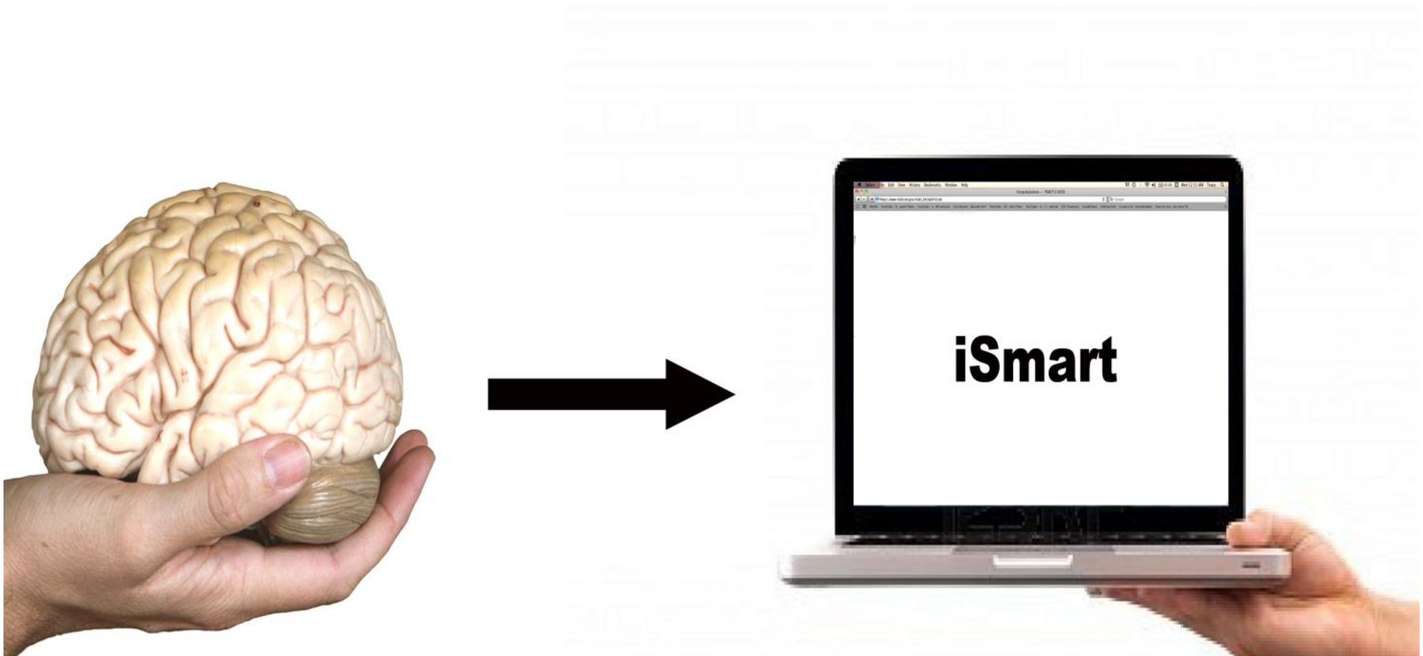

A Business Proposal for the Implementation of iSmart into Miller, Walker, and Thompson

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Table of Contents

Assumptions

I have made the following assumptions throughout the development and implementation of **iSmart**. The assumptions are as follows:

- MWT does not currently have any accounting firm alliances.
- All of MWT's employees have a smart phone.
- MWT does not have a Chief Knowledge Officer (CKO).
- MWT will have zero cash savings in the first year. In the second year, the cash savings for the conservative, moderate, and aggressive approaches will be 2%, 5%, and 7%, respectively. Also cash savings will increase by 1% every year.
- The yearly total hours worked by each employee is 2,200 hours, which include 40 regular hours and 120 overtime hours.
- MWT will not need additional hardware for the implementation of **iSmart**.
- The subscription cost of Ning will remain constant for the next five years.
- The uploading cost percent, which is the amount of time the partners will spend using **iSmart**, under the conservative, moderate, and aggressive approaches will be 10%, 12%, and 15%, respectively. This cost will remain constant for five years.
- The uploading cost for the employees for the conservative, moderate, and aggressive approaches will be 2%, 5%, and 7%, respectively.
- The CKO will spend 20% of his/her time monitoring **iSmart** throughout the five-year period.
- MWT does not have any phased retirement retention or mentoring programs.
- MWT is a member of INCPAS

Introduction

As the newest and youngest partner at Miller, Walker, & Thompson, LLP (MWT), I have created a business plan focusing on a knowledge management system, **iSmart**, which will help maintain our firm's valuable knowledge. My goal is to rely on **iSmart** to successfully extract knowledge from our most valuable resource, our employees; specifically the retiring partners. **iSmart** will allow our employees the ability to obtain knowledge on various topics as well as enter information that is beneficial to their colleagues. This will allow our firm to obtain a competitive edge over other firms by having the ability to retain knowledge from MWT's current and past employees.

MWT's Current Knowledge Distribution

MWT currently has 50 employees, seven of which are partners who will be retiring in the next seven years. As these employees retire, MWT will need to replace these partners with new partners. Assuming we select new partners internally, **iSmart** needs to be successfully implemented and in full operation by the time the first partner retires. At this point, my main focus is on the knowledge the retiring partners have, however; MWT's staff knowledge is also important.

Executive Summary

Building a Knowledge Management System

In order to retain the knowledge that our employees have at every level of the firm we must adopt a knowledge management system (KMS). Currently, the firm does not have any method established. We have developed a KMS called **iSmart**. In order to build **iSmart** we analyzed the following:

- Definition of knowledge management applicable to MWT
- Type of content to be included in the system
- Successful ways to capture, develop, archive and organize information for **iSmart** Appointing a Chief Knowledge Officer to oversee the systems operations

Creating Motivation

We focused on intrinsic and extrinsic motivators that are necessary for creating and maintaining interest for **iSmart**. We created a system that combines intrinsic and extrinsic motivators in order to successfully encourage usage of **iSmart** by all employees at MWT. Our intrinsic motivators relate to creating motivation within the employees while our extrinsic motivators include receiving money or vacation days.

We also discussed the importance of combining our business strategy with a knowledge strategy. This is the ultimate step in motivating employees at MWT since employees tend to mirror the strategy of the firm through their individual work. It is important to note that this cannot happen until the completion of a full implementation of **iSmart**. This is because an examination of the total amount of knowledge within the firm is necessary to align knowledge and business goals. In order to properly merge business and knowledge strategies, we must understand where our knowledge is coming from and how to deal with knowledge vacuums in certain areas when compared to our competitors.

iSmart *Team*

MWT will create an **iSmart** team consisting of a Chief Knowledge Officer (CKO) and three specialists in the areas of finance, information technology (IT) and human resources (HR). Each specialist will report to the CKO. All of these positions will be filled internally by current MWT employees, with a partner in the CKO position.

Return on Investment (ROI) – Cost-Benefit analysis

The return on investment is calculated by analyzing the costs and benefits of developing and implementing iSmart. The costs incurred in the development and implementation process are the cash outflows, and the cost savings are the cash inflows. The ROI is calculated under three different approaches: conservative, moderate and aggressive. Under all three approaches, the ROI is positive at the end of year five. We concluded that it was necessary to calculate an internal rate of return (IRR) in order to take time value of money into consideration when viewing beyond year one. The results of IRR were also positive for all three approaches at the end of year five.

Implementation of **iSmart**

There are five steps associated with the implementation of **iSmart**: education; creation of strategic pilot projects; development and implementation; expansion; and finalization. The education stage will focus on MWT introducing **iSmart** to the employees through informational in-house seminars and workshops. Essentially, in this stage we want to get the employees to participate in implementing **iSmart**. In the second stage, creation of strategic pilot projects, MWT will create teams to develop **iSmart** pilot projects that connect to our business strategy. These projects will allow us to visualize the functionality of using **iSmart** within the firm. In the development and implementation stage, MWT will create teams to oversee the launch of the pilot projects. These teams will evaluate the results of the pilot launches and establish the changes that need to be made to create a successful system. Stage four is expansion, which will focus on expanding **iSmart** to fit MWT's wants and needs based on the most successful pilot projects. The finalization stage will focus on incorporating **iSmart** into the business model as well as establishing a training team to help the employees learn how to use **iSmart**.

Ning Features

The multiple features available on Ning make using **iSmart** fast and easy. Features like Groups, Forum, Chat, and Events offer users the freedom to create events, ask questions, make comments and locate specific information. The Notes feature will be most useful to **iSmart** since it will be the database of all information collected from employees. MWT's **iSmart** team will be able to create an app for Ning to allow access to **iSmart** from any iPhone or Android device. Employees will be able to view notes or video of meetings they are unable to attend. Ning also has settings to control who is allowed into **iSmart** as well as areas where only certain **iSmart** members can contribute, which comes in handy for preventing unwanted information being added into the Notes feature.

Advantages and Disadvantages of Mobility

Mobility is necessary to meet the needs of clients in the best way possible. To get the edge necessary to compete with larger firms, we need to form an alliance with other smaller accounting firms who specialize in areas that we do not. This gives an increase in geographic coverage available for clients, increases our scope of services, offers the potential to improve our reputation if aligned with well-known firms, and gives us more capabilities to learn.[1] With the benefits come some major disadvantages if we do not have a contract with the other firms set in place. These include becoming too dependent on

[1] Sawhney, Robert. "The Competitiveness of Hong Kong & Asian Accounting Firms." SRC Associated Ltd. Mar 2010. Web. 26 Oct 2011. http://www.srchk.com/doc/The_Competitiveness_of_hk_and_AAF.pdf.

other firms' services, other firms unable to fulfill their duties and differentiating work cultures and ethics among firms. It will also be necessary to include a non-compete clause in order to prevent competition and poaching of clients.

Mobility and Technology

Mobility is crucial to the success of **iSmart**. In order to offer employees every opportunity to utilize **iSmart**, it must be made available at all times. Technology applications have a significant role in creating unlimited availability of **iSmart**. We must use applications that capture and share information in different ways that are accessible to employees in and outside of the office. In order to encourage our employees to use **iSmart**, we looked into different methods of technology that can be used in capturing and sharing information. These include the following:

- Dropbox.com
- Video and audio recording and broadcasting
- iPad and iPhone
- Dragon Dictation
- Face Time/Skype
- Accounting Podcasts
- Cloud Computing

All of these applications aid in the mobility to find or give information to others within the firm who need it, which leads to a better distribution of knowledge throughout MWT.

Use of KMS in Other Professions

Knowledge management systems have proven to be beneficial for other professions. The health care industry is a major supporter of knowledge management systems. Health care professionals use KMS to keep up-to-date with the newest medicine and treatment information in order to provide better patient care. Law firms use a combination of codification and personalization in a knowledge management system to cater to the varying needs of a firm. Codification helps when a firm deals with repetitive cases by keeping templates of the most used documents, making the firm more efficient. Codification is paired with personalization which keeps track of the expertise of individual associates in the firm in a way that is easily searchable by all employees, which cuts down on time spent locating people with specialties. Pharmaceutical companies also implement KMS in order to benefit drug sales. A pharmaceutical KMS keeps client and drug information up-to-date as well as keeping track of competitor information in order to be constantly updating current strategies to remain competitive.

Based on the review of KMS in health care, law firms, and pharmaceuticals, we decided that **iSmart** needs to take an approach that combines personalization as well as codification. This is because some of the work that MWT performs is repetitive and will benefit from storage of documents that are used often. We also think that personalization is necessary because individual employees possess varying qualities that are necessary to help specific client problems that we have. We also need to create events that encourage employees to learn new information uploaded to **iSmart**. This will give employees more incentive to learn and a reason to check into **iSmart** on a regular basis. We also concluded that **iSmart** needs an area that keeps track of knowledge that competitors use to offer different areas of specialization to clients so that we have a comparison of what areas to improve on.

Globalization

As we move toward the convergence of GAAP and IFRS, the need for simplicity and comparability between reporting standards will become more increasingly relied upon. In order for MWT to prepare itself for this change, we need to develop a system that will allow us to maintain, update, and access information related to IFRS reporting standards. We also need to be aware of the effect this convergence will have on our clients and stakeholders as well. It is important for our clients to feel secure that we are knowledgeable about IFRS and will successfully prepare and distribute their financial reports in accordance with the new IFRS standards. In order to meet these needs, we will create iHelp.

Although iHelp will take a sufficient amount of time and resources to successfully implement, the long-lasting benefits make it worth the effort. MWT needs to create teams to research and plan a strategy to implement this system within **iSmart** as well as obtain an expert on implementing a Shared Services Organization (SSO) to oversee the project. There are several benefits iHelp will provide to MWT, such as reduction of labor costs. Since iHelp consolidates several business processes into one, we will be able to reduce the amount of work typically completed within several departments. We will also be able to reduce the amount of outsourcing costs for our firm.

How INCPAS Can Help With Knowledge Management

INCPAS can play a major role in helping CPA firms like MWT develop and implement a knowledge management system. This can be done by providing information on knowledge management through articles, blogs and forums. Offering consulting services, CPE courses that focus on knowledge management and conferences focusing on KMS development and implementation will also help by giving CPA firms the opportunity to see how other firms are using KMS. The INCPAS website could provide reviews of knowledge management software that has been used by CPA firms so that other firms can compare the costs and benefits. In addition to INCPAS, consulting firms can be of great help in the development and implementation of a KMS in MWT.

What Is Knowledge?

Instituting a knowledge management system into the firm's structure will first involve an understanding of knowledge. MWT must decide how the concepts of knowledge apply to the firm. Tacit and explicit knowledge are the core concepts involved with the development of organizational knowledge[2]. Tacit Knowledge is personal, developed through the process of interaction with people. This interaction causes this concept to be context specific. Therefore, tacit knowledge is stored within an individual[3]. Explicit knowledge is codified, documented, or archived. This knowledge can be made readily available to others and is usually stored on computers and information technology[4]. Interaction between tacit and explicit knowledge creates the exchange of personal knowledge to organizational knowledge. Through the use of KMS tacit knowledge is converted into explicit knowledge that will be available to all members of the firm. Turning our partners' tacit knowledge into explicit knowledge will give our firm a knowledge base which will create an edge over our competitors. Listed below is a table to outline this interaction and the development of the four modes of knowledge creation.

