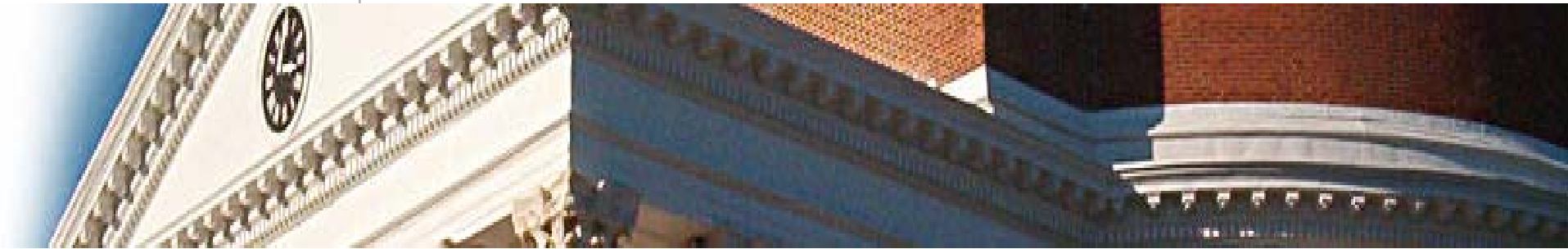


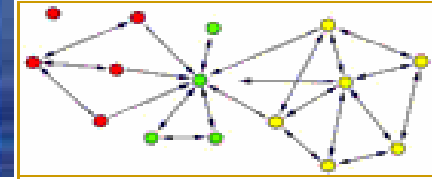
Global Consultancy Case Study: Managing Leadership Transition in a Developing Practice

March 2006



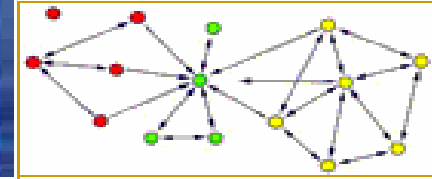
The **NETWORK ROUNDTABLE** *at the* **UNIVERSITY OF VIRGINIA**

Agenda



- Applying Organizational Network Analysis (ONA) to Ensure the Success of a Newly Established Practice
- Key Findings and Recommendations
- Project Plan
- Critical Success Factors and Lessons Learned
- Appendix
 - Why Network Analysis is Important
 - How to Interpret a Network Diagram

In 2004, the Consultancy Created an Organizational Effectiveness Practice



Situation Overview

Under the leadership of a newly hired executive, the firm formed an Organizational Effectiveness Practice in 2004. The executive's credibility and influence grew rapidly, and, within a year and a half, he was asked to lead the firm's global strategic services practice.

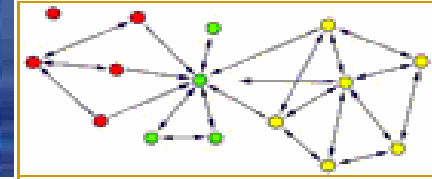
Challenge

His successor, with an intimate knowledge of consulting and the emerging state of the new practice, decided to conduct an ONA. She knew the success of the Practice was largely due to her predecessor's ability to bring together a diverse group of individuals, share best practices and deliver highest quality to clients. She faced three substantial challenges:

- to quickly understand the expertise and project experiences that existed within the loosely knit global network
- to get a clear sense of how these experts were currently collaborating
- to understand how to exert influence through the network when she did not have direct reporting relationships with each of the members.

ONA provided insights into the company's current network of Organizational Effectiveness experts and helped produce a targeted action plan to grow the practice.

Network Analysis Quickly Provided Insights into the Current State of the Practice



Plan

- create network survey
- define community members
- obtain senior sponsor

Run

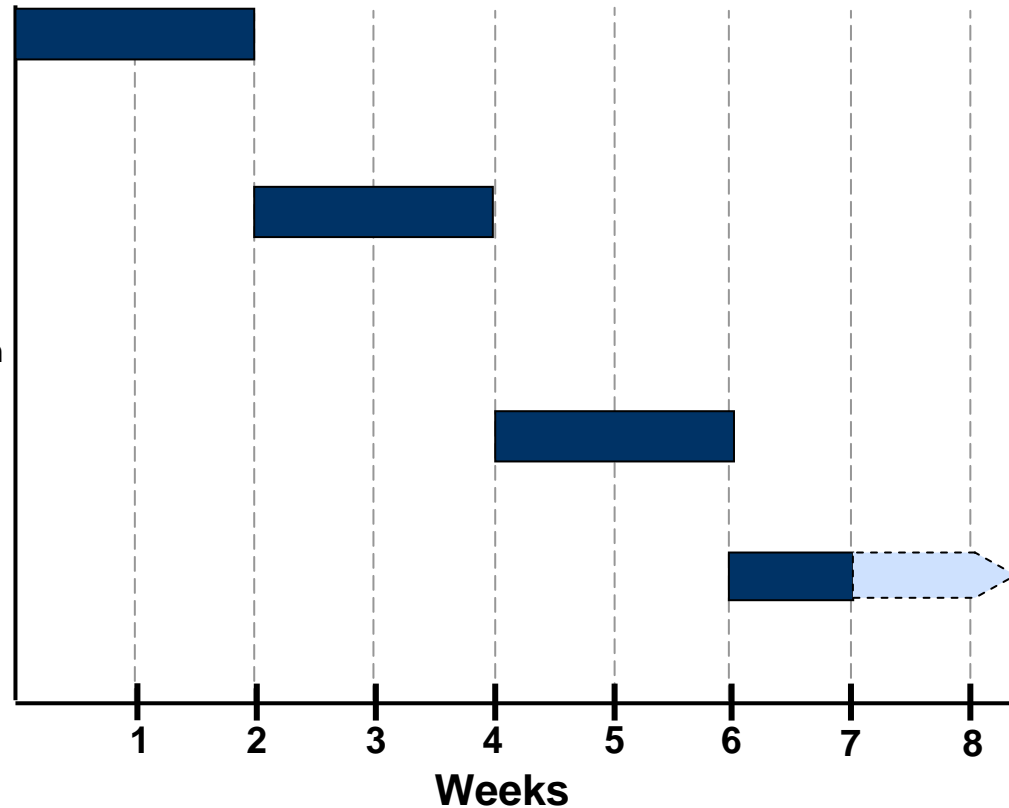
- test diagnostic with small sub-group
- administer Web-based diagnostic
- send system-generated e-mails to obtain responses

Assess

- create recommendation report
- provide personalized Web sites

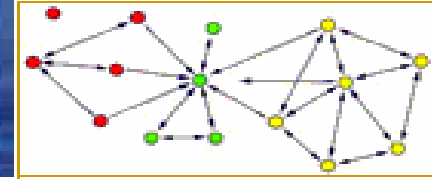
Apply

- develop and implement project plan
- take action on personal network results



In less than two months, network analysis provided important insights into how people were working and what actions would have the biggest impact to develop the practice.

