS each year.

Development and Implementation Timeline

This system should be up and running at full capacity within one year. This would allow time for the firm to start the interviewing process of potential CKO candidates and assistant positions, as well. We assume it will probably take one to three months to hire two assistants who will work under the CKO. It will most likely take longer to hire the CKO than the assistant positions because of its unique requirement of skills. We will want to spend time trying to find a quality candidate to fill this position in the company. The CKO is crucial for this system to be effective and improve the overall functionality of MWT.

Once these positions are filled, it will take some time for the new staff members to get accustomed to what the firm does and develop an understanding of how the business works. It has been established that Ning is going to be the software that our knowledge management system is based around. Assuming the CKO and assistants are not familiar with the Ning software, MWT would provide time for the knowledge management staff (CKO and his/her assistants) to familiarize themselves with the software. KM staff will also need time to structure and design the Ning social network in a way that will appeal to employees and user friendly (will take a couple months). We also need to establish a basis of information that can be put onto this software when it is first launched and available to the entire firm.

Given the demographics of our existing partner group, what steps to minimize the loss of knowledge from the partners can be taken in the short term?

While the knowledge management system is developing, there are several steps that the company can take to minimize the loss of knowledge. Since all of the partners are approaching retirement age, it would be a good idea to start mentoring and coaching. Also, matching new employees with more experienced employees would be an effective way to pass on information.

Providing knowledge management events would also be an effective way to maintain knowledge in the firm. These events would not necessarily be formal meetings but rather a time to sit down as equals and bounce off ideas. There would be several employees there to document important ideas and knowledge.

A management taskforce consisting of a CKO and two assistants should be established to supervise training of new employees through mentoring, collecting and organizing documentation, and putting together a plan for developing and implementing the knowledge management system as soon as possible.

Features and Functionalities of Ning

The Ning software platform will give us the ability to create a social network for the knowledge management system. MWT will utilize data storage, the “Like” feature, and cell phone application capabilities of the Ning based social network.

Ning provides the social networking component of the knowledge management system with an essential data storage function. Initial data storage on Ning limits users to 20 gb, but as the network grows more space can be acquired.

Ning employs the “Like” feature, which is used as a way to indicate which pieces of posted information were the most helpful to employees. The “Like” feature enables users to indicate what posts they like. This will be used to indicate the info that is helpful. Mobile phone applications will be used to upload to the network.

Utilizing blog capabilities of the Ning-powered site would create an open forum for discussion, which would be beneficial for team building and bringing employees together.

An additional feature of Ning is that it offers integration with Facebook, and Twitter, which allows the user to transfer information from Facebook and Twitter to their Ning supported profile.

Knowledge Management and Globalization

With the convergence of US GAAP to IFRS, MWT needs to be aware of the constantly evolving nature of the US GAAP format. We can integrate into the knowledge management system a means of gathering, storing, and communicating these developments by creating a separate section within Ning that will serve as a storage space for IFRS convergence information. One of the CKO's assistants will be responsible for gathering, categorizing, and relaying applicable IFRS and US GAAP developments to the CKO in order to make this process organized and systematic. The information about globalization and IFRS will, for the most part, be attained from authoritative sources within the profession. The individual designated to gather this information will need to monitor these sources regularly and update the CKO. The CKO would be in charge of receiving these documents, inputting them into the Ning system, and then organizing the information based on topic categorization so that employees can easily access needed convergence information.

In order to find reliable sources on globalization and convergence information, the CKO and his or her assistants will have to search authoritative websites. Some quality sources include:

- AICPA IFRS resources <http://www.ifrs.com/index.html>
- FASB Technical Plan & Project Updates
<http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1218220137074>
- SEC homepage <http://www.sec.gov/>

Knowledge Management and Mobility

Globalization and a unified set of accounting standards under IFRS change how a company will account for and present certain items. As IFRS is developing, employees need to be trained in the presentation of financial statements and documents. This would include obtaining certification for the set of standards. IFRS has a certification program that offers 25 comprehensive training courses. There is also an onsite training program that employees can take. The company should pay for the partners and managers to participate in this program. The new accounting standards taught under IFRS should be documented and presented for all employees to access. General information would be available with a focus on attestation and assurance, tax compliance, and basic accounting services. Any non-certified employees should be trained in the unified accounting standards and have the skills to present financial information under the specifications of IFRS.