Spiral of Organizational Knowledge Creation[5]

	To Tacit Knowledge	**To Explicit Knowledge**
From Tacit Knowledge	Socialization	Externalization
From Explicit Knowledge	Internalization	Combination

Once the interaction between tacit and explicit knowledge is complete, we must analyze the four modes of knowledge conversation. Socialization begins when an individual with tacit knowledge merges with other individuals to exchange tacit knowledge and improve the overall group knowledge. One individual starts sharing an experience with a group, which leads to others sharing relatable stories. The creation of new tacit knowledge evolves from the interchange of an individual's current tacit knowledge. Upon completion of these interactions, individuals within the group now have the capabilities of developing new ideas based on the information they received from other tacit knowledge.[6]Externalization is converting tacit knowledge to explicit knowledge. This happens through the use of concepts and diagrams that incorporate sketches, analogies and metaphors in an attempt to explain tacit knowledge. It is the use of dialogue that tacit knowledge converts to explicit knowledge.[7] Combination takes two separate explicit knowledge ideas and turns them into

[2] Filemon A. Uriarte, Jr., Introduction to Knowledge Management (Jakarta: ASEAN foundation, 2008), page 4
[3] Id. 5
[4] Id. 6
[5] Id. 7
[6] Id. 7
[7] Id. 7-8

systematic explicit knowledge. [8] Internalization takes explicit knowledge and constructs tacit knowledge using the individual's know-how and operational knowledge.[9]

These four modes will be a part of the foundations of understanding what approach MWT will take when implementing strategies to develop a knowledge management system. Having an understanding of what aspects of knowledge exist and how to incorporate them from personal to organizational knowledge are key in this process. MWT must decide what tacit and explicit knowledge exists in the firm and how they will gain and use it for the knowledge management system. However, before MWT prepares this, the firm must also gain an understanding of the definition of knowledge management.

What Is Knowledge Management?

Knowledge management has several meanings and is generally concerned with the process of identifying, acquiring, distributing and maintaining knowledge that is critical to the organization. Listed below is a table that outlines three different approaches to defining knowledge management[10].

Knowledge Management Defined

Results-Oriented Definition	"To have the right knowledge at the right place, at the right time in the right format."
Process-Oriented Definition	"The systematic management of process by which knowledge is identified, created, gathered, shared and applied."
Technology Oriented Definition	"Business intelligence + collaboration + search engines + intelligent agents."

MWT will use the process-oriented definition with our approach of defining our knowledge management system. We chose to use this definition because it ties into our company's vision of the type of system we need implemented to share knowledge throughout the hierarchy of the firm.

Information management and people management are the two main aspects of knowledge management. These two aspects go along with our prior discussion of explicit and tacit knowledge. Both aspects of knowledge management embody two immediate concerns: first, how to make organizational knowledge more productive; and second, how to produce benefits that are significantly greater than those envisioned[11]. Along with these parts, it is useful to look at knowledge management as having four pillars. Taking this approach will give a better understanding of how to define knowledge management.

[8] Filemon A. Uriarte, Jr., Introduction to Knowledge Management (Jakarta: ASEAN foundation, 2008), page 8 Id
[9] Id. 8
[10] Id. 13
[11] Id.16

Four Pillars of Knowledge Management

Management and Organization

The first and most important pillar of knowledge management is the commitment at the highest levels of management. This commitment is demonstrated in two ways. First management at the firm's highest level should participate by being role models. This will include knowledge sharing and use. Second, the firm should implement a structure to support knowledge management that includes financial, technological, and human resources[12]. Without this commitment the knowledge management system of our firm is bound to fail.

Infrastructure

This pillar includes technology and infrastructure support. We must implement a system that properly manages both tacit and explicit knowledge through basic communication infrastructure. In any knowledge management system, three principal technology infrastructures are needed. These include first the technology infrastructure needed to organize content, second, the technology infrastructure needed to search information, and third, the technology infrastructure needed to locate organized expertise[13].

People and culture

This pillar focuses on tacit knowledge and its involvement with people. There are three important elements regarding people and culture. These include the redefinition of organizational structure, the corresponding human resources practices, and a consistent organizational culture. The first element determines the manner by which decisions are made as well as the accountability for material and human processes and resources. The second element includes acquiring (recruitment), enabling (training), evaluating (performance measurement), developing (career management) and rewarding (compensation) the knowledge workers. The third element focuses on implementing an environment where trust and openness contribute to continuous learning and experimentation. Motivation of employees is also a key factor for the third element. Employees will thrive off support and encouragement of higher level management[14].

Content management systems

This pillar includes internal and external information assets and systems that support the creation and administration of digital information. Programs should be implemented to control and manage content entered into the knowledge management system developed for the firm[15]. Providing ways for new information and content to be entered into the system as articles is also an approach that will benefit the knowledge management system.

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[12]Filemon A. Uriarte, Jr., Introduction to Knowledge Management (Jakarta: ASEAN foundation, 2008), page 17-19

[13] Id. 19-21

[14] Id. 21-24

[15] Id. 25

Knowledge Management Defined by MWT (**iSmart**)
After gaining an understanding of the definitions of knowledge and knowledge management, the development of knowledge management for MWT can be achieved. MWT will create a knowledge management system known as **iSmart**. The name will make the system more attractive to users at every level of the firm. Knowledge management defined by MWT is the practice of creating, gathering, organizing, and disseminating the collective wisdom and experience of the firm's employees for the purpose of strengthening our competitive advantage in the CPA profession[16]. Focusing on what our employees' knowledge is through tacit and explicit knowledge is core to implementing **iSmart**. MWT will provide the necessary tools to encourage and incorporate participation of every employee at each level of the organization. Following the four pillars of knowledge management is critical for a successful implementation of **iSmart**.

Elements of iSmart

In order to have a complete knowledge management system, MWT must incorporate the four elements of an effective KMS. Once this is established the firm will have a better idea of the content that should be incorporated with the development and implementation of **iSmart**. Our Chief Knowledge Officer will be in charge of managing these four elements. The four elements are knowledge creation and capture, knowledge sharing and enrichment, information storage and retrieval, and knowledge dissemination. Listed below is a brief summary of each element.

Knowledge Creation and Capture
The two most important factors of this element are creativity and innovation. Both of these factors accomplish the following:

- Determine the competitiveness of the firm within the CPA profession
- Assist with the creation of new knowledge
- Consider the most important traits and skills needed to make the firm more productive and competitive.
- Require proper management
- Brainstorming[17]

Content Management
This is a principle of knowledge creation and capture, and it involves the creation of an information database[18]. There are three decisions involved in the process of populating the information database. Each decision is listed below.

- First Decision: How will we create, contribute, and publish new information?

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[16] Scarboroug, Norman M., Douglas L. Wilson, and Thomas W. Zimmerer. *Effective Small Business Management An Entrepreneurial Approach*. 9th. New Jersey: Pearson Prentice Hall, 2009. 40. Print.
[17] Filemon A. Uriarte, Jr., Introduction to Knowledge Management (Jakarta: ASEAN foundation, 2008), pages 45-47
[18] Id. 47

- Second Decision: Who has the responsibility of accessing the database for updating and deleting information?
- Third Decision: What information should be included in the database[19]?

Knowledge Sharing and Enrichment
This is the most crucial element of the four. During this process, knowledge is refined and enriched[20]. Listed below are important factors associated with element.

- Competitive advantage is determined by the extent of knowledge sharing among the organization's members
- Proper knowledge sharing to take place proper communication and culture within the firm is important.
- Incentives[21]

Information Storage and Retrieval
This element gives the firm options regarding how to ensure that information is readily accessible to others internally[22]. There are four main options for storing information. They include the following:

- File system storage
    - Local and network directories and folders
- Databases
- E-mail
- Websites
    - Intranet and external[23]

Knowledge Dissemination
The final element involves knowledge dissemination to be effective by requiring the transformation of highly individualized tacit knowledge into explicit knowledge that can be more widely shared.[24]

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[19] Filemon A. Uriarte, Jr., Introduction to Knowledge Management (Jakarta: ASEAN foundation, 2008), page 48
[20] Id. 51
[21] Id. 51-57
[22] Id. 61
[23] Id.61
[24] Id. 64

*Content for **iSmart***

MWT must develop **iSmart** in an aspect that focuses on the firm and incorporates the goals and objectives needed to gain a competitive advantage in the CPA profession. Determining what content to include in **iSmart** begins with the development of objectives that outline the purpose and benefit of the system. After identifying the core objectives of **iSmart** MWT can focus on the specific content related to each objective listed below.

- Provide a database to promote communication of knowledge amongst employees at the firm
    - Sharing information throughout the hierarchy system of MWT
    - Retain information from employees who have left the firm
    - Encourage networking
- Organize information that is useful for servicing clients
- Organize information used in the marketing strategy of the firm
- Support new and current employees with their development with MWT
- Improve time management of employees

Capturing Information

In order for MWT to capture information, the firm must first establish a way to capture creativity and innovation of employees. Listed below are ways to capture knowledge from internal and external sources.

- Asking questions of employees, consultants, experts and clients
    - Providing a questionnaire.
- Utilizing different sources such as
    - Internet
    - Websites
    - Publications
    - Emails
    - Printed reports
    - Records of meetings
    - Copies of memos
- Attending meeting, seminars and workshops
- Establishing content management
    - Creating an information database[25]
    - Determining data entered into the database
    - Editing

Developing Information

Next MWT must develop information that has been captured into beneficial knowledge that the firm can use. This process will require proper procedures and personnel who can decipher the value of each submission of information from internal and external resources. There are four activities that should be implemented with the development of information. These four activities are listed below.

[25] Dalkir, Kimiz. *Knowledge Management In Theory And Practice*. 1st. Oxford: Elsevier, 2005. 78-80. Print.

- Identify and characterize the knowledge assets of the organization
- Develop an overall KM framework with clear goals and objectives
- Conceptualize and prepare preliminary design of some strategic KM pilot projects
- Prepare an indicative budget and find the resources to support the selected KM pilot projects[26]

Archiving Information

MWT must next decide how to store information relative to the knowledge management system. This process will involve the implementation of physical and digital storage options. Both options must be readily available for the use of employees within the firm. Listed in the table below is a list of the physical and digital storage options[27].

Physical Storage Options	Digital Storage Options
File folders	Database
Printed information	Knowledge Management Software
Local and Network Directories	Websites (Intranet and external)

Organizing Information

Finally MWT must decide the most effective way to organize the information of the knowledge management system. The personnel in charge of managing the system must organize the information in a way that is easy to understand and use. Knowledge management personnel should implement a two-step process when organizing data. This process includes the following:

- First, the information should be divided into manageable units
    - Determine the size of each meaningful unit
- Second, each unit should be categorized.
    - Categorize each unit by content type
        - Create a list of all the content types of the firm[28]

[26]Moore 2006] Mitchell Moore, Meg. "The Next Wave of Knowledge Management." Microsoft Midsize Business Center. 2006. (Accessed October 28, 2011.)

[27] (Abhishek 2005) Abhishek M. "Knowledge Management: An Initiative. "The Code Project: The Scrapbook. 2005. (Accessed October 28, 2011.)

[28] [KMA Insights 2003] "What Is a Knowledge Management System and Why Would I Need One?" KMA Insights. 2003. (Accessed October 28, 2011.)

Motivation

Extrinsic Motivation

Extrinsic motivation will be necessary to those who are simply not motivated enough by the task of contributing to **iSmart**. Some employees will not see participating in **iSmart** as trade-off to the work time lost during participation, losing some of their influence and power by giving and receiving knowledge, as well as the additional effort required to writing in an understandable format[29]. Employees of this nature will participate to receive the positive outcome or to avoid the negative consequence[30]. An example of extrinsic motivation would be an employee who becomes motivated to participate upon learning about the bonus that comes upon completion of a company survey.

Extrinsic motivators are available in both material and immaterial forms[31]. Types of material incentives typically come in monetary form, which require less effort and preparation from the firm. The fact that this type of incentive is controlled entirely by the employer gives it a major advantage over intrinsic incentives. Material incentives can also be made universal, avoiding conflict among employees[32]. Because a monetary incentive becomes less effective from a certain level due to varying career levels within a firm, the use of immaterial incentives are necessary to perfect the use of extrinsic motivation[33]. Disadvantages of extrinsic motivation include the possibility of creating competition among employees and potentially hindering team work[34]. The use of extrinsic motivators can also indirectly cause employees to contribute information less accurate information just to receive incentives. Because of our professional environment, we hold all of our employees to the highest standard of professionalism. This situation is no different. Employees who choose to abuse the use of incentives by trying to add unhelpful information will face the consequences during their work performance evaluations. With that being said, there will still be a team of **iSmart** analysts who review information before it is formally distributed throughout the firm. This is discussed later during the implementation section.

It is important for MWT to pick extrinsic motivators that will draw the attention of the employees. Various incentives have been used to create similar motivation in the past.

[29] Bock, et al. "Behavioral Intention Formation in Knowledge Sharing: Examining the Roles of Extrinsic Motivators, Socio-Psychological Forces, and Organizational Climate." *Mis Quarterly.* 29.1 (2005): 87-111. Print.

[30] Semar, Wolfgang. "Incentive Systems in Knowledge Management to Support Cooperative Distributed Forms of Creating and Acquiring Knowledge." *Proceedings of the International Conference on Information and Knowledge Engineering*. (2003): 406-411. Print.

[31] Id.

[32] Id.

[33] Id.

[34] Whittom, Allen and Marie-Christine Roy. "Considering Participant Motivation in Knowledge Management Projects." Journal of Knowledge Management. 10.1 (2009) Web. 22 Oct. 2011. http://www.tlainc.com/articl175.htm

Extrinsic materialistic incentives include bonuses, salary increases, gift cards and vacations, while non-materialistic incentives include recognition by the public and peers[35] .

The approach best suited for MWT is a combination of monetary and non-monetary incentives. A monetary incentive will be awarded for each involvement with **iSmart**. Involvement is defined as employees who chose to participate in **iSmart**, whether it is as a learning experience or knowledge contribution. It is to be noted that involvements with **iSmart** as contribution will be subject to evaluation of content in order to deter employees from participating with unhelpful information just to receive incentive. Learning experiences are defined as having attended an informational event or by asking five (5) questions regarding information available on **iSmart**. There will also be a reward of an extra week of vacation to the employee at the firm who has been the most involved throughout the year. Involvement is defined by the amount of information collected and the amount of learning participation. This allows for a new partner to be able to compete against a senior partner since it is not solely based on the amount of information contributed. The winner will be addressed during a non-material incentive described below.

The use of a non-material incentive is just as valuable as a material one. MWT will begin having quarterly Knowledge Management meetings to address the firm regarding any changes with **iSmart**. MWT will also use these meetings as an opportunity to recognize the top five people in the firm who have used **iSmart** the most in the previous quarter. During the last meeting of the year, the employee who has had the most involvement with **iSmart** throughout the year will be rewarded with the extra week of vacation for the upcoming year.