The New Leader Identified Four Primary Objectives for the Network Analysis



Objectives

Improve collaboration and information flow to systematically bring the best expertise to project sales and delivery efforts.

Drive economic results, both productivity gains through knowledge transfer and revenue growth through sales collaborations, through improved network connectivity.

Enhance innovation and cross-selling of key services/expertise by better leveraging unique skill sets within the network.

Embed network management practices into talent management processes to improve individual performance and quality of work life.

Network Analysis Recommendations

- Create opportunities to connect and share experiences
- Establish industry liaisons; create capability leads
- Create collaborative relationships across silos in the network
- Build awareness of expertise at points in the network where better collaboration would yield a strategic payback.

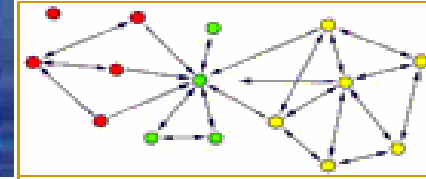
- Identify where important revenue generating collaborations exist and where they need to be built; evaluate those relationships which facilitate sales
- Prioritize where collaborations yield the highest productivity gains from knowledge transfer.

- Encourage the development of skills that are lacking
- Adjust the relative influence of prominent and marginalized expertise in the network
- Identify and bridge network fragmentation between skills that should be better integrated in client offerings

- Help each employee to develop their networks, based on their personal network profiles, to improve performance
- Jump-start newcomers productivity and leverage their ideas
- Use results to minimize the impact of knowledge loss

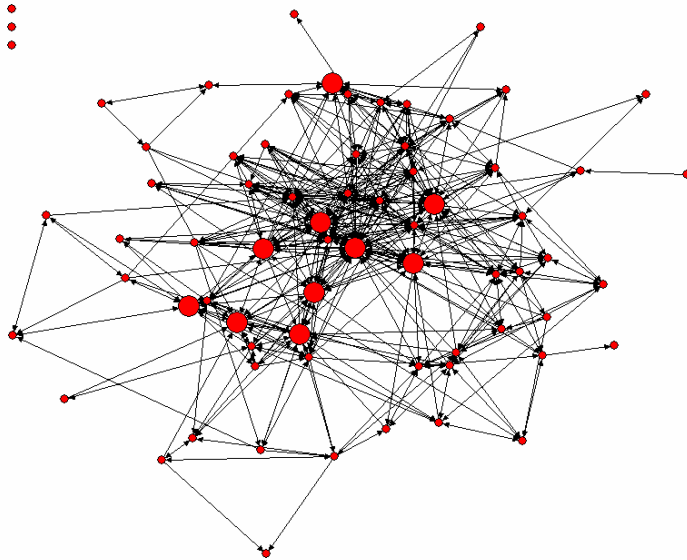
* Refer to project plan on slide 15 for specific next steps.

A Small Group of Partners Was Very Influential. However, Many Individuals Were on the Fringe.



“Please indicate the extent to which the following people are effective in providing you with information that helps you to learn, solve problems and do your work.”

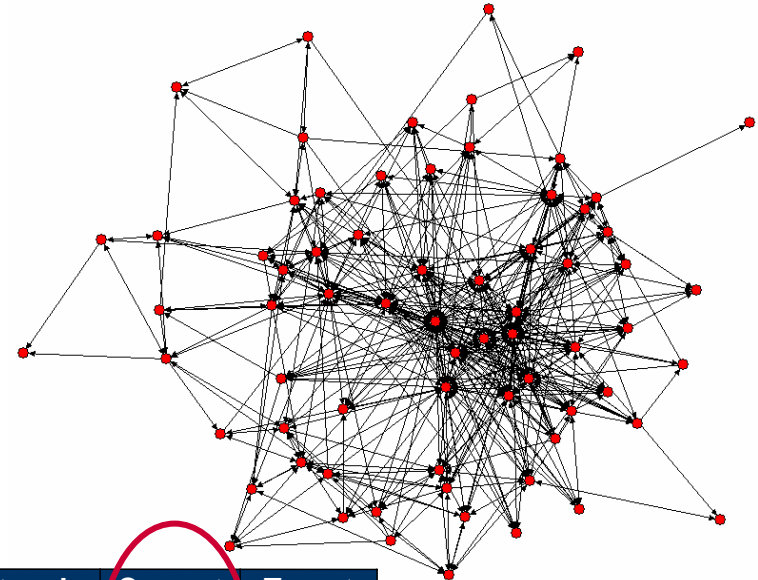
Existing network with top 7 brokers* (10% of population) highlighted



Network Measures	Current State	Target
Density	12%	20%
Cohesion	2.5	2
Centrality	51%	20

Response of Somewhat Effective to Very Effective

Enhanced network with the top 7 brokers and top 7 peripheral members connected



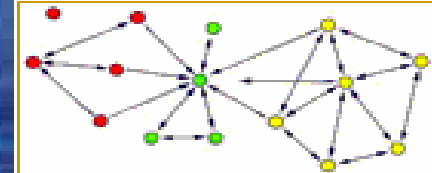
Network Measures	Current State	Target
Density	17%	20%
Cohesion	2.1	2
Centrality	30%	20

Response of Somewhat Effective to Very Effective

* A broker is defined as someone who sits on the shortest path between several other individuals

Creating connections amongst the brokers and peripheral members resulted in ~20% improvement in overall connectivity.

World-Class Solutions Require Collaboration Among Industry and Horizontal Practices



“Please indicate the extent to which the following people are effective in providing you with information that helps you to learn, solve problems and do your work.”

Target collaboration within groups (on diagonal) is 25-45%. Several industry groups collaborate frequently, such as Financial Services and Gov't. However, areas such as Products and Resources, need improvement.