Working With Other Firms on Globalization

Firms working together to share knowledge about mobility and globalization will enable the best system to be formed. Having inputs from several firms enables potential mistakes to be avoided, allows firms to utilize their different skills set to better the accounting profession, and could ultimately make reporting easier for firms who have branches in various countries. If everyone were held up to the same set of accounting rules and standards, it would provide a more accurate representation of organizations' financial status from one country to another. This consistency and comparability of financial statements will make the world's capital markets more efficient. Sharing knowledge means more people have input in the decision making process which will provide the greatest probability of enabling satisfaction amongst the most amount of people. If we do not include all the minds or restrict the knowledge of some people, we might miss the best solution.

If firms share knowledge with one another, they could lose their competitive advantage. Every business uses its knowledge to keep an edge over competitors. If businesses share this knowledge openly, they will lose their advantage. Many businesses do not want to share information with their competitors because it reveals ways in which the competition can improve its' business. Another disadvantage to consider when discussing the topic of sharing knowledge is that companies are only allowed to discuss certain things. Due to company policy, a business cannot release proprietary information. This could cause a hindrance when trying to share important ideas and knowledge with other firms.

If all firms share knowledge with one another, there is going to be an overflow of information and ideas. With all this information, the question that needs to be addressed is: how accurate is this knowledge? How do we ensure that all the knowledge shared is accurate? If the knowledge gathered is inaccurate and it is implemented into their daily business activities, the legal ramifications could be very severe. This inaccurate information creates a liability exposure for the company that provided it.

Knowledge Management and Technology

Rapid innovation and resulting evolution of technology are pervasive in our world today. There is abundant opportunity for businesses in every industry to utilize technology in new ways to become even more effective and efficient in their processes, due to the constant rate of growth in technology. The inception, implementation, and evolution of social networks have taken the Internet and the capabilities of humans to a whole new level. Social networks provide a means for employees to voice their opinions, share knowledge and data, or other information on public and private forums. The development of smart phones and wireless Internet connections has enabled people to access information that is on the Internet at any time and from almost any place. Information's density and rate of travel have increased with leaps and bounds due the development of social networks and smart phones. This overall enhancement in the ability of humans to communicate with each other creates a multitude of opportunities to improve a

business. The knowledge management system is one opportunity that businesses have to utilize these advances in technology to increase efficiency and grow the business.

In regards to development of the knowledge management system, MWT has elected to use the cloud computing service, Ning, as the software platform for the knowledge management system. A cloud computing service is a business that sells server space. Essentially, the company is selling their processing power. Customers take advantage of the fact that they can purchase processing power on a company's network of servers. This purchase of processing power shifts the computing burden from the customer to the service provider. Ning built its cloud computing service around social network creation. The company offers space on their cloud for customers to create social networks. Ning is an ideal platform for a knowledge management system because of its cloud computing service provided through the creation and use of social networks.

Using Ning as the platform to create the knowledge management system will ensure that the system is easily accessible to all employees at all times. Ning provides the knowledge management system with an essential data storage component. The program limits initial data storage to 20 gb, but as the network grows more space can be acquired at a rate negotiated with Ning administrators. Data can be uploaded, viewed, and shared across the network with ease. Employees will have personal profiles. Personal profiles enable the KMS administrators to quantify the contributions of each employee.

Profiles may also provide a means for archiving performance reviews. By linking performance reviews to personal profiles, employees will be able to view them to remember what they have done well in the past and what they can improve. Performance reviews would only be viewable by the employee and system administrators. A knowledge management system's social network functionality creates an open forum for additional questions. The resulting answers could then be added to the database provided through Ning.

Ning also allows its customers to sell space on their social networks for advertising purposes; therefore, MWT could use the KMS as a revenue generation tool. Data analytics regarding web page traffic and "likes" of web pages are other great benefits of having a KMS that incorporates

a social network. Data analytics would provide the means to determine the usefulness of posts submitted by employees. Lastly, utilizing Ning provides customers with search engine optimization tools. By the search engine optimizing the knowledge management system, MWT will increase traffic to the public portion of the KMS. Increased traffic, will lead to additional advertisement sale opportunities, thus increased revenues.