Knowledge Strategy

The ultimate step in creating motivation for **iSmart** is linking knowledge management into the firm's overall business strategy. A company that provides products to its clients would have a typical business strategy of creating the best quality products at competitive prices. Comparatively speaking, MWT provides a service to its clients, which is essentially the product our firm is offering. Because of this, it is necessary for the firm to have the best knowledge management capabilities in order to remain competitive in the market incorporated into our business strategy.

The intertwining of our current business strategy and our knowledge strategy will happen upon the completion of a fully implemented KMS. In order to follow our knowledge strategy, we must know the amount of knowledge that the firm currently has. The way to gauge this is by the amount of information that gets catalogued by the use of the KMS. Once MWT is able to see the amount of knowledge collected, a comparison to competitors to see

[35] Galia, Fabrice. "Intrinsic-Extrinsic Motivations, Knowledge Sharing and Innovation in French Firms." *GREDEG Research Group Law, Economics, Management*. N.p., 16 Nov 2007. Web. 23 Oct 2011. http://www.gredeg.cnrs.fr/Colloques/Organisation/Files/Galia.pdf.

if the firm possesses the same capabilities is necessary. If a gap develops and MWT has less knowledge than others in the industry, MWT must become explorative to acquire enough knowledge to maintain its competitiveness. But, if the opposite happens and the firm has a surplus of knowledge, we can exploit our excess information by leveraging our experience in advertisements to potential clients[36]. We may also exchange knowledge with other accounting firms by forming an alliance. (See Advantages and Disadvantages of Mobility)

Another important step in combining business and knowledge strategies involves knowing the source of the firm's knowledge. Understanding MWT's primary source of knowledge helps determine the value of such knowledge. If the majority of the firm's knowledge base is obtained internally, then it holds high value because it "tends to be unique, specific, and tacitly held[37]". Internal knowledge gives a competitive advantage because it is harder to recreate outside of the firm. If the majority is external knowledge, the firm could be at a disadvantage because of availability of the same information to competitors, the generality of the information as a whole, and the high cost to obtain it[38]. Ideally, MWT would want to have a good combination of external and internal knowledge. External knowledge leads to better internal knowledge which is the ultimate goal.

The last step to look at is the proper way of combining the previous two. There are different strategy approaches depending on the difference in amounts of knowledge between MWT and its competitors. If MWT is in a position to exploit knowledge, we may wish to take the conservative approach on exploiting the knowledge we have generated internally since we have the upper-hand in the industry[39]. But, if the situation leaves MWT with less knowledge than other firms in our industry, it would be necessary to take an aggressive approach to exploiting our internal knowledge while developing new ways to create more.

Components of the iSmart Team

Maintaining and monitoring the knowledge management system within MWT requires a strong team of diverse personnel who will be directly involved in the knowledge management process of the firm. In his book Introduction to Knowledge Management, Filemon A. Uriarte Jr. stated that "the first and the most important pillar of knowledge management is the commitment at the highest levels of management" and this commitment can come from a knowledge management structure that includes finance, technology and human resources.[40] In order to successfully implement the knowledge management system, it is vital that MWT form a knowledge management department who will be responsible for "the establishment of a knowledge- oriented technology infrastructure as well as helping to collect, categorize or monitor the use of knowledge." [41] The KM

[36] Zack, Michael. "Developing a Knowledge Strategy." *California Management Review*. 41.3 (1999): 125-145 Web. 23 Oct. 2011. http://web.cba.neu.edu/~mzack/articles/kstrat/kstrat.htm.
[37] Id. 125-145
[38] Id. 125-145
[39] Id. 125-145
[40] Filemon A. Uriarte, Jr., *Introduction to Knowledge Management* (Jakarta: ASEAN foundation, 2008), p.17.
[41] Id. 17.

department will also be responsible for "the management of organizational resources such as labor and capital to enable it to pursue its objectives effectively." [42]

Implementation phase and Steady-state phase

The white paper guide on Selecting and setting up a KM team presented by Knoco Ltd, an independent knowledge management consulting firm, specified that knowledge management team should be created in two phases: "implementation phase and the steady-state phase."[43] Following this approach, MWT will start by instituting its knowledge management department with the focus on implementation of **iSmart** and then shift its focus on maintaining and monitoring **iSmart**. During the implementation stage, the KM department will be viewed as a project that is initiated to implement change in the organizational culture and fully transform the organization into a knowledge-enabled one. Once MWT is through the implementation phase, the firm will operate its KM department as it would operate its other departments.

Chief Knowledge Officer (CKO)

As with any other department, the KM department needs a leader who can lead the KM team towards achieving the knowledge management goals of MWT. Skryme defines a CKO as "a senior executive who is responsible for ensuring that an organization maximizes the value it achieves through one of its most important assets- knowledge." [44] MWT will appoint a Chief Knowledge Officer. Michael Earl and Ian Scott noted some leading and managing qualities of CKO in a National Post Online article. According to Earl and Scott, "The CKO needs to be an entrepreneur, a self-starter who is excited by business development and by creating something." The authors further state that "CKOs need two principal design competencies as they encourage, initiate and manage investments in IT and the social environment. First, as a technologist the CKO has to understand which technologies can attribute to capturing, storing, exploring and, in particular, sharing knowledge. The second design competence is "softer" in character and relates more to the management of tacit knowledge. Here our CKOs stressed their role in creating social environments that stimulate both arranged and chance conversations, or in developing events and processes that encourage more deliberate knowledge creation and exchange."[45] Bearing in mind the characteristics outlined by Earl and Scott, MWT will need to carefully appoint a CKO.

The responsibilities of the CKO will vary depending on the phase of the iSmart implementation process. According to Filemon A. Uriarte Jr., the responsibilities of the CKO while the firm is in the implementation stage mainly include "getting involved in the collection and categorization of knowledge." [46] When MWT is just beginning to implement

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[42] Filemon A. Uriarte, Jr., *Introduction to Knowledge Management* (Jakarta: ASEAN foundation, 2008), p.17.

[43] *Knowledge Management Implementation Team*, Knoco Ltd. Reference Section: Knowledge Management Roles, 2010, < http://www.knoco.com/knowledge-management-implementation-team.htm> [accessed 22 Oct 2011]

[44] David J. Skyrme and, 'Knowledge Leadership: Setting the direction and gaining commitment', in *Creating the Knowledge-based Business* by David J. Skryme and Debra M. Amidon (1997).

[45] Michael Earl and Ian Scott. "The role of the chief knowledge officer." National Post Online. 24 July. 2004. 22 Oct. 2011 < http://www.providersedge.com/docs/leadership_articles/The_Role_of_the_CKO.pdf>

[46] Filemon A. Uriarte, Jr., *Introduction to Knowledge Management* (Jakarta: ASEAN foundation, 2008), p.17.

iSmart, the newly appointed CKO will be spending most of his time collecting and categorizing knowledge of its professional staff. However, after **iSmart** has been established and implemented in MWT, the responsibilities of the CKO should not be the same. Filemon A. Uriarte Jr. notes that "as the system gets more entrenched, the CKO should serve merely as a facilitator behind the scene playing the role of creating awareness, promoting further progress and monitoring improvements." [47] MWT will also modify the role of its CKO accordingly.

The KM team

The responsibility of maintaining and monitoring **iSmart** cannot just be put onto the shoulders of one person. The CKO alone will not be able to handle this responsibility. He/She will need support from other specialists of the firm to handle different areas of knowledge management in MWT. Three of the most important aspects of knowledge management structures, as stated by to Filemon A. Uriarte Jr include finance, technology and human resources. [48] After appointing the CKO, the next step for MWT would be to assign the responsibilities of taking care of each of the finance, technology and human resource area. MWT will assign senior management employees already involved in the specific areas as finance, IT and HR specialists.

Finance Specialist

The finance specialist of the iSmart team will be responsible for monitoring the costs and benefits of **iSmart**. The finance specialist will also be responsible for analyzing the return on investment of the system.

IT Specialist

The IT Specialist of the iSmart team will specifically work with the Ning software that the firm will be using for **iSmart**. The IT manager will also work closely with MWT's external IT consulting firm and be responsible for monitoring and ensuring the smooth operation of the software.

Human Resource Specialist

The Human Resource manager of the iSmart team will basically act as a liaison between the KM team and all the other employees in the firm. The HR manager will be responsible for ensuring that the all the relevant information about the firm's iSmart is clearly communicated to all the staff in the firm in a timely manner.

All three managers will report to the CKO. Each of the managers will assign tasks to other staff already working in their specific areas in case of a need for assistance. These staff will work closely in assisting their individual mangers to ensure proper maintenance and

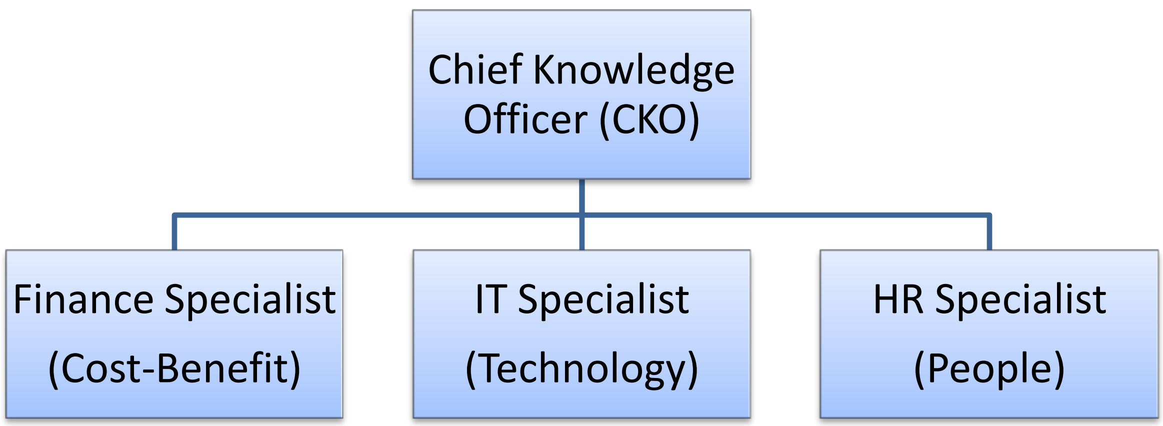
[47] Filemon A. Uriarte, Jr., *Introduction to Knowledge Management* (Jakarta: ASEAN foundation, 2008), p.17.
[48] Id. 17.

functioning of **iSmart**. While assigning tasks to those staff, managers will need to consider the following factors:[49]

- Team size
- Team skills
- Team roles

The figure below shows how MWT will set up its KM department who will be responsible for maintaining and monitoring the KM system of the firm.

MWT- KM Department



Cost and Benefits of Implementing KMS

Before implementing iSmart, MWT must evaluate potential costs and benefits of implementing a KM system. As Daniel E. O'Leary was studying the evolution of knowledge management in KPMG, he found out that the most difficult part of the KM process was measuring the benefits of the KM system. "Costs can be readily seen, but it may be hard to trace specific revenues generated by using the system." [50] Although it is hard to trace the benefits in numerical terms, we will make sure to address all possible benefits of implementing the KM system in our firm while analyzing our costs and benefits.

<u>Costs</u>

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[49] Knowledge Management Implementation Team, 2010, Knoco Ltd. Reference Section: Knowledge Management Roles, 22 Oct. 2011 < http://www.knoco.com/knowledge-management-implementation-team.htm>

[50] Evolution of Knowledge Management toward Enterprise Decision: The case of KPMG. Daniel E. O' Leary. <http://docs.google.com/viewer?a=v&q=cache:8ctSE01nukMJ:https://msbfile03.usc.edu/digitalmeasures/doleary/intellcont/The%2520Case%2520of%2520KPMG-revised-2-1.DOC+ROI+on+knowledge+management+of+kpmg&hl=en&gl=us&pid=bl&srcid=ADGEESj-Y8pufCIQTs8EcPw8bFqJzRdH7euS-rxPkpHqRFXfd7SfZrpoWmZJtXVTxgtlCVwjviZEhIX7PmdaLULYCSx6dsP6m4tDyPL2gtW6E7-j4xLS9qc-knrKYjQI0lU0qL4Xgm2i&sig=AHIEtbQ7pugQsbeN7G56hkwdv8fJ58WLyQ>

The costs associated with iSmart can be classified as the costs of buying, building, implementing and supporting the new system.

Buying
The costs under the buying category include costs of buying hardware like server, desktop and networks. Assuming that MWT will not need any additional hardware for the implementation of **iSmart**, our buying costs will be zero.

Building
This category includes the costs associated with building the software. The costs of building a server platform, desktop platform and network platform are building costs. Following the recommendation of an external IT consulting firm, we have decided to use Ning as our software platform. So, the building cost for MWT will include the cost of using Ning as a software platform.

Implementing
The implementing costs can be broken down further into five sub categories: consulting costs, database population costs, conversion costs, training costs and testing costs. Consulting includes both internal as well as external consulting costs. Database population entails cost of running parallel systems, data migration, and development of custom interfaces.[51] Conversion costs are the costs that MWT will incur in the process of transitioning into a new process system like organizational changes, process changes, development of new procedures and processes, learning curve and effects on productivity during transition. [52] Training and testing are costs for training users about using Ning and testing **iSmart**.

[51] Estimating Return on Investment (ROI) for knowledge Management (KM) Initiatives: An Information Technology (IT) Perspective. BEI Consulting. 2003. 22 Oct. 2011 <http://www.k4health.org/system/files/EstimatingROI.pdf>
[52] Id.

Supporting
These are costs incurred after implementing iSmart are required for proper maintenance and sustainability of the system. It includes system administration and operation costs, software maintenance and licensing costs of Ning and other communication and monitoring costs.

Benefits

The overall general potential benefits of iSmart for MWT can be summarized as:[53]

- Getting a better insight of how the organization works
- Reducing the time and effort required for searching information and documents
- Avoidance of repetition of errors and unnecessary duplication of work
- Reduction of response time to frequently asked questions
- Improvement of quality and speed of making important decisions

However, using the Skandia Intellectual Capital model will provide a better analysis of the potential benefits of implementing a KM system. The Skandia Intellectual Capital model is called the Skandia Navigator. [54] The Skandia Intellectual Capital model developed by Skandia, a Swedish insurance company helped in linking MWT's purpose of implementing the KM system to the benefits from four key perspectives: financial, customer, processes and renewal and development. The Skandia navigator combines the balanced scorecard method and Sveiby's Intangible Assets Monitor. It will be helpful to use the Skandia navigator while looking at the benefits of the KM system since three of the four perspectives included in the model are directly tied to intellectual capital. Customer perspective will show the benefits from customer capital, renewal and development perspective will show the benefits from employee capital and the processes perspective will show the benefits from structural capital. The benefits obtained from each of the intellectual capital are discussed in detail below.