Information Providers

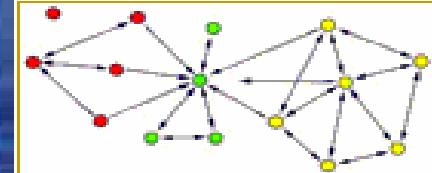
Information Seekers

	Communications & High Tech	Financial Services	Government	Products	Resources	Customer Management	Enterprise Management	People Development	Strategic Services	Supply Chain Mgt	Other
Communications & High Tech (11)	35%	0%	0%	1%	3%	14%	36%	7%	10%	14%	0%
Financial Services (3)	0%	100%	11%	0%	6%	0%	0%	25%	4%	0%	0%
Government (3)	9%	22%	50%	7%	17%	0%	0%	25%	10%	0%	11%
Products (9)	3%	0%	0%	13%	2%	6%	0%	0%	1%	0%	0%
Resources (6)	0%	6%	11%	4%	23%	17%	0%	8%	5%	0%	22%
Customer Management (2)	9%	0%	0%	6%	17%	50%	0%	0%	10%	0%	17%
Enterprise Management (1)	27%	0%	0%	0%	0%	0%	n/a	0%	0%	50%	0%
People Development (4)	5%	42%	25%	8%	13%	0%	0%	25%	12%	0%	25%
Strategic Services (26)	7%	3%	6%	1%	4%	12%	4%	8%	36%	2%	36%
Supply Chain Mgt (2)	5%	0%	0%	0%	0%	0%	0%	0%	2%	50%	0%
Other (3)	6%	11%	0%	0%	11%	17%	0%	25%	36%	0%	0%

Target collaboration across groups (off diagonal) is typically 10-30% in critical areas.

6% of the possible 100% of connections exist from Strategic Services to Gov't practices. However, Gov't connections to Strategic Services are 10%.

Quantifying Productivity Enhancing Collaborations Allows Targeted Improvements



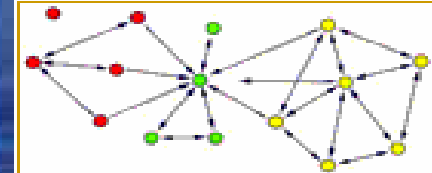
Monthly Time Saved from Collaborations Within and Across Service Lines

Higher degrees of value were provided by individuals with a combination of expertise, content and responsiveness.

	Communications & High Tech	Financial Services	Government	Products	Resources	Customer Management	Enterprise Management	People Development	Strategic Services	Supply Chain Mgt	Other	Total
Communications & High Tech (1)	\$49,500	\$0	\$600	\$1,200	\$3,600	\$2,400	\$4,800	\$1,200	\$31,200	\$2,400	\$0	\$96,900
Financial Services (3)	\$0	\$4,200	\$0	\$0	\$0	\$0	\$1,800	\$1,800	\$0	\$0	\$0	\$7,800
Government (3)	\$0	\$0	\$1,800	\$0	\$5,400	\$0	\$0	\$6,900	\$4,200	\$0	\$1,800	\$20,100
Products (9)	\$0	\$0	\$0	\$9,000	\$600	\$0	\$0	\$9,600	\$53,100	\$0	\$9,600	\$81,900
Resources (6)	\$0	\$0	\$1,200	\$0	\$12,900	\$2,400	\$0	\$7,200	\$38,700	\$0	\$17,700	\$80,100
Customer Management (2)	\$1,800	\$0	\$0	\$600	\$2,400	\$0	\$0	\$2,400	\$0	\$0	\$600	\$7,800
Enterprise Management (1)	\$4,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,500
People Development (4)	\$0	\$4,800	\$5,400	\$10,200	\$10,200	\$0	\$0	\$1,800	\$18,300	\$3,000	\$12,000	\$65,700
Strategic Services (26)	\$8,400	\$0	\$0	\$45,000	\$30,600	\$6,600	\$600	\$4,800	\$404,400	\$15,000	\$48,000	\$563,400
Supply Chain Mgt (2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000	\$15,000	\$1,200	\$3,000	\$22,200
Other (3)	\$0	\$0	\$0	\$9,000	\$6,600	\$0	\$0	\$3,600	\$23,400	\$3,000	\$3,000	\$48,600
Monthly Total	\$64,200	\$9,000	\$9,000	\$75,000	\$72,300	\$11,400	\$5,400	\$39,900	\$592,500	\$24,600	\$95,700	\$999,000
Per Person Avg.	\$5,836	\$3,000	\$3,000	\$8,333	\$12,050	\$5,700	\$5,400	\$9,975	\$22,788	\$12,300	\$31,900	\$14,271

These financial figures allowed the leader to model the anticipated impact for improvement efforts. As one example, the targeted and low cost effort of connecting the key brokers with one peripheral person each had the potential payback of an additional \$2.9MM (within service line) and \$6.1MM (between service line) in savings.

Productivity Gains from Knowledge Transfer Can Be Evaluated Based on Time or Dollars



Value Creating Collaborations

Monthly Time Saved		Revenue Generators	
Initials	Hours	Initials	\$MM
Chris S	215	Chris S	High
Nancy W	170	Hewitt L	
LeAnn F	125	Elizabeth N	↑
Steve V	105	LeAnn F	
Bob L	85	Taylor H	
Dick C	85	Trevor C	
Lori K	80	Lori K	
Beth E	75	Dick C	
Xavier Z	70	Kari E	
Omar M	70	Zack T	
Kelly A	65	Beth C	
Ed Q	60	Graham Q	
Ed N	55	Eugene R	↓
Tom L	55	Fanny N	
Hal L	50	Kyle L	
Oscar Q	50	Steve V	
Zack T	50	Ian L	
Stacy T	45	Kathy E	
Kathy E	45	Neil W	
Dave I	40	Rob V	

The top five generated 32% of total time savings

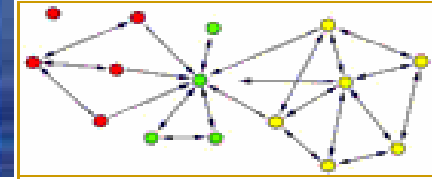
The top 10 generated 48% of total time savings

By estimating the typical time saved per month as a result of information, advice, or other resources received from each person and applying a loaded compensation figure (unique for each person) the leader was able to get a sense of the efficiencies generated by this network.