Employees can utilize video and audio recording technology to capture data on mobile devices. Employees have the ability to capture new valuable information through a video or audio recording, at any time, and in anyplace. The employee would then be able to upload the video or audio recording to the KMS. Capturing data through audio and video recording will allow employees to capture information conveyed by public speakers or communicated at meetings, and will provide KMS administrators with the opportunity to analyze videos and learn what interpersonal/communication skills are effective with customers.

Knowledge Management in Other Industries

Independent Colleges of Indiana, Inc. is a not for profit organization that represents Indiana's independent colleges and universities and approximately one quarter of the states undergraduate college students (About ICI). This organization has started to implement a basic knowledge management system where member university employees gather to share beneficial information.

The medical field is also starting to implement knowledge management systems into their organizations. Partners HealthCare in Boston attempts to keep doctors up to date by "embedding" knowledge into the technology that doctors use every day (Davenport). Studies that Harvard Medical School and Harvard School of Public Health conducted showed that Partners organizations made more mistakes and errors, which in result caused them to act in opposition of their healing mission.

When undergoing the initial stages of implementation into the Partner's companies, they decided to focus on the order entry system because it is a key part to providing excellent health care.

Partners' approach is built on a set of integrated information systems—including on-line referral and medical-records systems—that physicians can use to manage patient care (Davenport). This system allows the doctor to order the drug on a computer. Before he can purchase the drug, the computer looks up the patients' medical records to make sure she has had any reactions to that drug or drugs similar to it. If the doctor overrides the alert, he/she must give a reason as to why they decided to override the alert before the order can be completed. This system draws all of its knowledge from a single clinical database that reviews physicians' orders. This tremendously reduced the amount of errors that hospitals made which, in return, increased efficiency in nearly every department.

Knowledge management systems are starting to be implemented in law firms, as well. An example of this can be seen in the regional law firm Harvey Ingram LLP. In 2002, this firm barely addressed the issue of knowledge management and all they had was a basic library. There was no online resources and no formal knowledge management found anywhere in the firm. It was not until 2007 where the partners of the firm and the board decided to implement a knowledge management system. In 2002, the information department consisted of one full-time information professional and a retired solicitor who exclusively dealt with loose-leaf filing (Beaumont). In 2007, this department had to full time professionals who worked alongside the part-time-ex solicitor. Along with this Information Department, the firm also established a Knowledge Fee Earner (KFE) in each of the fifteen teams that the firm had.

Law firms are considered to be 'knowledge businesses'. This is why better KM will lead to efficiency in an organization. As Parsons (2004) states:

“Law firms, and lawyers, have been 'doing' knowledge work and knowledge management, since lawyering first began. In every advice, in every transaction, in every call of a colleague to show an opinion or critique an idea, in every training session, in every practice team meeting, and in every work-related break room conversation, lawyers have been building and sharing knowledge.” (Beaumont)

The KFE team eventually came up with an eight-point plan to “market” knowledge management to the firm. According to Jon Beaumont (Library and Information manager at the firm) “the greatest single act that not only raised the profile of KM, but engaged others, was the buy-in from the senior individuals at the firm. Without this, the initiative would certainly have failed and been seen by individuals as another project that would prove to be a drain on their resources and the firm’s funds, whilst achieving nothing.” (Beaumont) This goes to show how key support from upper management is in changing the attitude of employees, ultimately enabling the system to work. Over the past couple years, they have made several advancements in the KM system including cover sheets, precedent banks, intranet, external providers, and blogs.

Knowledge Management and the Indiana CPA Society (INCPAS)

INCPAS can assist in knowledge management in the following ways:

Facilitate the transfer of knowledge:

- Sponsor knowledge building events where members of the society exchange knowledge related to a specific subject
- Distribute member-wide knowledge surveys to gather knowledge related to a specific subject
- Compile a database of knowledge collected
- Distribute a copy of the database to everyone who contributed

Educate:

- Have a Knowledge Management informational day, like the Diversity Summit
- Invite a knowledge management expert to speak at a society event
- Develop a smart phone application that alerts members of upcoming events or recent developments within the profession
- Issue monthly newsletters related to KM which include:
 - An example of a successful KM system.
 - Information related to innovations in KMS technology.
 - News on convergence of GAAP and IFRS.

- Relevant developments in KM.
- Recent developments within the profession.