Customer Capital
The KM system will help MWT have a better understanding and knowledge about its current customers and prospective customers. This knowledge will help MWT reduce its marketing and promotion costs. With increased knowledge about customers, MWT will be better able to meet the needs of its clients which would result into greater client satisfaction. MWT will use client surveys to measure its client satisfaction rates, which is shown in Appendex D. Client satisfaction will be measured in different areas of services provided by MWT including attestation and assurance, tax compliance, general business consulting and basic accounting services.

[53] Filemon A. Uriarte, Jr., *Introduction to Knowledge Management* (Jakarta: ASEAN foundation, 2008), p.66.
[54] Wall A. Kirk, R., and Martin, G. *Intellectual Capital. Measuring the immeasurable*?(Burlington, MA: CIMA Publishing, 2004)

Employee capital
With the KM system, MWT will be able to able to match the requirement of certain tasks to the skills and interests of certain employees which leads to a win-win situation. Employee satisfaction and organizational efficiency is achieved at the same time. Employee satisfaction means less turnover which improves the retention of employee knowledge and reduces recruitment and training costs. Employee satisfaction will also be measured through employee surveys, which is shown in Appendix E.

Structural capital
The structural benefit of the KM system is the organizational efficiency the MWT will be able to attain. Organizational efficiency is achieved when the right person is placed in the right position. If salespeople don't share information on customers and prospects, a company might have to purchase outside information but with the KM system, MWT will be able to save these costs. "The strategic benefits include the competitive advantage that can result from a proper and systematic management of the organization's knowledge. Through knowledge management, the organization can turn knowledge into strategic asset and create an ever learning organization." [55]

Return on Investment
In his presentation about knowledge management at PWC, Phil Barnett, Managing Director of Advisory collaboration and knowledge management department of PWC stated:

> "We've heard this cliché before: "knowledge management ROI is tough to measure." However, we can and do measure it every day in project and business management. Key is selecting yard-sticks leaders already use and trust to run the business."[56]

Measuring Return on Investment on knowledge management can be difficult. However, as Barnett had stated, looking at what CPA firms had done in the past, we can calculate the ROI by meticulously analyzing the cost and benefits of implementing the system.

The return on investment for **iSmart** is calculated over a period of five years under three different scenarios. The first scenario takes a conservative approach, the second scenario takes a moderate approach and the third scenario takes an aggressive approach. The calculation of ROI under the three different scenarios is based on the average billing rate and average salary of the employees. The average billing rate of a CPA firm with 50 employees is $153.[57] The average salary of a partner of a CPA firm is $150,000[58] while the average salary of an employee working at a CPA firm is $70,000. [59] The total hours worked by each employee every year is estimated to be 2,200 hours, 40 hours every week with 120 hours of overtime.

[55] Filemon A. Uriarte, Jr., *Introduction to Knowledge Management* (Jakarta: ASEAN foundation, 2008), p.67.
[56] Business Value from Knowledge Management: Sharing our KM measurement experience with KIPA. Phil Barnett. July 2011. 25 Oct. 2011 < http://kipanet.org/sites/default/files/Barnett_-_KM_ROI_for_KIPA.pdf>
[57]ICPAS, Practice Management: CPA firms become savier about raising billing rates. 30 Oct. 2011 <http://www.icpas.org/hc-practice-mng.aspx?id=5387>
[58] Discover CPA. 30 Oct. 2011. < http://www.discovercpa.org/discovercpa/cpa/why.cfm>
[59] Robert Half. *2012 salary guide: Accounting and Finance*. 30 Oct. 2011. <http://www.roberthalffinance.com/SalaryCenter>

Cash Inflows

The total cash inflows from **iSmart** for MWT would be the cash savings from implementing the system. The total cash savings for each year is calculated by using the formula below.

Cash savings= Avg. billing rate* No. of employees* total annual hours worked*cash savings%

For the conservative scenario the cash savings is 2%, for the moderate scenario it is 5% and for the aggressive scenario it is 7%. The cash savings increases by 1% every consecutive year. The cost savings percentage for each scenario includes cost savings from marketing costs (customer capital), training costs (employee capital) and consulting costs (structural capital).

Cash Outflows

The total cash outflows from **iSmart** would be the money MWT spent on buying, building, implementing and supporting the system. The total cash outflow for implementing and supporting **iSmart** is calculated by using the following formula.

Cash outflows= Buying costs+ Building costs+ Implementing and Supporting Costs

MWT does not have any buying costs because it is not buying any special additional hardware for **iSmart**. The building cost covers the subscription cost of Ning which is $599.99 per year. The implementing and supporting costs has two parts: the cost of uploading the data and the cost of monitoring the **iSmart** system. Each of these costs is calculated based on the formula below.

Uploading costs = Avg. salary for partner/ employees* Number of partners/ employees* Cost%

For the conservative approach, the uploading cost percentage is 10% for the partners and 2% for the other employees. For the moderate approach, the uploading cost percentage is 12% for the partners and 5% for the other employees. For the aggressive approach, the uploading cost percentage is 15% for the partners and 7% for the other employees.

Monitoring costs = [Avg. salary of a partner (CKO)* % of time spent on monitoring **iSmart**] +
[Avg. salary of an employee* 3 (three KM specialists)*% of time the three managers spent on monitoring **iSmart**]

The CKO spends 20% of his time in monitoring the KM system and the Finance, IT and HR specialists spend 10% of their time in monitoring the KM system.

ROI

After calculating the total cash inflows and outflows, the return on investment is calculated by using the formula below.

$$ROI = \frac{\text{Cash Inflows- Cash Outflows}}{\text{Cash Outflows}}$$

As shown in Appendix A, the conservative approach gives MWT a cash inflow of $2.4 million and outflows of $1.8 million by the end of year five. This gives an ROI of 117.36% by the end of year five. MWT will be able to break-even by year three. The moderate approach gives MWT a cash inflow of $4.4 million and outflows of $1.64 million resulting in an ROI of 166.74% by the end of year five. With the moderate approach MWT will be able to break-even by year two. The aggressive approach gives MWT a cash inflow of $5.7 million and outflows of $2.1 million leading to an ROI of 172.62% by the end of year five. An aggressive approach helps MWT break-even by year two of implementing iSmart. All three approaches give a positive return on investment by the end of year five.

Although ROI helps to give an idea of MWT's investment return on iSmart's implementation, the actual formula does not take into account the time value of money. Therefore, we determined that it is necessary to use internal rate of return (IRR) as a reliable statistic to more accurately show a five year return on iSmart's implementation. Overall, IRR calculated a 104% return on our conservative model, 179% return for moderate and a 196% return on the aggressive model. These calculations are located in Appendix B.

Implementing iSmart

Knowledge management systems are time consuming and require detailed planning processes. Typically, it takes approximately three to five years to fully implement a knowledge management system[60]; with each year progressing more than the last toward the final product. There are five required stages needed to be done successfully to implement a knowledge management system:

- Education
- Create strategic pilot projects
- Development and implementation
- Expansion
- Finalization

[60] "How Long Does KM Take to Catch Hold? Baselines and Benchmarks in Knowledge Management." *Knoco Stories*. Web. 27 Oct. 2011. <http://www.nickmilton.com/2009/04/how-long-does-km-take-to-catch-hold.html>.

Education
The first step of implementing a knowledge management system will be more beneficial to our company if the following situations are present when initiating the system[61]:

- Knowledge management has been discussed throughout MWT
- Employees are on board and have begun to research advantages and disadvantages of implementing **iSmart**
- An employee with experience or specialized knowledge in an KMS has taken the initiative to lead the process of successfully implementing the system
- Informational conferences have been held, which several employees have attended and actively participated in
- MWT has the motivation to implement **iSmart**

The above mentioned items are essential to begin the process of implementation, once those situations have occurred MWT will have a smoother transition into the implementation stage. The first items MWT needs to take into consideration are the goals and objectives of our firm[62]. This is an important part of this process because **iSmart** essentially focuses on the needs of MWT, in this case the goal is to extract knowledge from retiring partners and store it in a system where it can be easily accessed.
The next focal point is introducing the idea of **iSmart** to the employees; it is essential for the employees to be on board and assist in the implementation process.[63] The most beneficial approach of informing the employees on **iSmart** is through in-house seminars and workshops. These programs would allow the employees to learn about KMS through individuals with expertise and allow the employees to ask questions and voice their thoughts and concerns about the process. The in-house seminars and workshops should include information on the definition of knowledge management, the advantages and disadvantages as well as examples of the successes and failures of similar firms. It may also be beneficial for MWT to speak with a representative from the IT department to find out what is readily available to our firm, or what it would need to further the **iSmart** implementation process.

In addition to the in-house seminar and workshops, MWT should provide the employees with information on how **iSmart** would affect them individually. This information would include information on the ability for **iSmart** to relate directly to MWTs' goals, which is essentially their goals and how it will allow them the ability to perform their work more

[61] Uriarte Jr., Filemon A. . *Introduction to Knowledge Management*. Jakarta, Indonesia: ASWAN Foundation, 2008. 96. Web.
[62] Seven Steps of Implementing Knowledge Management into your Organization." Dataware Technologies, n.d. Web. 20 Oct 2011. <http://www.systems-thinking.org/kmgmt/km7steps.pdf>.
[63] Id.

efficiently and effectively than before.[64] MWT would also need to provide an incentive program to interest and involve the employees in the **iSmart** implementation.

Once the employees are willing to assist in the implementation process, MWT needs to establish a CKO, preferably an individual with expertise on a KMS implementation. The CKO should create a few focus teams that can work together to successfully develop strategies for incorporating **iSmart**.[65] The focus teams would report directly to the CKO and would be responsible for providing information, such as KMS objectives to employees. These teams would also have the responsibility of taking concerns and ideas from the employees and forwarding them to the CKO.

While developing strategies for the implementation process, there are several items MWT needs to be aware of and keep in mind during this stage, such as our firm's policies and procedures as well as the overall culture of the firm. The culture of a firm is a key success factor in the development of **iSmart**; it is a vast part of MWT's practices and ideas.[66] **iSmart** strives on key aspects of the firm's culture, such as colleague support and trust as well as a team-oriented environment. If MWT's policies and procedures and culture are not taken into consideration when implementing **iSmart**, it has a greater possibility of failing before beginning.

Create Strategic Pilot Projects

The second step of implementing **iSmart** is a crucial element for MWT. There are several items that need to be executed during this stage, such as:

- Recognizing and distinguishing knowledge assets within MWT
- Creating a strategic plan involving goals and objectives
- Developing and implementing **iSmart** pilot projects
- Identifying resources and creating a budget to support pilot projects[67]

iSmart needs to ensure the KM strategy developed by the focus teams is directly connected to MWT's business model[68] as well as the questions related to employee development, clients, and marketing found in Appendix C.

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[64] "Journal of Knowledge Management Practice,." *The Leadershp Alliance Inc.* Web. 23 Oct. 2011. <http://www.tlainc.com/articl160.htm>.
[65] "Knowledge Management Implementation Team - Knoco Ltd. Knowledge Management Consultants." *Knoco Ltd. Knowledge Management Consultants*. Web. 23 Oct. 2011. <http://www.knoco.com/knowledge-management-implementation-team.htm>.
[66] Mathi, Kavindra. "Key Success Factors for Knowledge Management." Web. 25 Oct. 2011. <http://www.knowledgeboard.com/download/2087/KSFsforKnowledgeManagement.pdf>.
[67] Uriarte Jr., Filemon A. . *Introduction to Knowledge Management*. Jakarta, Indonesia: ASWAN Foundation, 2008. 100-101. Web.
[68] Zack, Michael. "Developing a Knowledge Strategy." California Management Review. 41.3 (1999): 125-145 Web. 23 Oct. 2011. http://web.cba.neu.edu/~mzack/articles/kstrat/kstrat.htm.

In this stage MWT should develop new teams, task teams, to implement pilot projects. The task teams will be created as cross-functional groups, which allow the teams to successfully assist in identifying vital knowledge throughout the various departments within MWT[69]. An example of a pilot project would be as follows: A partner enters knowledge into **iSmart** on a specific topic, such as client interactions. Two employees would then, use **iSmart** to obtain information on this particular subject. The partner would hand out a survey to the employees in regards to the how beneficial the information was to them. This will help the task teams visualize areas that need to be perfected before fully implementing the systems. Several pilot projects designed by the CKO would need to be created similar to the example above.

During this process it is crucial for the teams to hand out questionnaires in order to capture knowledge from employee, consultants, and clients. It is beneficial to have one team per pilot project. The task teams have four key individuals, which are as follows:

- A sponsor to provide resources as well as feedback on the pilot projects objectives and goals
- A team CKO to oversee the progress of the pilot project as well as provide support and guidance to the team. This person should directly report to the sponsor.
- A KM expert, who has knowledge and experience with a KMS to facilitate the project.
- Employees, who assist in developing the pilot project.

In this stage MWT begins developing and implementing pilot projects. Pilot projects are test projects which allow MWT to visualize the functionality of using knowledge management in our firm.[70] The results of data collected by MWT from the pilot project can be used to formulate the best fit for the firm. Using pilot projects provides four key benefits to MWT prior to implementing **iSmart**:[71]

- Provides MWT with education on knowledge management processes
- Creates a starting point for the culture of knowledge management
- Creates value to MWT by demonstrating the business model of knowledge management
- Develops internal marketing results

The pilot projects should be designed with the intention to demonstrate the effects **iSmart** would have on MWT based on the objectives put in position by the task teams. The pilot projects would need to produce results relative to the extraction and retention of vital

[69] Uriarte Jr., Filemon A. . *Introduction to Knowledge Management*. Jakarta, Indonesia: ASWAN Foundation, 2008. 101. Web.
[70] "KM White Paper - Pilot Projects." Knoco. Web. 22 Oct. 2011. <http://www.knoco.com/KM%20White%20Paper%20-%20pilot%20projects.pdf>.
[71] Id.

knowledge from retiring partners. These projects should also include features specific to MWT, such as: a physical classification system, manager tools, and customizable options. The physical classification system organizes the information in the system by categories. This makes it easier for users to quickly find information relevant to a specific topic they are searching for. Manager tools should grant managers the ability to verify the amount of use that system is getting as well as the ability to improve the knowledge retrieval process.[72] The task teams should then establish the resources necessary to fully implement a successful pilot project. In this case, the most valuable resources for implementing **iSmart** within MWT are the employees, specifically the retiring partners. To allow the vital resources, the employees, to sufficiently spend time and effort on the pilot projects; MWT should reduce their other responsibilities.