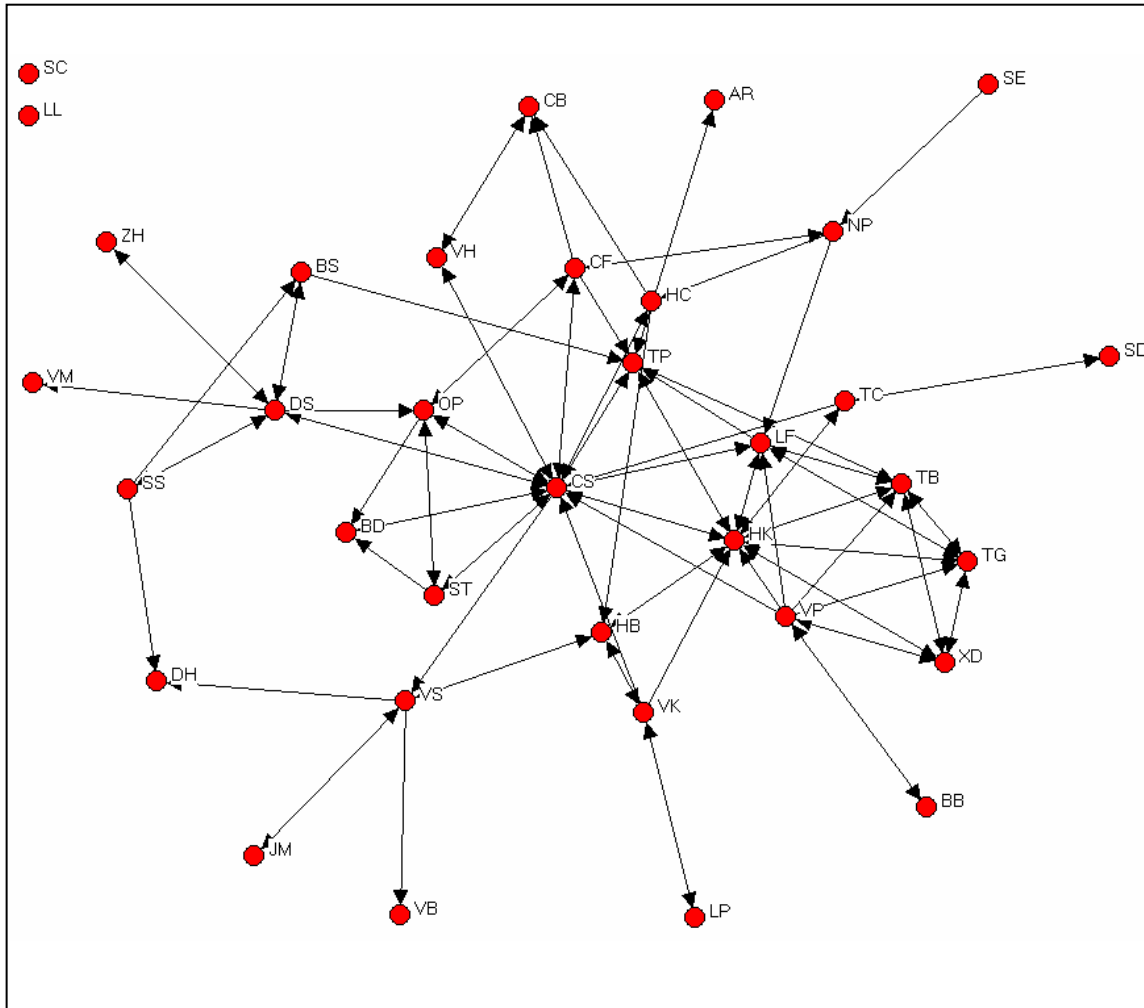
Further, by applying billing rates to these estimates she was also able to get a sense of the *possible* additional revenue these knowledge sharing interactions could help create by freeing up time.

Interestingly enough, the people valued for knowledge transfer purposes were, by and large, different from people who assisted in generating revenue (through sales collaborations).

A Handful of People Have Substantial Influence in the Sale of Large Projects



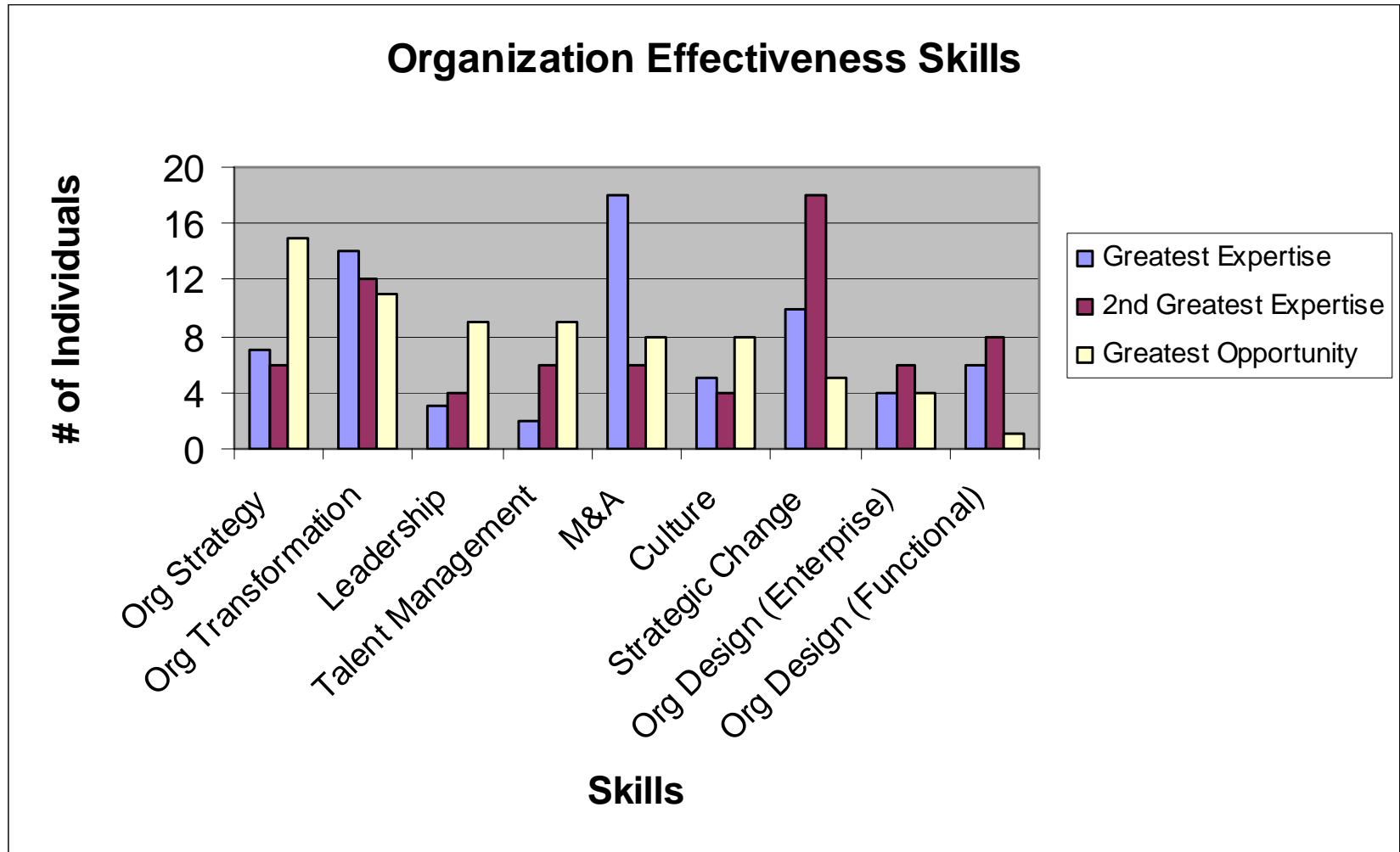
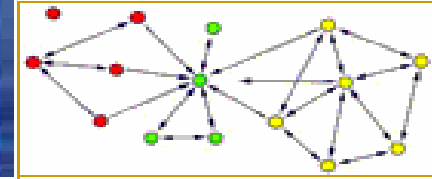
Collaborations Critical to Sale of Projects