If the Indiana CPA society already had a knowledge management system available to its members, how would that impact the development of our firm's knowledge management system

Impact of CPA Society KMS on the Firm

An Indiana CPA society knowledge management system would be extremely useful to MWT as they develop a knowledge management system of their own. This knowledge management system would provide an external point of reference for MWT's system developers. Analyzing a separate knowledge management system would allow our system developers to learn what works and what does not without wasting resources through a trial and error method. Analyzing the Indiana CPA Society's knowledge management system would give MWT insight into the following areas:

- What information to capture
- How to capture the information
- How to organize information in a database
- If a knowledge management system with a social network platform would be beneficial
- Who is responsible for maintaining the system and what their responsibilities are
- How many employees need to be hired to work on a knowledge management system
- How information can be filtered to ensure reliability
- Which knowledge management technologies are helpful

An Indiana CPA Society knowledge management system would also provide an additional source of knowledge. MWT and the CPA society could exchange knowledge from their respective systems. This knowledge exchange would benefit both MWT and the Indiana CPA Society.

Assistance from Other Organizations

The Knowledge Management Professional Society (KMPro) has an Advanced Professional Certification Program that allows the user to go through a Certified Knowledge Manager Certification Workshop. KMPro has training, networking, mentoring, and publishing options. This certification is available for a variety of industries. Knowledge Management Professionals created the society that actively practices Knowledge Management implementation. (Knowledge Management Professional Society) MWT could join KMPro membership to network, train, and get advice from professionals.

Knowledge Management World (KMWorld) offers an annual conference each year that allows CKOs and others to learn important topics in knowledge management such as knowledge creation, finding, publishing, and sharing. In addition, KMWorld offers a magazine that details the latest news in knowledge management. It would be beneficial to the company to have a good source such as a monthly magazine to keep the company updated.

There are five companies known for their advancement and expertise in knowledge management: World Bank, Southern Co., Dow Jones, Shuffle Master, and Pratt & Whitney. (McCormick) It would be in MWT's best interest to learn about gathering information by contact a business in any one of these industries. If contacting these industries is difficult, MWT could do extensive research on their knowledge management systems and policies instead.

Conclusion

The importance and value of knowledge is often underestimated in businesses today. By implementing a knowledge management our firm will not only be able to attain information from the partners before they leave, but we can also start to attain and distribute knowledge to and from employees. Having the system based around Ning allows for a relatively low start up cost and also allows room for adaptation to future changes.

Employees' Use of Ning

Posting An Entry








Ning Website 	Text 	1-5 years	Attestation & Assurance
Facebook 	Pictures 	5-10 years	Tax Compliance
Twitter 	Video 	10-20 years	Business Consulting
Mobile App 		20+ years	Accounting

Figure 3
CKO PERSONAL ATTRIBUTES

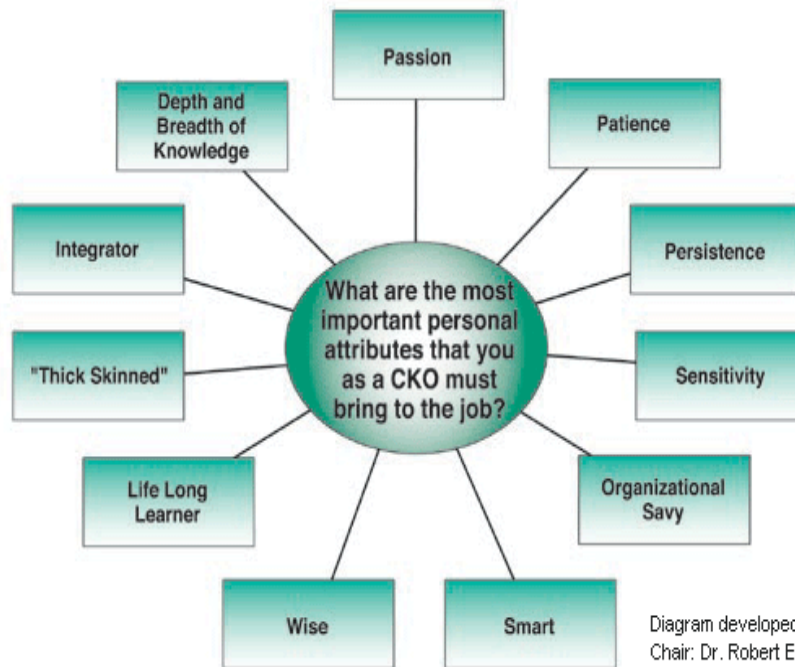


Diagram developed by: CKO Competency SIG
Chair: Dr. Robert E. Neilson

Example Customer Questionnaire

What was your first impression of our staff?