Development and Implementation

The third stage of the implementation of **iSmart** focuses on the details of the pilot projects. The objects for this stage of the pilot projects are:[73]

- To launch successful pilots
- Demonstrate MWT's business model in **iSmart**
- Collect data on the results of the pilots

It is beneficial for MWT to establish another team to oversee the launch of the pilot projects.[74] This team would be responsible for restructuring resources and use of time for **iSmart**, in the occurrence of an unsuccessful launch. The results of both successful and unsuccessful pilots need to be analyzed by the oversight team to efficiently establish the changes needed to be made in order to try and perfect **iSmart**. The team CKO of the pilot project should focus on the potential value to the company as well as ROI and IRR from the results of successful pilots.

Expansion

This stage of implementation focuses on expanding and supporting **iSmart** throughout MWT, based on the most successful pilot project. MWT should always evaluate the progress of **iSmart** implementation to assess whether the system should be continued. The following should be evident in the progress of a thriving KMS implementation:[75]

- The willingness to participate in **iSmart** implementation has increased throughout the departments

[72] Knowledge Management." Dataware Technologies. Web. 26 Oct. 2011.
[73] Uriarte Jr., Filemon A. . *Introduction to Knowledge Management*. Jakarta, Indonesia: ASWAN Foundation, 2008. 103. Web.
[74] "Knowledge Management Implementation Team - Knoco Ltd. Knowledge Management Consultants." *Knoco Ltd. Knowledge Management Consultants*. Web. 23 Oct. 2011. <http://www.knoco.com/knowledge-management-implementation-team.htm>.
[75] Uriarte Jr., Filemon A. . *Introduction to Knowledge Management*. Jakarta, Indonesia: ASWAN Foundation, 2008. 106. Web..

- KMS participants have began making a strategic expansion plan
- Resources have been acquired to support the new expansion plan

The task team needs to create a strategy to expand on the successful pilot project. In order to do so, the team would need to establish the resources necessary to develop and complete the expansion project. These resources should include, but are not limited to, KM CKOs, sponsors, and individuals who can provide technology support. Once the resources have been established, the expansion strategy ought to be promoted throughout MWT through in-house seminars and workshops.

To ensure the implementation of **iSmart** continues to be successful, MWT needs to take the following steps:[76]

- Continue the expansion of the system as the knowledge within MWT grows
- Address any problems that arise as quickly and efficiently as possible
- Work to improve the system regularly

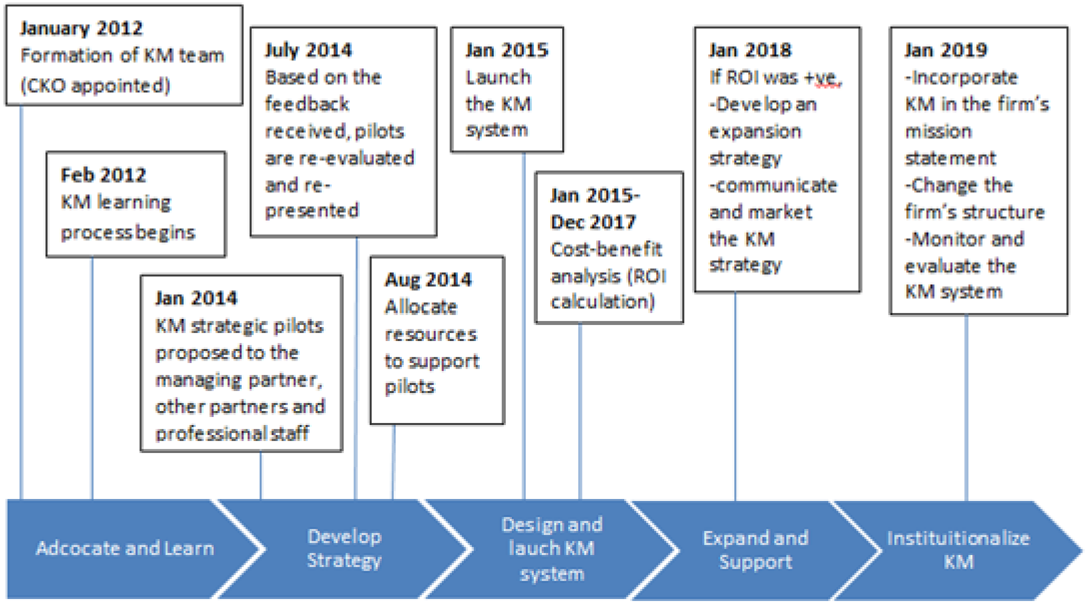
Finalization

In order to complete the final stage of implementing **iSmart**, MWT needs to make knowledge management a fundamental part of the firm, which includes:

- Incorporating **iSmart** into its business model
- Supervising and evaluating the system, through external and internal evaluations
- Creating incentives for employees to insert knowledge into the system
- Maintaining senior leadership and support
- Communicating the needs of MWT and KMS
- Assigning knowledge managers to authenticate and edit content in their particular area of expertise[77]
- Establishing a training team to help our employees successfully learn and feel confident using **iSmart**

[76]Id. 109-110.
[77] Knowledge Management." Dataware Technologies. Web. 26 Oct. 2011.

Development and Implementation timeline for iSmart



Short-term plan for knowledge retention from retiring partners

MWT needs to develop other short-term plans in addition to the **iSmart** implementation plan. Although the development and implementation of **iSmart** is going to help the companies avoid loss of knowledge from their retiring partners in the long-run, MWT needs immediate short-term plans that will prevent the loss of valuable knowledge now. For short-term knowledge retention purposes, MWT can implement phased retirement retention programs and mentoring retention programs.

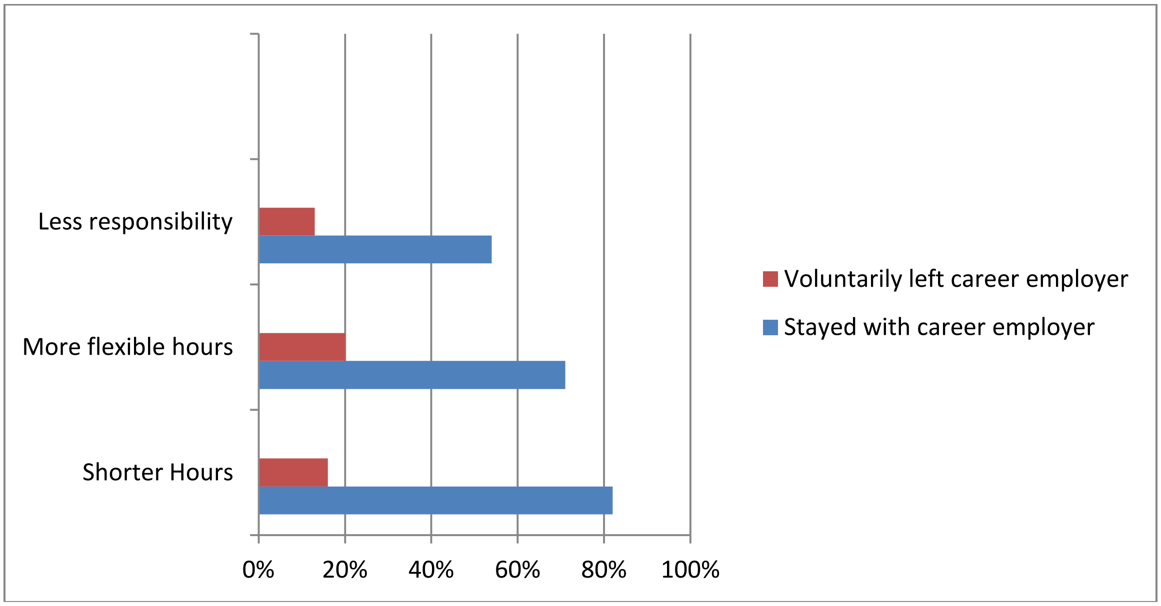
Phased retirement retention programs

"Phased retirement generally means fewer hours, more flexibility or less responsibility."[78] MWT can implement a phased retirement retention program focusing on encouraging retiring employees to stay, until the new employees are trained, through compensation plans. MWT can also work on developing formal rehire policies for retirees who can return to the firm as consultants, contractors or part-time staff.

According to the survey conducted by Watson Wyatt on the effects of phased retirement retention program, significant number of employees did not have a problem with staying with the company even after retiring. The result of the survey is presented below.

[78] Watson Wyatt. "Phased Retirement: A Retention Strategy Whose Time Has Come", Insider, April 2004. 22 Oct. 2011 <http://www.watsonwyatt.com/us/pubs/insider/showarticle.asp?ArticleID=13054>

Phased retirement retention program survey by Watson Wyatt[79]



Based on the survey, we can conclude that MWT would not have to worry about convincing retiring employees to stay as long as they provide benefits like shorter flexible hours and less responsibility. MWT will have to bear some costs of providing these additional benefits but the benefits that the firm will receive by retaining all the knowledge clearly outweighs the costs incurred by the firm.

Mentoring programs

MWT can also retain its intellectual capital that retires with the retiring partners by initiating a mentoring program. Such programs will act as a forum for knowledge sharing before the retirees leave the firm. In order to make this program effective, MWT can make it mandatory for new partners and retiring partners to participate in this program.

Features and Functionalities of Ning

Ning is an online software platform where people and organizations can create customizable social networks. Ning's current slogan is "Create a perfect social website to bring people together. With your own look and feel, and choice of social integration, Ning opens new doors to revenue and involvement[80]". With the capability of social integration, Ning members can log in through various social network sites such as Youtube, twitter and Facebook to upload their own findings on the internet. Ning's set-up is similar to using Facebook, making it easier for Facebook users to navigate through the layout.

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[79] Watson Wyatt. "Phased Retirement: A Retention Strategy Whose Time Has Come", Insider, April 2004. 22 Oct. 2011 <http://www.watsonwyatt.com/us/pubs/insider/showarticle.asp?ArticleID=13054>
[80] "Your Key to an Awesome Social Community." *Ning*. Web. 24 Oct 2011. http://www.ning.com.

The **iSmart** team will be in charge of creating MWT's Ning. The Ning creators will become MWT's Ning network administrators, with the ability to invite all employees to join. Once employees register, they will be allowed member access to MWT's Ning. Customization allows Ning network administrators to create an atmosphere that encourages innovation and learning. Out of the three different plans offered by Ning, Ning Pro is considered "the ideal solution for building a custom social experience with premium add-ons, integration options, and more bandwidth and storage[81]". Because this Ning plan gives MWT the capabilities to use all features, it is the best to further enhance member experience and encourage frequent usage. There are fourteen different features that come standard with Ning Pro.

Activity[82]

It is necessary to have the Activity feature in order to have the ability to pull all of the other features together. The Activity feature is most similar to a twitter or facebook feed. This feature allows for an up-to-the minute stream of the latest activity across MWT's network right on the main page[83]. This gives MWT's users the ability to view the most up-to-date information available and also allows them to see if there is a topic in which they could contribute.

Event[84]

The Event feature is another useful function. Using the Event feature, the network administrator can create events and notify all users in the network, which will stream through the Activity feature. Events can either be hosted online through Ning or actual events. This allows for employees who may be out of town on client business to still participate in an information session. This is the feature MWT would use when it needs to inform members of an upcoming conference discussion changes in globalization. The Event feature can be used to notify members of upcoming CPE events also. When using the Ning network to host an event, it will be necessary to also use the Chat feature.

Chat[85]

The Chat feature allows members within MWT's Ning network to participate in a live network-wide chat session. MWT can use this when holding partner meetings if not all partners are at the firm. Members will be able to address questions they have with the topic being discussed as well as relaying any knowledge they personally know. The Chat feature also allows for the use of private one-on-one chats among other members in the network, which is beneficial when a member has a specific question for another.

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[81] "Pricing Plans." *Ning*. Web. 24 Oct 2011. http://www.ning.com/compareplans.

[82] "Choose the Perfect Features For Your Ning Network." *Ning*. Web. 24 Oct 2011. http://help.ning.com/cgi-bin/ning.cfg.php/enduser/std_adp.php?p_faqid=2917.

[83] Id.

[84] Id.

[85] Id.

Forum[86]

One of the most important features available on Ning is the Forum. Within the Forum, a topic can be created by any member and can be answered by any member. Uses for this feature are limitless, varying from asking questions regarding client situations to writing opinions on the newest changes to IFRS or the AICPA. We will be able to post about topics that we need to expand our knowledge on in order to remain competitive. A forum is an area that should illicit innovation and creativity. Because of this, the network administrators may need to jumpstart the process by creating some new forum topics in the beginning to show others what to do.

Notes[87]

As with all knowledge management systems, it is important to have an area where information is organized and has the ability to be easily searched through. This is where the Notes feature comes in. Once information is approved by the **iSmart** team, a Ning administrator can add a page addressing the specific topic that will be available to all within the network. It is important to set up the system so that only the people within the **iSmart** team have the ability to add information, as information has potential to become unreliable when all members are allowed to participate. Members should be directed to use the Forum if they wish to discuss new information added to the Notes feature.

Videos[88]

Ning also provides a Videos feature which allows for all members to embed videos found online from websites such as YouTube along with any videos which they have created. A good way to utilize this feature is by taping any conferences or important meetings in which employees of the firm were unable to attend. Once uploaded to Ning, members will be able to watch the videos at their leisure.

Blog[89]

Ning Pro offers the use of the Blog feature. MWT could use this feature to its benefit by having specific people do weekly blogs updating those at the firm of any changes made, new members, or success stories of how knowledge found on Ning helped a member solve a problem faster. This feature can be used as an area to highlight specific people in the firm by having a specific member answer questions in order to let everyone else in the firm to know them better.

Groups[90]

The Groups feature gives members the chance to create their own groups and add other members in order to handle specific topics. Ideas for groups include: Attestation and Assurance; Tax Compliance; General Business Consulting; and Basic Accounting Services.

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[86] "Choose the Perfect Features For Your Ning Network." *Ning*. Web. 24 Oct 2011. http://help.ning.com/cgi-bin/ning.cfg.php/enduser/std_adp.php?p_faqid=2917.