The top ten people in this group supported collaborations yielding 60% of the network's claimed revenue, with the top five accounting for 38%.

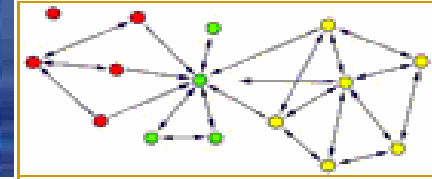
All of the people who were central in this group had strong interpersonal skills. Each were: likeable, responsive to requests (24 hour turnaround time), accommodating, flexible, and good collaborators. These and other traits suggested new performance evaluation and hiring criteria to enable better leverage of skills and expertise in the network on key sales efforts.

Skill Prominence and Distribution Shows Areas of Strength as Well as Areas for Development

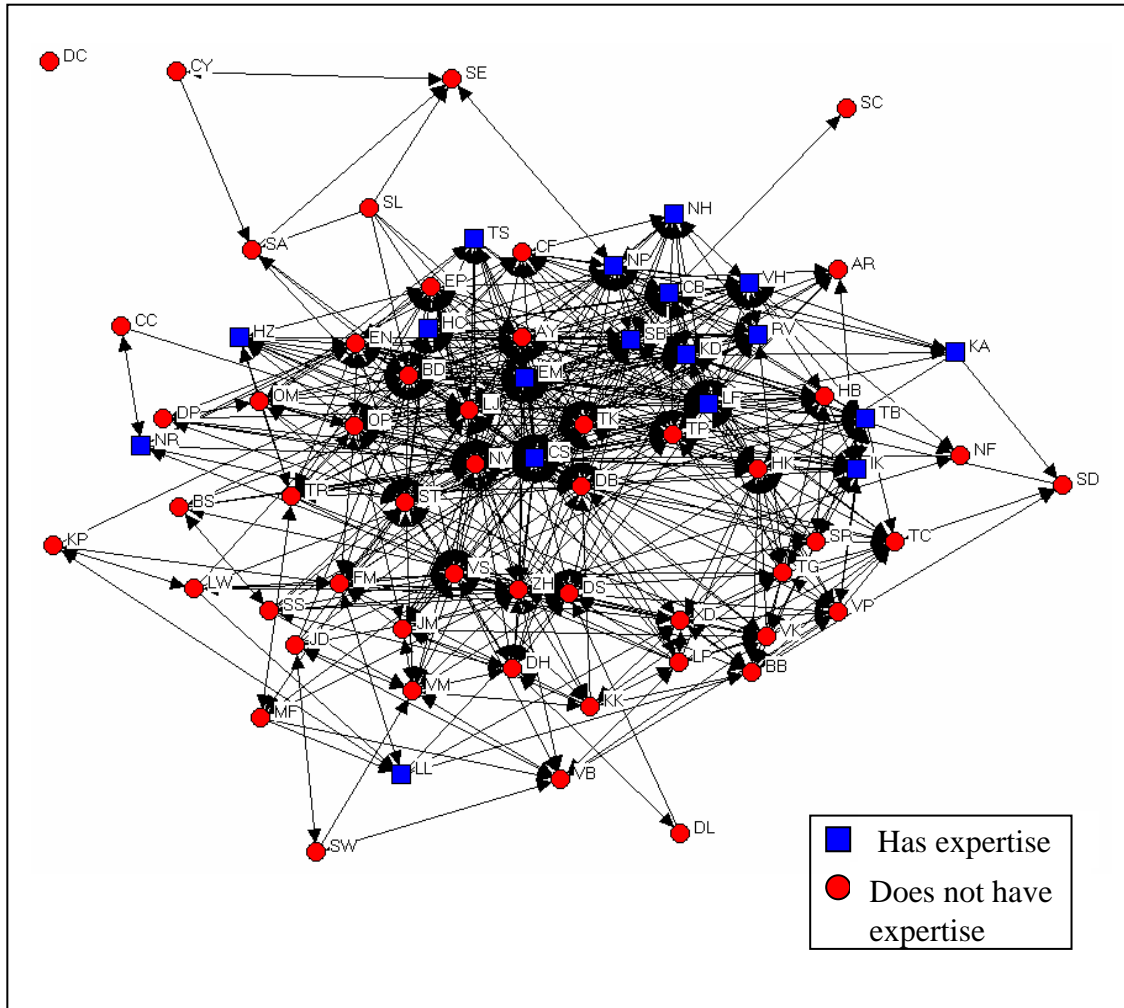


Despite expertise in several organizational domains, people were unaware of 82% of colleagues' expertise, resulting in missed or sub-optimized opportunities.