Were the staff members in the firm personable and easy to talk to?

Did we complete our work in a timely manner?

What was your impression of our staff as they interacted with your organization?

What information can we provide that would be helpful during the year? (depending on type of engagement such as tax, audit, etc...)

Bibliography

“About ICI.” *Independent Colleges of Indiana*. N.d. Web. 28 October 2011.

Alavi, Maryam, and John and Lucy Cook. March 2001. Knowledge Management and Knowledge Management Systems: Conceptual Foundations and Research Issues. *MIS Quarterly*. Vol. 25 No. 1, pp. 107-136. (24 October 2011).

Beaumont, John. 6 January 2011. Knowledge Management in a Regional Law Firm: A Worthwhile Investment or Time Wasted?. *Business Information Review*, 2010 27: 227. (28 October 2011).

Bontis, Nick. March/April 2002. The Rising Star of the Chief Knowledge Officer. *Ivey Business Journal*. (23 October 2011).

Davenport, Thomas H. and John Glaser. “Just-in-Time Delivery Comes to Knowledge Management - Knowledge Management Just-in-Time.” *Harvard Business Review*, 12 August 2002. Web. 28 October 2011.

Desouza, Kevin C., and Jeffrey J. Raider. 2006. Cutting corners: CKOs and knowledge management. Emerald Group Publishing Limited. Vol. 12 No. 2, 2006 pp. 129-134. (22 October 2011).

Duffy, Jan. January/March 2000. Becoming Knowledge-Powered: Planning the Transformation. *Information Resources Management Journal*. Vol. 13, No. 1. (24 October 2011).

Frank, Brian. April 4, 2001. Five Tips to Reduce Knowledge Loss. *Metlife, Inc.* (25 October 2011).

Freeze, Ron, and Jane Swanson. 2011. Knowledge Management for the Converged IASB and FASB Standards. *The IUP Journal of Knowledge Management*. Vol. IX, No. 2. (26 October 2011).

“How People Learn Systems.” *CIPD*. 2011. Web. 30 October 2011.

IFRS Certificate Program. 2011. < <http://www.ifrs.com/certificate/index.html>>. (26 October 2011).

Kaplan, Bill. September/October 2007. Creating Long-Term Value As Chief Knowledge Officer. *Melcrum Publishing*. (25 October 2011).

King, Nigel. March 1999. Knowledge Management: Applying Manufacturing Theory In Knowledge Based Industries. Management Accounting. (27 October 2011).

KMWorld. KMWorld Magazine, 2011. Web. 27 October 2011.

Knowledge Management Professional Society. Knowledge Management Professional Society, Inc., 2011. Web. 27 October 2011.

McCormick, John. "5 Big Companies That Got Knowledge Management Right. Ziff Davis Enterprise Holdings Inc. 2011. Web. 28 October 2011.

Ning. Web. 2011. <<http://www.ning.com/>> (25 October 2011).

Partnership Continuum, Inc. 2006. Knowledge Management: Preventing Loss of Critical In-house Expertise. Partnership Continuum, Inc. (25 October 2011).

Pollard, Dave. Interviewed by Ernst & Young LLP. Knowledge Management. Information Resources Management Journal, Jan-Mar 2000 Vol. 13 Issue 1, p54, 8p. Web. 28 October 2011.

Pounder, Bruce. 2006. How Globalization is Affecting U.S. Accountants. Leveraged Logic. Web. 28 October 2011.

Summer, Laura. 2009. The Advantages of a Ning Social Network Within a Higher Education Program. University of Colorado Denver, Faculty Reference Handbook, Chapter 5. Web. 28 October 2011.

"Tacit versus Explicit Knowledge." *N.p.* Hypertext versus Knowledge Management, *N.d.* Web. 28 October 2011.

Zack, Michael H. "Developing a Knowledge Strategy." *California Management Review*, Vol. 41, No. 3, Spring, 1999: pp. 125-145. Web. 28 October 2011.