[87] Id.

[88] Id.

[89] Id.

[90] Id.

Having individual groups for these specific areas allows members to spend time more efficiently by knowing specifically where to ask a question or where to contribute information.

Apps[91]
Ning allows the network administrators the ability to create an app for use on an iphone or android. Using the Ning app gives members the opportunity the capabilities of accessing the Ning network from anywhere with a cell phone connection. Members will be able to post questions and answers as they arise or to view stored information about specific topics applicable to their current situations. Ning also gives each network the option to generate revenue by selling ad space. MWT would not want to put any focus into this aspect until implementation passes the expansion step (see Implementation section).

Groups[92]
The Groups feature gives members the chance to create their own groups and add other members in order to handle specific topics. Ideas for groups include: Attestation and Assurance; Tax Compliance; General Business Consulting; Basic Accounting Services; and Industry Groups such as Banking, Manufacturing, and Retail. Having individual groups for these specific areas allows members to spend time more efficiently by knowing specifically where to ask a question or where to contribute information.

Apps[93]
Ning allows the network administrators the ability to create an app for use on an iphone or android. We would to create an app called Pocket Partner. Using the Pocket Partner app gives members the opportunity the capabilities of accessing the **iSmart** network from anywhere with a cell phone connection. Members will be able to post questions and answers as they arise or to view stored information about specific topics applicable to their current situations. Ning also gives each network the option to generate revenue by selling ad space. MWT would not want to put any focus into this aspect until implementation passes the expansion step (see Implementation section).

Overall, Ning has many functions that will help successfully engage the employees in using **iSmart**. A combination of the features previously mentioned paired with the user-friendly format will create the perfect environment for members to learn new information and contribute to the MWT knowledge base.

The Effects of Changes in the CPA Profession

Globalization

[91] "Choose the Perfect Features For Your Ning Network." *Ning*. Web. 24 Oct 2011. http://help.ning.com/cgi-bin/ning.cfg.php/enduser/std_adp.php?p_faqid=2917.
[92] Id.
[93] Id.

As movement toward the globalization of markets continues to develop, there becomes an increased need for simplicity and comparability throughout the world in terms of reporting standards. Several benefits arise with the implementation of IFRS within the United States, however; with benefits always come potential challenges. Introducing IFRS as the standard reporting system throughout the world will improve efficiency within internal and external financial accounting, improve controls focused on financial accounting, and help reduce large expenses by condensing employees, systems, and processes within our firm. The challenges our firm is faced with is the costs we will have to spend on implementation, education cost to educate our employees on IFRS standards as well as the increased professional judgment required in determining accounting outcomes.

In order to make the transition from GAAP to IFRS easier for our firm, MWT should implement a system within **iSmart** to develop and share knowledge associated with IFRS. The system that should be implemented into **iSmart** is a shared services organization (SSO) centered on IFRS, or as it will be called in our firm, iHelp. An SSO is essentially a system that consolidates several business processes into one organization.[94]

There are, however; a few downsides to implementing an SSO, such as costs and use of MWT's time. By implementing iHelp several years before the United States adoption of IFRS, MWT will obtain the "lead time it needs to develop its capabilities and prepare to assume a variety of governance, knowledge management, and operational functions by the time it needs its help with the transition."[95] This will also help make our clients feel secure. They will be able to acknowledge that we are knowledgeable and prepared for the transition to IFRS and feel secure that we will be able to prepare successfully and distribute their financial reporting in accordance with IFRS standards. We could also provide them with comprehension on the new standards and help them with any future global financial reporting. If MWT were to eventually help clients with global financial reporting, it may allow us to create international alliances with companies associated with our client's foreign subsidiaries.

Implementing an SSO

There are several steps that need to be taken by MWT to successfully execute a shared services organization. First, it is necessary for our firm to evaluate our separate departments and their future relationship with IFRS. Typically, decentralized departments that report to other departments make up the largest part of the SSO because more than one department is involved.[96] Ultimately, MWT needs to ensure that the benefits of

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[94] "IFRS Center of Excellence: A Shared Environment for IFRS Reporting." Deloitte. Web. 26 Oct. 2011. <http://www.deloitte.com/view/en_US/us/Services/additional-services/Service-Delivery-Transformation/942dbc3f6d0cb210VgnVCM3000001c56f00aRCRD.htm>.

[95] Fabiszak, By Robert. "The IFRS Center of Excellence - A Catalyst For Improvement." *Business Performance Management Magazine: Educating Business, Finance, and IT Executives on BPM*. Web. 28 Oct. 2011. <http://bpmmag.net/mag/ifrs_center_excellence_improvement-catalyst-0301/index1.html>.

[96] "IFRS Center of Excellence: A Shared Environment for IFRS Reporting." Deloitte. Web. 26 Oct. 2011. <http://www.deloitte.com/view/en_US/us/Services/additional-services/Service-Delivery-Transformation/942dbc3f6d0cb210VgnVCM3000001c56f00aRCRD.htm>.

implementing iHelp within the departments outweigh the costs. After, we decide which departments need to be implemented into a SSO; the CKO needs to establish cross-functional teams, similar to those associated with **iSmart**, to begin planning, and implementing iHelp.

The teams will be responsible to conduct extensive research and create a plan with prioritized tasks and deadlines as well as a communication strategy to determine forms of communication that work best for our firm. If we strictly follow the procedures laid out by our team, there should not be any difficulties implementing the system. It may also be beneficial for MWT to consult an expert on implementing SSOs to oversee the project. Consulting fees may not be ideal for us to incur, however; in the long-run it my help MWT successfully implement the system. Once the shared services center is implemented, it must be monitored closely and any issues that arise must be addressed immediately.

iHelp's Responsibilities

Our SSO, which is centered on the implementation of IFRS, will be responsible for several elements of MWT. The main responsibility is to maintain current knowledge on IFRS standards, ensure MWT is following the policies and procedures required by IFRS, and "evaluate the impact of any changes from a procedural, systems, and reporting perspective."[97] Another responsibility assigned to iHelp is the preparation and distribution of MWT's IFRS reports.[98] In the event that MWT were to eventually expand internationally, iHelp would have the ability of preparing and distributing those reports as well.

Benefits of Utilizing iHelp

MWT could report our financial statements in a beneficial, less time consuming, and more cost savvy way by implementing iHelp. The implementation of iHelp will satisfy the need for simplicity comparability, and consistency in regards to IFRS statements as well as make these statements more valuable for our internal and external users.[99]

MWT's Chart of Accounts is another area that would benefit from the use of iHelp. A firm's Chart of Accounts directly links the firm's accounting practices with the financial reports produced by the firm. MWT could reduce the amount spent on transferring our internal records to records in accordance with IFRS as well as minimize the errors associated with this transfer by having iHelp support our Chart of Accounts. With iHelp acting as the

[97] "IFRS Center of Excellence: A Shared Environment for IFRS Reporting." Deliotte. Web. 26 Oct. 2011. <http://www.deloitte.com/view/en_US/us/Services/additional-services/Service-Delivery-Transformation/942dbc3f6d0cb210VgnVCM3000001c56f00aRCRD.htm>.
[98] Fabiszak, By Robert. "The IFRS Center of Excellence - A Catalyst For Improvement." *Business Performance Management Magazine: Educating Business, Finance, and IT Executives on BPM*. Web. 28 Oct. 2011. <http://bpmmag.net/mag/ifrs_center_excellence_improvement-catalyst-0301/index1.html>.
[99] Id.

backbone for our Chart of Accounts, it would also be responsible for decision-making and tax requirement aspects.[100]

One of the largest benefits iHelp provides MWT is the reduction of labor costs. iHelp will lower the ratio of managers to staff as well as reduce the amount of work normally completed among multiple departments.[101] The amount of work is reduced because iHelp essentially redirects several IFRS processes into one organization, which will reduce the number of employees needed in each MWT department. Typically, highly paid senior lever staff is responsible for tasks related to financial reporting. However, by implementing iHelp, MWT can better align our financial reporting responsibilities with a lower skill level and pay the rate in accordance to the skill level assigned.[102] This will allow MWT's senior level staff to allocate their time to other projects and reduce the labor costs within our firm.

Our firm can also reduce the amount of outsourcing costs associated with local- country statutory reporting activities by allowing iHelp to complete this task.[103] IT costs related to financial reporting are also reduced after the implementation of iHelp, which results by creating and establishing an organization that stores and retrieves financial reporting information, which costs less than multiple organizations. Finally, iHelp would help strengthen internal controls over financial information, by reducing the risk of material weakness.[104]

Sharing Knowledge through iHelp

Our stakeholders need to feel secure that we are successfully managing the transition from GAAP to IFRS but also feel confident we will help them understand any changes that will be made.[105] MWT should provide several in-house seminars and workshops for the stakeholders to obtain knowledge on how the change to IFRS will directly affect them. This will allow the stakeholders to ask the questions that concern them in regard to this transition.

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[100] "IFRS Center of Excellence: A Shared Environment for IFRS Reporting." Deliotte. Web. 26 Oct. 2011. <http://www.deloitte.com/view/en_US/us/Services/additional-services/Service-Delivery-Transformation/942dbc3f6d0cb210VgnVCM3000001c56f00aRCRD.htm>.
[101] "IFRS Insights." Deliotte. Web. 28 Oct. 2011. <http://www.iasplus.com/usa/ifrsinsights/0809ifrsinsights.pdf>.
[102] "IFRS Center of Excellence: A Shared Environment for IFRS Reporting." Deliotte. Web. 26 Oct. 2011. <http://www.deloitte.com/view/en_US/us/Services/additional-services/Service-Delivery-Transformation/942dbc3f6d0cb210VgnVCM3000001c56f00aRCRD.htm>.
[103] "IFRS Insights." Deliotte. Web. 28 Oct. 2011. <http://www.iasplus.com/usa/ifrsinsights/0809ifrsinsights.pdf>.
[104] Fabiszak, By Robert. "The IFRS Center of Excellence - A Catalyst For Improvement." *Business Performance Management Magazine: Educating Business, Finance, and IT Executives on BPM*. Web. 28 Oct. 2011. <http://bpmmag.net/mag/ifrs_center_excellence_improvement-catalyst-0301/index1.html>.
[105] "Preparing Your Stakeholder for IFRS." KPMG. Web. 29 Oct. 2011. <http://www.kpmg.com/Ca/en/IssuesAndInsights/ArticlesPublications/Documents/IFRS/Preparing%20your%20stakeholders%20for%20IFRS.pdf>.

MWT will also provide workshops and in-house seminars to their employees in regard to how to use iHelp. Using similar training teams as the implementation of **iSmart**, we will be able to train our employees on how to use iHelp to their full advantage. It will not be necessary for MWT to teach their employees IFRS reporting standards because IFRS will be a required accounting skill set through CPA examinations as well as CPE requirements before it is adopted in the United States.

Advantages and Disadvantages of Sharing Knowledge between Firms

There are several advantages and disadvantages involved with sharing knowledge related to IFRS with other accounting firms. Accounting firms are knowledge-intensive firms that gain a competitive advantage over other firms from tacit and explicit knowledge obtained from the firm's employees. One advantage of sharing knowledge with other firm's is the outside training MWT could participate in. Outside training would be important for our firm to gain additional knowledge on IFRS from other firms attending the same meetings and seminars. The firms may also be able to acquire expertise knowledge on how to transition from GAAP to IFRS through expertise advice from other firms. However, a disadvantage to outside training is the costs associated with having our employees participate. A disadvantage for MWT in sharing knowledge related to our IFRS system, iHelp would be giving up our power and losing our competitive advantage of our knowledge management systems specifically related to IFRS.[106]

Advantages and Disadvantages of Mobility

Accounting firms of our caliber are currently facing issues because of the state of the economy, changes in client demand, and the use of IFRS. There is always the issue of competing against large firms like the Big 4 as well. This is due in part to large accounting firms being able to accommodate these issues faster and more efficiently with more man-power and revenue. In order to maintain our competitive edge, it will be necessary for us to look for ways to keep MWT sustainable for many years to come. We can combat each of these issues by creating a strategic alliance with other small firms facing the same challenges.

It is important to understand that an Accounting Alliance is not the same as an Accounting Association. Accounting Associations tend to be for the use of larger regional firms who tend to have the same characteristics such as similar size, clients, ideas and resources.[107] An Accounting Alliance is intended to bring firms with varieties of experience together in order to adjust to client needs.[108] Advantages to an alliance include:

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[106] Deane, Jeffrey T., and Stephen H. Heilman. "Using IFRS to Drive Business Development." *Journal of Accountancy*. Web. 29 Oct. 2011.
<http://www.journalofaccountancy.com/Issues/2009/Feb/UsingIFRStoDriveBusinessDevelopment.htm>.
[107] Pirolli, William. "Forming a Strategic Practice Alliance." *Bentley Consulting Group, LLC*. Web. 26 Oct 2011.
http://www.bentleycg.com/stuff/contentmgr/files/b94c52c23b9316158d77981819c51107/misc/forming_a_strategic_practice_alliance2.pdf.
[108] Id.

- Increase in geographic coverage for clients
- Increase in scope of services
- Enhance reputation by being aligned with well-known networks of firms
- Enhance the learning and capabilities of the firm over time[109]

In order to increase the success rate of an alliance, we will need to focus on these 6 key factors:

1. Develop clear, common objectives and definitions of success;
2. Ensure proper alliance form;
3. Determine appropriate governance model with clear decision-making;
4. Anticipate the most likely conflicts;
5. Plan for evolution; and
6. Establish clear metrics to track and measure success.[110]

Even with the major benefits presented above, there are still some disadvantages we need to be aware of. The first disadvantage is the potential for MWT to become too dependent on the services. If we develop a clientele because of services we use from other firms, we need to always be prepared for the other firm to not be able to fulfill their duties. Another problem to keep in mind is differentiating work cultures and ethics among the firms in the alliance. This can cause issues if we do not feel that other firms are performing to our expectations of quality as well as how the other firms are viewed by the public.

On a positive note, the majority of these problems can be addressed in the contracts made between the firms in an alliance to prevent these incidents from occurring.

Mobility and the Use of Technology

The definition of mobility in accounting relates to the ease of connecting to needed sources. This could be accomplished through the use of cell phones, tablets, laptops, computers, internet, and so on. Technology that was once viewed as a luxury has become a necessity to daily business functions.[111] Mobility is a key factor in **iSmart**'s success rate for MWT.