Many People Possessed Merger & Acquisition Expertise

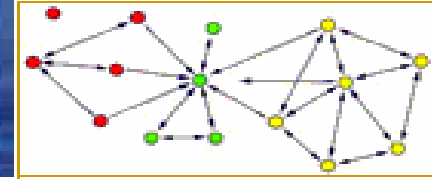


Position of M&A Expertise Within the Information Network

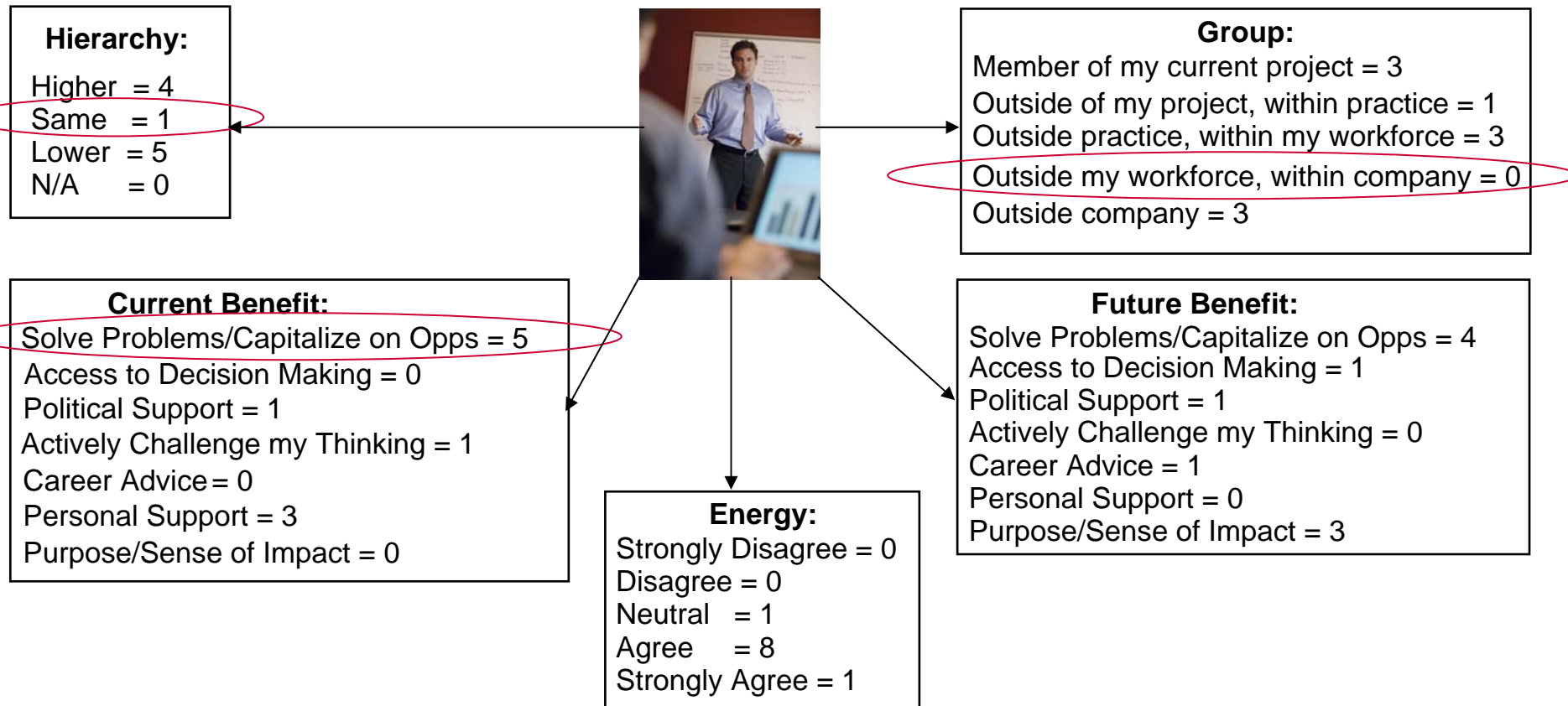


M&A skills were both heavily present and also very central in the network, which raised some concern. Longer-term success would only come from ensuring the group did not sell and deliver project work in a way that drove the practice into niche markets (and away from service offerings that the group should support for the entire consultancy).