In order to promote employee participation of **iSmart**, MWT must find ways to utilize new technology applications. Making **iSmart** accessible from any electronic device and having a user friendly focus is one approach that will encourage the capturing and sharing of knowledge. We must also find a way to incorporate different tools for users that will intrigue their learning styles.

One website that is popular to use for sharing information is Dropbox.com. The purpose of this website is to upload photos, documents and videos from any internet connection and

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[109] Sawhney, Robert. "The Competitiveness of Hong Kong & Asian Accounting Firms." SRC Associated Ltd. Mar 2010. Web. 26 Oct 2011. http://www.srchk.com/doc/The_Competitiveness_of_hk_and_AAF.pdf.
[110] Id.
[111] "Foolproof Accounting Technology in the Fast-Paced World." Technology, Computer and Game. 31 Aug. 2009. Web. 26 Oct. 2011. http://www.jartuve.net/foolproof-accounting-technology-in-the-fast-world.html.

allows access to other users around the world.[112] There is no cost to this service and it is currently used by more than 45 million people. There is no mention of security on the website, so if we were to look to switching from Ning to Dropbox.com we would need to research security procedures.

Employees will also be able to use their iphones and androids to record by using video or audio recorders. Employees can tape events that other are unable to attend and upload the video or audio to **iSmart** to share with the firm. Employees with an iPad or and iPhone will also have the benefit of apps available specifically for apple products. Dragon Dictation is a useful app that has voice recognition which allows users to speak and the app will turn their speech into text for text messages and emails.[113] This app is valuable when you cannot find a pen and need to write something down.

Face Time is also an application specific to Apple products. This app is used for video calling and has the capability of recording conversations is used with the IMcapture app, specifically created to record FaceTime phone calls. [114] There are also accounting podcasts available on iTunes that can be uploaded to iphones or ipods or played through a computer. Android devices offer Skype, which parallels FaceTime with the ability to have video calls as well as voice calls and also provides an option to record and take snapshots.

Cloud Computing is a way to increase capacity or add capabilities on the fly without investing in new infrastructure, training new personnel, or licensing new software. Cloud computing encompasses any subscription-based or pay-per-use service that in real time over the internet, extends IT's existing capabilities. [115].

External Resources

Health Care

Health care is a profession that could not avoid the pressures of the information age. The pressures came from three major areas of information overload, globalization, and more accountability.[116] Information overload was the most critical problem to fix. Due to the nature of the job, doctors, and nurses are expected to keep up with the latest medical information in real time. In some situations, the lack of the most recent medical development may mean life or death of a patient. With advancements in technology, new information was evolving faster than health care professionals could keep up with.

[112] "Dropbox – About Dropbox – Simplify Your Life." *Dropbox – Simplify Your Life*. Web. 27 Oct. 2011. http://www.dropbox.com/about.

[113] Nuanche Communications. "Dragon Dictation." Apple. 11 Oct. 2011. Web. 27 Oct. 2011. <http://itunes.apple.com/us/app/dragon-dictation/id341446764?mt=8>.

[114] Spencer, Graham. "IMCapture For FaceTime Lets Your Record Those Precious FaceTime Calls." Mac Stories. 02 Mar. 2011. Web. 27 Oct. 2011. <imcapture-for-facetime-lets-you-record-those-precious-facetime-calls>.

[115] Knorr, Eric. "What Cloud Computing Really Means | Cloud Computing - InfoWorld." *Business Technology, IT News, Product Reviews and Enterprise IT Strategies - InfoWorld*. Web. 28 Oct. 2011. <http://www.infoworld.com/d/cloud-computing/what-cloud-computing-really-means-031>.

[116] Guptill, Janet. "Knowledge Management in Health Care." KM At Work. 4 Apr. 2005. Web. 22 Oct. 2011. http://www.kmatwork.com/images/journal_HC_Finance_Article_4-05.pdf.

Changes in globalization of health care include the expansion of evidence-based medicine.[117] Because of this, there has been an increase in the expectation of health care providers to report on their performance when compared to the national standards. The request for more accountability stemmed from medical errors made due to the lack of knowledge at the time that care was administered.[118] Because of issues in these major areas, it was necessary for this industry to invest into a knowledge management system.

Knowledge management in health care consists of five major steps: Communities of practice, Content management, Knowledge and capability transfer, Performance results tracking, and Technology and support infrastructure.[119] The area of Communities of practice is the starting component because it determines the ground rules. This is essentially where major terms are defined, communication style is determined, main roles are chosen and the overall purpose of how the group relates to organizational objectives is outlined.[120] Once these questions are answered, this group can be used as the basis to create other communities of practice, which can aid in addressing and solving issues as well as sharing and receiving knowledge.

In order to efficiently manage knowledge, a content management strategy must be in place. It is necessary to determine what kind of content can be published, who has access, formats of publishings, and procedures that determine accuracy. This step also involves creating a marketing strategy that will be used throughout the organization.

Knowledge transfer and capability transfer work hand in hand. Knowledge transfer allows for the ability of innovation, operational process improvement, and enhanced patient care.[121] All of the potential for the aforementioned ideas go to waste if the hospital is unable to teach doctors and nurses the new skill that is the basis of the ideas.[122] If the knowledge that a doctor is presented with involves needing to learn a new skill, then the way to go about learning this skill must also be readily available.

In order to make sure that the knowledge management program is working effectively, it is imperative to implement a way to track performance results. A typical measurement system from the health care profession is shown below.

- Outcomes measures that reflect attainment of financial, clinical, or operational performance targets;
- Process measures that track activity that is expected to yield results, such as the number of participants in communities of practice, the quantity and quality of knowledge sharing activities, and the depth of organizational involvement in knowledge sharing processes;

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[117] Guptill, Janet. "Knowledge Management in Health Care." KM At Work. 4 Apr. 2005. Web. 22 Oct. 2011. http://www.kmatwork.com/images/journal_HC_Finance_Article_4-05.pdf.
[118] Id.
[119] Id.
[120] Id.
[121] Id.
[122] Id.

- Satisfaction measures that track improvements in employee attitude, physician engagement, and consumer satisfaction with the care process.[123]

The use of surveys, transaction data analysis, and outcomes data interpretation are also necessary to cover all areas of performance. A strong technology and support infrastructure is important to have made information readily available to have the ability to search through massive amounts of material.

The public accounting profession will benefit from providing ways to learn the information presented in knowledge management systems. This includes listing with the new information any CPEs that involve the topic as well as any in-house meetings that will address the issue. If a firm expects employees to fully understand the new knowledge, it needs to offer ways for them to do that.

Law Firms

The type of knowledge management system incorporated into a law firm depends on the career needs of lawyers at the time of implementation. Knowledge tools necessary for a young attorney will not be the same as the needs of a senior attorney.[124] There are three main areas of professional development for an attorney, referred to by experts as the finders, minders, and grinders.[125] Attorneys who are in the finder stage are often those who bring in new clients to the firm. Minders are attorneys who manage client matters and maintain relationships with them. Grinders are those who "do the research, draft the contracts, handle the depositions and argue the motions in court."[126] In order to be beneficial to everyone throughout the firm, the use of multiple knowledge management tools is necessary.

In order to meet the professional needs of the whole firm, a combination of codification and personalization is used.[127] Codification is highly beneficial the law firms that tend to do repetitive work, since it offers automated document assembly. This leads to higher efficiency of the use of employee time as well as client time. Knowing the experience and expertise of each employee is highly beneficial within a law firm. Large firms run into the issue of not knowing who to put onto certain cases because there is not system to keep track of specific individual employee characteristics. This is where personalization comes into play. With the use of personalization, there will be no need to call various partners to find out which associate is familiar with a certain area because all of the information will be available through an internal search of the knowledge management system.

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123 Guptill, Janet. "Knowledge Management in Health Care." KM At Work. 4 Apr. 2005. Web. 22 Oct. 2011. http://www.kmatwork.com/images/journal_HC_Finance_Article_4-05.pdf.

124 Staudt, Ronald W. "Knowledge Management in Law Firms." *LexisNexis*. 2003. Web. 22 Oct. 2011. <www.lexisnexis.com/presscenter/hottopics/kminfirms.pdf>.

125 Id.

126 Id.

127 Guptill, Janet. "Knowledge Management in Health Care." *KM At Work*. 4 Apr. 2005. Web. 22 Oct. 2011. http://www.kmatwork.com/images/journal_HC_Finance_Article_4-05.pdf.

Attorneys and public accountants are similar in the ways that they are providing a service to the client, work is typically repetitive, and there are varying levels of professional development. The use of a combination of codification and personalization within a knowledge management system is something that accountants can adapt into their own system. The use of both tools will more effectively meet the knowledge needs of the varying levels of staff, managers, and partners in MWT.

Pharmaceutical Companies

The majority of revenue made in pharmaceutical companies comes from drug sales. Because of this, KMS tend to be created around making the sales force more efficient. Typical organizational structures divide the sales force into divisions, which break down into specific regions, districts, and then to PODs, usually having three people.[128] Knowledge management systems focused on the sales force should start from the POD level of the sales force in order to first impact the individual sales representatives.[129] In order to develop a KMS, pharmaceutical companies start by looking at the current business strategies.

Pharmaceutical companies focus strategies on creating new drugs, lowering the amount of time it takes a drug to get from development to the market place, and increasing current drug sales.[130] After strategies are established, a knowledge audit is performed in order to obtain tacit knowledge from employees. One problem that pharmaceutical companies run into during this step is that information gets mistaken for knowledge.[131] This happens because employees are not up to date with the most recent information and are unaware that what they have been considering knowledge has actually been superseded. Because of this problem, it is necessary to have a system to sort through all information to separate the old from the new.

Once all knowledge is collected, the formation of the iSmart team occurs. A district manager will be in a top position of the iSmart team because of ability to utilize the KMS at lower levels, and because of constant contact with regional managers. An IT department representative is also necessary for the KM team as well as sales representatives with specialty areas. After compiling all employee knowledge, the KM team begins the process of combining knowledge into the overall business strategy.[132] In order to do this, all knowledge received from employees is reviewed to see if there is a gap between the current company goals and the ability to attain them with the current company knowledge. If a gap is found, the iSmart team must inform PODs of what knowledge is lacking and allow

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[128] Fenton, Dan and James A. Albers. "Leveraging Knowledge in the Sales Force of a Pharmaceutical Company." Journal of Knowledge Management Practice 8.4 (2007). Web. 22 Oct. 2011. http://www.tlainc.com/articl143.htm.

[129] Id.

[130] Id.

[131] Id.

[132] Fenton, Dan and James A. Albers. "Leveraging Knowledge in the Sales Force of a Pharmaceutical Company." Journal of Knowledge Management Practice 8.4 (2007). Web. 22 Oct. 2011. http://www.tlainc.com/articl143.htm.

time for them to come up with ideas to collect it. Once solutions are selected, the iSmart team is in charge of sharing the results along all sales force levels.

In order for a pharmaceutical company to remain competitive, it is necessary to be aware of the knowledge of the competition. The company can do this by implementing a system to collect and distribute the knowledge found about competitors.[133] The distribution system is crucial because it provides information about competitors' advantages to specific departments within the company that can develop their own ways to counteract the competition.

KMS in pharmaceutical companies tend to leave the technology focus fully up to the IT department. The IT department usually needs updated software to support the needs of the KMS. Content management and collaborative tools typically require the most focus and updates.[134] It becomes the responsibility of the IT department to keep the knowledge collected from employees in its most up-to-date form on the company's network as well as finding a way to collect the competitor knowledge and distribute it to all employees efficiently.[135] The responsibility of explaining and using the information distributed is left to the members of the KMS team, who need to be able to explain how to incorporate the findings into the strategies of each sales level.

As with the pharmaceutical profession, public accounting is facing an increase in competition. One system that public accountants can also incorporate in with their knowledge management systems is the use of a competitor knowledge tracker. This will help with benchmarking how much knowledge a firm needs in order to remain competitive. It will also lets the firm see what areas that competitors are lacking in so that the firm can increase their knowledge to create an advantage in that area.

INCPAS

INCPAS chair-elect Kevin Kruggel stated that "knowledge management has been a topic of discussion within the Indiana CPA Society for well over a year now."[136] All members of INCPAS are keen on working on the development and implementation process of a strong knowledge management system. As the INCPAS brings together the enthusiasm and perspective of its diverse member firms, it can play a significant role in helping MWT develop and implement a successful KM system.

INCPAS can help MWT with knowledge management by

- Providing Information:
    - Although knowledge management has been around for quite a while now, most of the firms still have not been able to benefit from it. This is mostly due to lack of awareness about the management system and lack of knowledge and information about the system. There is no doubt that upper level management of MWT will be aware about the system but majority of

[133] INCPAS 25 Oct. 2011. < http://INCPAS.org/>
[134] Id.
[135] Id.
[136] Id.

the staff will need intensive training, starting from level one in order to make them familiar with **iSmart**. Since knowledge management is a fairly new concept, it is highly likely that most of the staff at MWT would have never heard of the system. This is where INCPAS comes in. INCPAS can help in spreading the awareness and information about knowledge management in MWT through easily accessible online articles, accounting blogs and discussion forums. Those articles, blogs, and forums available to INCPAS members will help the staff, who have just started learning about knowledge management, develop more insight about the system. This will help MWT reduce its training costs. Also open discussion forum about knowledge management would be very helpful to MWT because members of INCPAS can share their knowledge and experiences and learn from each other's experiences.

- Consulting Services:
    - Consulting services are always a plus when it comes to the development and implementation of a new system. It would be really helpful for MWT if INCPAS have some provision of providing consulting services to its members. Consulting services by INCPAS will not only help MWT reduce its external consulting costs but it will also help MWT gain a wider specialized perspective and skills about knowledge management that are not otherwise available within the firm.
- CPE:
    - It would also be helpful if INCPAS provided some interactive Continuing professional education (CPE) courses focused on knowledge management. Since certain CPE hours are required for CPAs to renew their CPA licenses, having CPEs relating to knowledge management issues will help serve two purposes: meeting the hourly requirements and gaining knowledge about knowledge management.
- Conferences:
    - Every year CPAs from all over Indiana attend conferences organized by INCPAS. This would be a perfect forum to learn and share information about knowledge management. Conferences which are specifically focused on the development, implementation and issues relating to knowledge management would play a significant role in helping MWT's employees gain exposure to the knowledge management systems.
- Software Reviews:
    - One of the major areas which is responsible for the successful implementation and development of a knowledge management system is the use of suitable software. Identifying the right software for a company's knowledge management system requires a lot of time, effort and money. MWT spent a lot of time and money in researching for the ideal software for **iSmart** before identifying Ning as its software platform. MWT had to seek help from an external IT consulting firm in the process of identifying Ning. The company had to invest a lot of capital for this process. INCPAS can help

MWT by providing software reviews which would help the company save on researching and consulting costs.

If INCPAS already had a KM system available to its member, the whole process of implementing a KM system would be much easier for MWT. MWT would not have to spend as much in researching for the right type of knowledge management system. The company would not have to pay for internal and external consulting services. Although MWT would still have to spend time and money for the implementation of a knowledge management system, it would not have developed its own KM system, which would enable the firm to save millions.

Help from Other Firms

In addition to the AICPA and INCPAS, MWT can get assistance from different Knowledge management consulting firms. The role occupied by consultants has been defined by Humphreys (1999: 10) as: "those who temporarily occupy subject positions within the organizational space of convention and decision-making procedures."[137] Since consultants are external parties specializing in knowledge management, they have greater expertise in the area and can bring a whole new perspective to the development and implementation process. Consultants would be helpful for MWT for the following reasons:[138]

- Provide skills not within firm
- Counter internal constraint
- Counter cognitive constraint
- As an aid to action without the brake of internal politics
- Endorsement of client's preconceived program of action
- Mitigate risk
- Promotion of an executive agenda
- Mainly advise on IS/IT
- Change/ challenge status quo
- Overcome internal resistance to change
- Achieve change with greater speed than allowed by internal organic change
- legitimacy and endorsement rather than expertise
- Pressure from Stakeholders – Justify action to stakeholders

Conclusion

In conclusion, MWT should implement a knowledge management system called **iSmart**. **iSmart** will codify knowledge from senior partners before they reach retirement age. We run the risk of losing all of their knowledge and years of experience without using **iSmart**.

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[137] Alistair Lomex. Association of Knowledge Work. 25 Oct. 2011. <http://kwork.org/White_Papers/value.html>

[138] Id.

iSmart is beneficial to the whole firm because it makes knowledge from all other past, present, and future employees accessible to everyone. Using Ning makes **iSmart** easy to set up and use, thereby insuring low cash outflow with high potential for increased benefit to the firm.

Appendix A

Conservative ROI Calculation

Average billing rate	$153
Average salary for partners	$150,000
Average salary for other employees	$70,000
Yearly Hours	2200
Number of partners	7
Number of other employees	43
Total number of employees	50

	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
% of cost saving	0%	2%	3%	4%	5%
% of cost for partners- Uploading data	10%	10%	10%	10%	10%
% of cost for employees- Uploading data	2%	2%	2%	2%	2%
% of cost for partners- Monitoring iSmart	20%	20%	20%	20%	20%
% of cost for employees- Monitoring iSmart	10%	10%	10%	10%	10%

	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Inflows						
Cost Savings						
Year 1	$0					$0.00
Year 2		$336,600				$336,600.00
Year 3			$504,900			$841,500.00
Year 4				$673,200		$1,514,700.00
Year 5					$841,500	$2,356,200.00
Total Inflows	$0	$336,600	$504,900	$673,200	$841,500	$2,356,200.00
Outflows						
Buying	$0	$0	$0	$0	$0	
Building	$599.90	$599.90	$599.90	$599.90	$599.90	

Impelementing and Supporting						
Uploading Costs- Firm partners	$105,000					
Uploading Costs- Employees	$60,200					
Monitoring Costs- CKO	$30,000					
Monitoring Costs- KM specialists	$21,000					
Year 1						$216,799.90
Uploading Costs- Firm partners		$105,000				
Uploading Costs- Employees		$60,200				
Monitoring Costs- CKO		$30,000				
Monitoring Costs- KM specialists		$21,000				
Year 2						$433,599.80
Uploading Costs- Firm partners			$105,000			
Uploading Costs- Employees			$60,200			
Monitoring Costs- CKO			$30,000			
Monitoring Costs- KM specialists			$21,000			
Year 3						$650,399.70
Uploading Costs- Firm partners				$105,000		
Uploading Costs- Employees				$60,200		
Monitoring Costs- CKO				$30,000		
Monitoring Costs- KM specialists				$21,000		
Year 4						$867,199.60
Uploading Costs- Firm partners					$105,000	
Uploading Costs- Employees					$60,200	
Monitoring Costs- CKO					$30,000	
Monitoring Costs- KM specialists					$21,000	
Year 5						$1,083,999.50
Total Outflows	$216,800	$216,800	$216,800	$216,800	$216,800	$1,083,999.50
Total cumulative ROI at the end of each year	-100.00%	-22.37%	29.38%	74.67%	117.36%	117.36%

Appendix A, Continued

Moderate ROI Calculation

Average billing rate	$153
Average salary for partners	$150,000
Average salary for other employees	$70,000
Yearly Hours	2200
Number of partners	7
Number of other employees	43
Total number of employees	50

	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
% of cost saving	0%	5%	6%	7%	8%
% of cost for partners- Uploading data	12%	12%	12%	12%	12%
% of cost for employees- Uploading data	5%	5%	5%	5%	5%
% of cost for partners- Monitoring iSmart	20%	20%	20%	20%	20%
% of cost for employees- Monitoring iSmart	10%	10%	10%	10%	10%

	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Inflows						
Cost Savings						
Year 1	$0					$0.00
Year 2		$841,500				$841,500.00
Year 3			$1,009,800			$1,851,300.00
Year 4				$1,178,100		$3,029,400.00
Year 5					$1,346,400	$4,375,800.00
Total Inflows	$0	$841,500	$1,009,800	$1,178,100	$1,346,400	$4,375,800.00

Outflows						
Buying	$0	$0	$0	$0	$0	
Building	$599.90	$599.90	$599.90	$599.90	$599.90	
Impelementing and Supporting						
Uploading Costs- Firm partners	$126,000					
Uploading Costs- Employees	$150,500					
Monitoring Costs- CKO	$30,000					
Monitoring Costs- KM specialists	$21,000					
Year 1						$328,099.90
Uploading Costs- Firm partners		$126,000				
Uploading Costs- Employees		$150,500				
Monitoring Costs- CKO		$30,000				
Monitoring Costs- KM specialists		$21,000				
Year 2						$656,199.80
Uploading Costs- Firm partners			$126,000			
Uploading Costs- Employees			$150,500			
Monitoring Costs- CKO			$30,000			
Monitoring Costs- KM specialists			$21,000			
Year 3						$984,299.70
Uploading Costs- Firm partners				$126,000		
Uploading Costs- Employees				$150,500		
Monitoring Costs- CKO				$30,000		
Monitoring Costs- KM specialists				$21,000		
Year 4						$1,312,399.60
Uploading Costs- Firm partners					$126,000	
Uploading Costs- Employees					$150,500	
Monitoring Costs- CKO					$30,000	
Monitoring Costs- KM specialists					$21,000	
Year 5						$1,640,499.50
Total Outflows	$328,100	$328,100	$328,100	$328,100	$328,100	$1,640,499.50

Total cumulative ROI at the end of each year	-100.00%	28.24%	88.08%	130.83%	166.74%	166.74%

Aggressive ROI Calculation

Average billing rate	$153
Average salary for partners	$150,000
Average salary for other employees	$70,000
Yearly Hours	2200
Number of partners	7
Number of other employees	43
Total number of employees	50

	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
% of cost saving	0%	7%	8%	9%	10%
% of cost for partners- Uploading data	15%	15%	15%	15%	15%
% of cost for employees- Uploading data	7%	7%	7%	7%	7%
% of cost for partners- Monitoring iSmart	20%	20%	20%	20%	20%
% of cost for employees- Monitoring iSmart	10%	10%	10%	10%	10%

	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Inflows						
Cost Savings						
Year 1	$0					$0.00
Year 2		$1,178,100				$1,178,100.00
Year 3			$1,346,400			$2,524,500.00
Year 4				$1,514,700		$4,039,200.00

Year 5					$1,683,000	$5,722,200.00
Total Inflows	$0	$1,178,100	$1,346,400	$1,514,700	$1,683,000	$5,722,200.00
Outflows						
Buying	$0	$0	$0	$0	$0	
Building	$599.90	$599.90	$599.90	$599.90	$599.90	
Impelementing and Supporting						
Uploading Costs- Firm partners	$157,500					
Uploading Costs- Employees	$210,700					
Monitoring Costs- CKO	$30,000					
Monitoring Costs- KM specialists	$21,000					
Year 1						$419,799.90
Uploading Costs- Firm partners		$157,500				
Uploading Costs- Employees		$210,700				
Monitoring Costs- CKO		$30,000				
Monitoring Costs- KM specialists		$21,000				
Year 2						$839,599.80
Uploading Costs- Firm partners			$157,500			
Uploading Costs- Employees			$210,700			
Monitoring Costs- CKO			$30,000			
Monitoring Costs- KM specialists			$21,000			
Year 3						$1,259,399.70
Uploading Costs- Firm partners				$157,500		
Uploading Costs- Employees				$210,700		
Monitoring Costs- CKO				$30,000		
Monitoring Costs- KM specialists				$21,000		
Year 4						$1,679,199.60
Uploading Costs- Firm partners					$157,500	
Uploading Costs- Employees					$210,700	
Monitoring Costs- CKO					$30,000	
Monitoring Costs- KM specialists					$21,000	

Year 5						$2,098,999.50
Total Outflows	$419,800	$419,800	$419,800	$419,800	$419,800	$2,098,999.50
Total cumulative ROI at the end of each year	-100.00%	40.32%	100.45%	140.54%	172.62%	172.62%

Appendix B

Calculation of Internal Rate of Return (IRR)

	Conservative	Moderate	Aggressive
Cash Outflows*	($216,800)	(328,100.00)	(419,800.00)
	($216,800)	(328,100.00)	(419,800.00)
	($216,800)	(328,100.00)	(419,800.00)
	($216,800)	(328,100.00)	(419,800.00)
	($216,800)	(328,100.00)	(419,800.00)
Cash Inflows*	$0	0.00	0.00
	$336,600	841,500.00	1,178,100.00
	$504,900	1,009,800.00	1,346,400.00
	$673,200	1,178,100.00	1,514,700.00
	$841,500	1,346,400.00	1,683,000.00

Net CashFlows

Year	Conservative	Moderate	Aggressive
1	($216,800)	($328,100)	($419,800)
2	$119,800	$513,400	$758,300
3	$288,100	$681,700	$926,600
4	$456,400	$850,000	$1,094,900
5	$624,700	$1,018,300	$1,263,200
Cumulative IRR	104%	179%	196%

* Cash inflows and outflows were calculated in the ROI calculation in Appendix A.

Specific Content for **iSmart**

Employee Development

- Are there any areas of weakness with your accounting skill that MWT could assist in improving?
- What skills do you have that you think could be beneficial to others within the firm?
- How many professional organizations do you belong to?
    - Please name several
- Are you a participant in any of the non-profit organization boards?
    - If yes, please list out what these boards are.
- What industries do you prefer to work with and why?
- How have you developed your niche in the industry you work in?
- In what ways do you gather information about a specific industry?
    - Attend conferences
    - Subscribe to a professional organization.
- How do you maintain your professional relationship with your clients?
- Do you attend conferences related to accounting?
    - Are these beneficial for you?
- Do you have any subscriptions to professional magazines, news papers, journals and any other published material?
    - Please list.
- What challenges do you face in your daily activities?
- What process do you take to prepare for a client meeting, etc?
- Do you speak a foreign language?
    - If yes, please specify.
- Have you traveled abroad? Are you interested in traveling abroad?

Client Development

- How many clients does MWT have?
- How many industries does MWT service?
- What is our client retention rate?
- How does MWT develop strong professional relationships with clients?
- What techniques and strategies are used to obtain new clients?
    - What criterion is used to research a prospective client?
- How do clients rate us on our services?

Marketing

- What strategies are used to promote MWT's name?
- What community service projects has MWT participated in?
- How is MWT perceived within the community?
- How is MWT perceived within the industry?
- How does MWT recruit new faculty?

- How do the prospective employees perceive MWT?

These questions will help MWT successfully design and implement **iSmart** as well as continue to grow the company and employees.

Appendix D

MWT Client Satisfaction Survey

1. **Your Name:**

2. **Company Name**:

3. **Timeliness of our services/deliverables:**

○ Very Dissatisfied ○ Dissatisfied ○ Neutral ○ Satisfied ○ Very Satisfied

4. Timeliness of our response to your calls or inquiries:

○ Very Dissatisfied ○ Dissatisfied ○ Neutral ○ Satisfied ○ Very Satisfied

5. Satisfaction with how your technical issues were handled:

○ Very Dissatisfied ○ Dissatisfied ○ Neutral ○ Satisfied ○ Very Satisfied

6. Overall satisfaction with your MWT service team:

○ Very Dissatisfied ○ Dissatisfied ○ Neutral ○ Satisfied ○ Very Satisfied

7. Explanations presented in a clear and understandable manner:

○ Very Dissatisfied ○ Dissatisfied ○ Neutral ○ Satisfied ○ Very Satisfied

8. How likely is it that you would recommend MWT to a friend or a colleague?

○ Very Unlikely ○ Unlikely ○ Neutral ○ Likely ○ Definitely

9. If you did not answer definitely, what is the most important improvement that MWT should make that would change your response?

MWT Employee Satisfaction Survey

1. What is your department/work group?

2. What is your job role?

   ○ Partner ○ Staff

Section 1: Employee Enthusiasm

3. I like the kind of work I do.

   ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

4. My work gives me a feeling of accomplishment.

   ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

Section 2: Work Environment

5. I have the resources, tools, computers, materials and information I need to do my job effectively.

   ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

6. There are enough people in my department/work group to handle the existing workload.

   ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

7. I am generally able to balance my work and personal life.

   ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

Section 3: Decision Making

8. I have authority to make important decisions that affect my job and supporting customers.

   ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

9. Within my department/work group, employees are encouraged to exchange job ideas with each other.

   ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

Section 4: Innovation and Change

10. I am encouraged to come up with innovative ideas on the job.

    ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

11. Our company encourages positive change and new ways of doing things.

    ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

Section 5: Development/Opportunity

12. I receive adequate training to do my job effectively.

    ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

13. Our company is committed to the growth of individual employees.

    ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

Section 6: Teamwork

14. There is good cooperation in my department/work group to work as a team and get the job done.

    ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

15. In my department/work group, we communicate frequently and effectively.

    ○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

Section 7: Communications

16. Communication between departments/work groups occurs on a regular and effective basis.

○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

17. Overall communication to employees is effective.

○ Strongly agree ○ Agree ○ Neutral ○ Disagree ○ Strongly disagree

18. Additional Comments