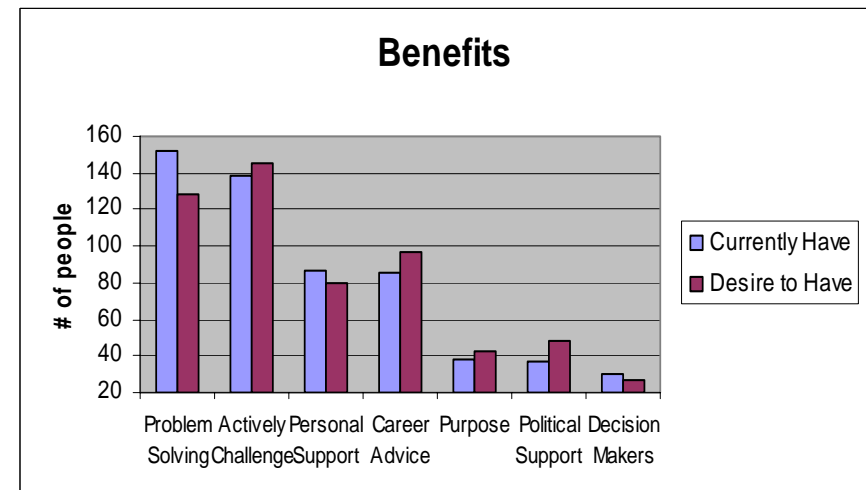
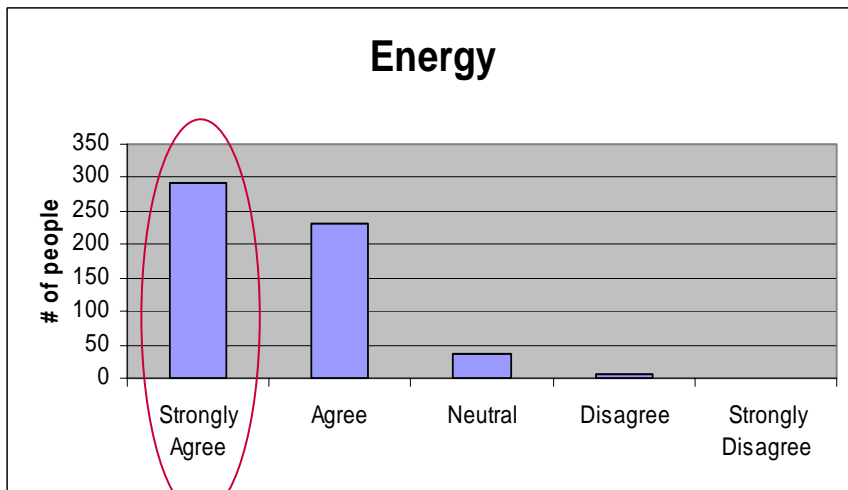
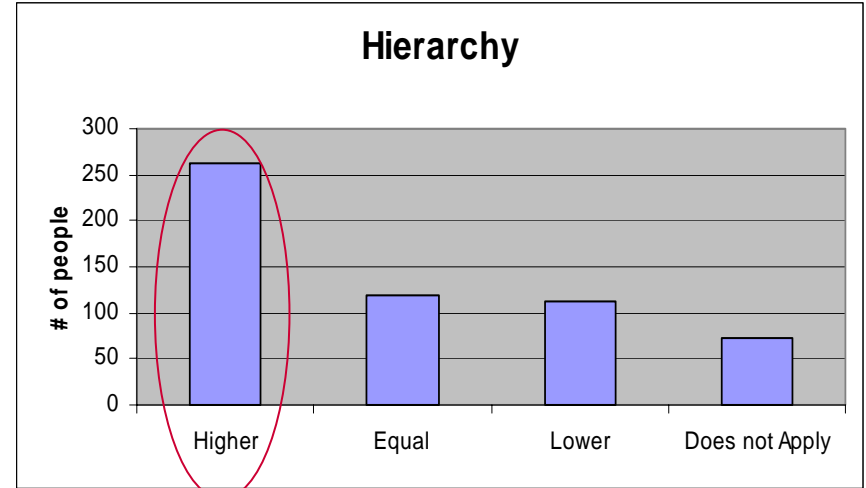
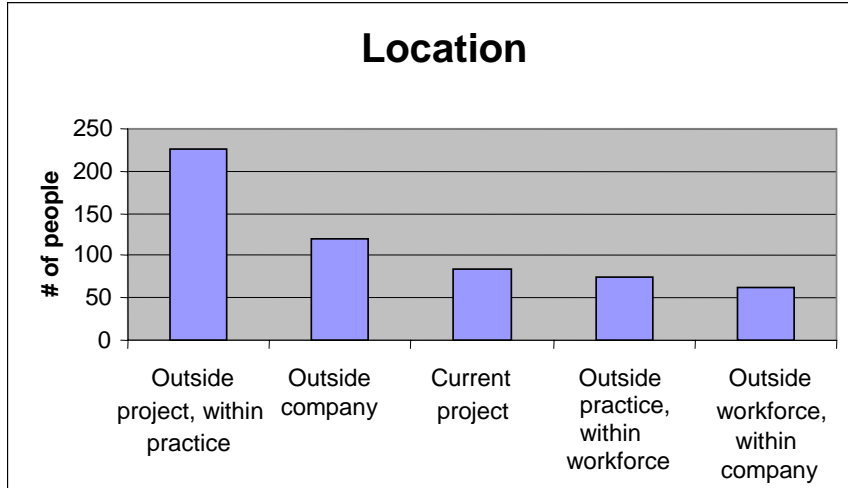
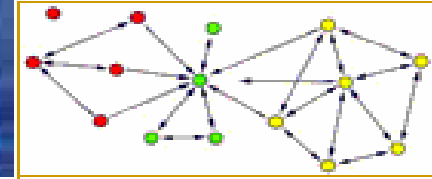
Personal Feedback Helps Individuals Attend to Their Own Networks



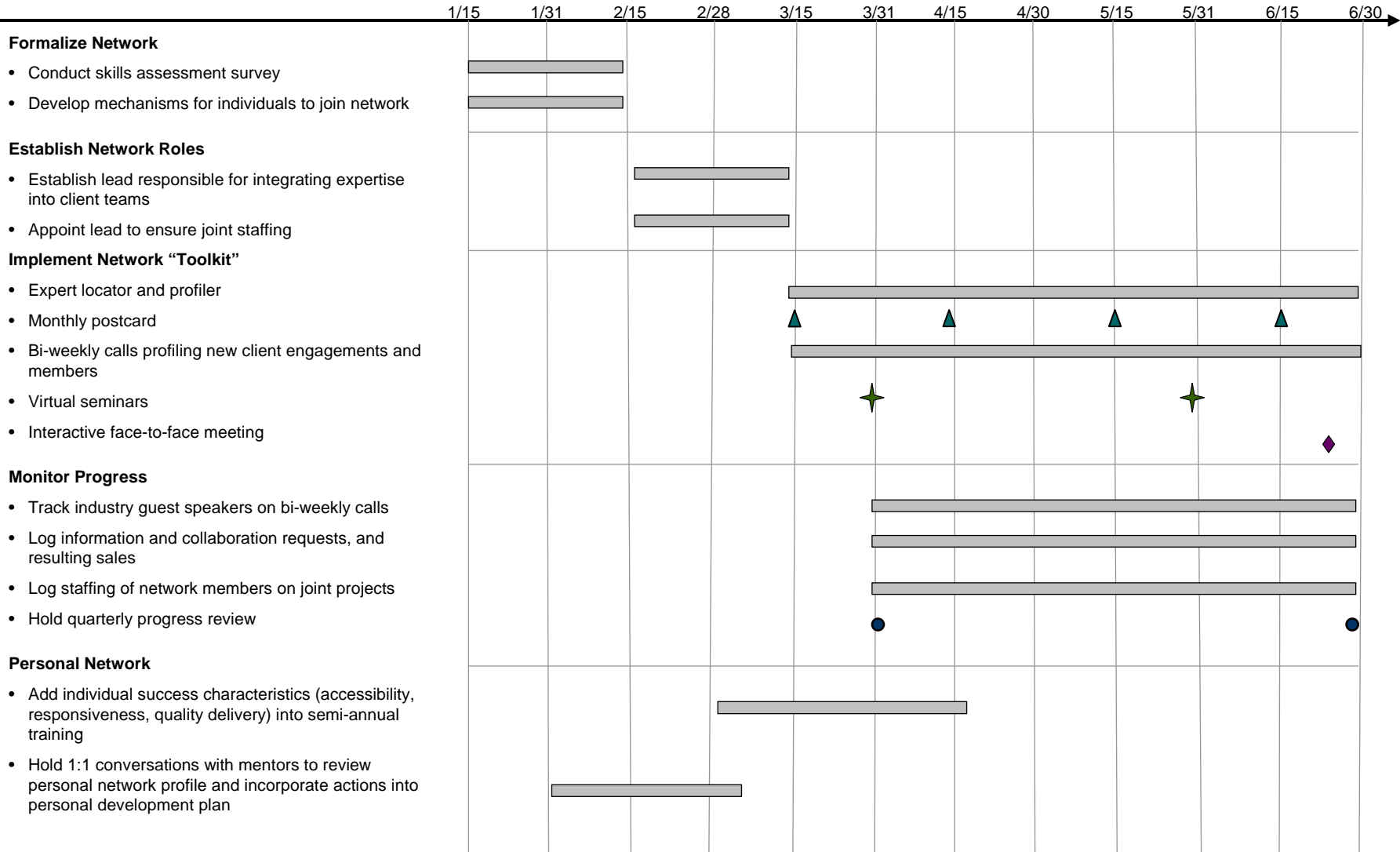
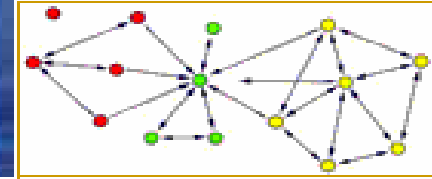
Tom, a very central person in the firm, identified 10 people that were important to him in terms of providing information and helping him to think about complex problems.



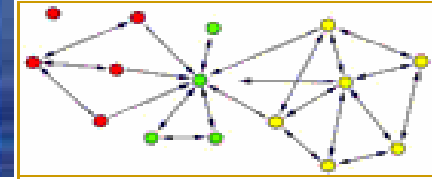
Individual Network Profiles Can be Aggregated for a Summary View of Characteristics



The Project Plan Identifies An Aggressive Timeline for Implementing the Recommendations

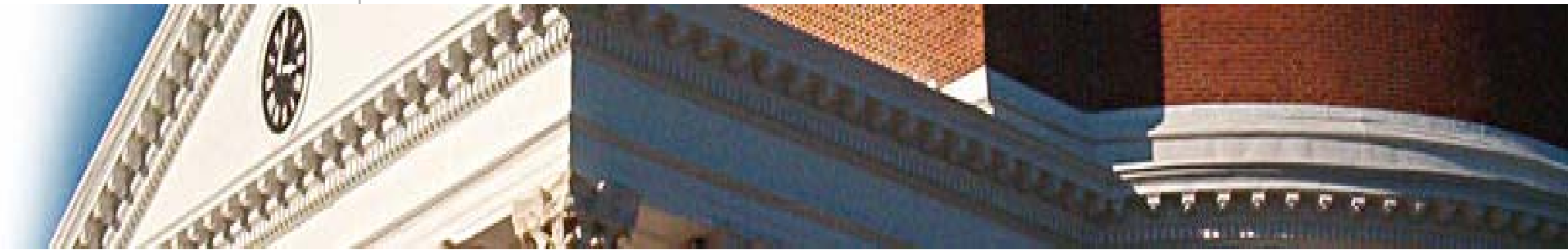


Lessons Learned and Critical Success Factors



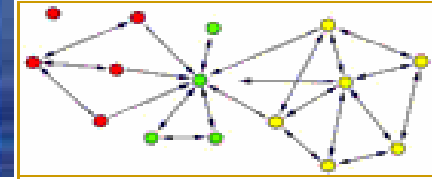
- **Advocacy at the most senior executive levels**
- **Collaborate with the Core Team to understand unique insights desired and hypotheses to prove via survey questions. Understand the people who are well connected, and get them involved in the process early on.**
- **Take this opportunity to obtain an outside-in view and translate findings into action. Use the data to make interventions.**
- **Enable the ability to tap into the total talent base and look outside of the immediate team to find others with appropriate skill sets.**
- **Send a heads-up email to target respondents a few days before survey message with rationale, benefits and expected time commitment.**
- **Communicate the value of the network (and the network analysis) in a way that identifies how each individual will benefit, and answers the question, “What’s in it for me?”**
 - Each participant will receive confidential feedback and recommendations to create individual action plans to improve personal effectiveness.
 - Incentives may help response rate, particularly in organizations without a command-and-control culture. Incentive ideas: give away movie tickets; hinge registration/admittance to an offsite on survey completion.

Appendix



The **NETWORK ROUNDTABLE** *at the* **UNIVERSITY OF VIRGINIA**

Why We Should Focus Our Attention on Organizational Networks



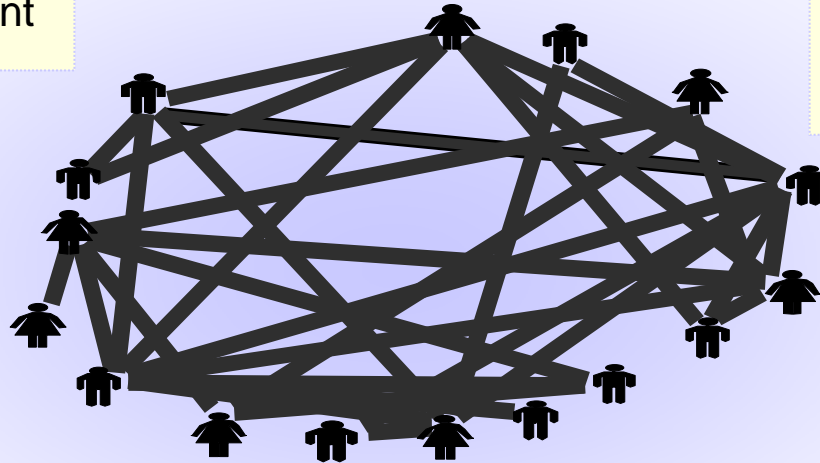
Key Reasons Why Organizational Networks Are Important

Where Work Happens

- Lack of boundaries
- Informal networks increasingly important

Where People Engage

- Join and commit to people
- Trust accrues in networks of relations



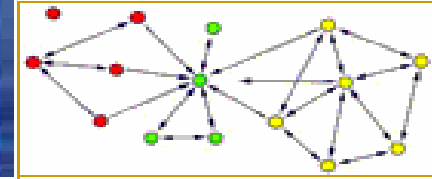
Where Knowledge Lives

- Rely on people for information
- People can provide more than databases

BUT...

- Invisible
- Complements formal structure

How to Interpret a Network Diagram



- **Central People**

- Are an important source of expertise
- May become bottlenecks

- **Peripheral People**

- Are underutilized resources
- Feel isolated from the network
- Have a higher likelihood of leaving

- **External Connectivity**

- Provides balanced and appropriate sources of learning
- Holds relevant influence with key stakeholders

- **Brokers**

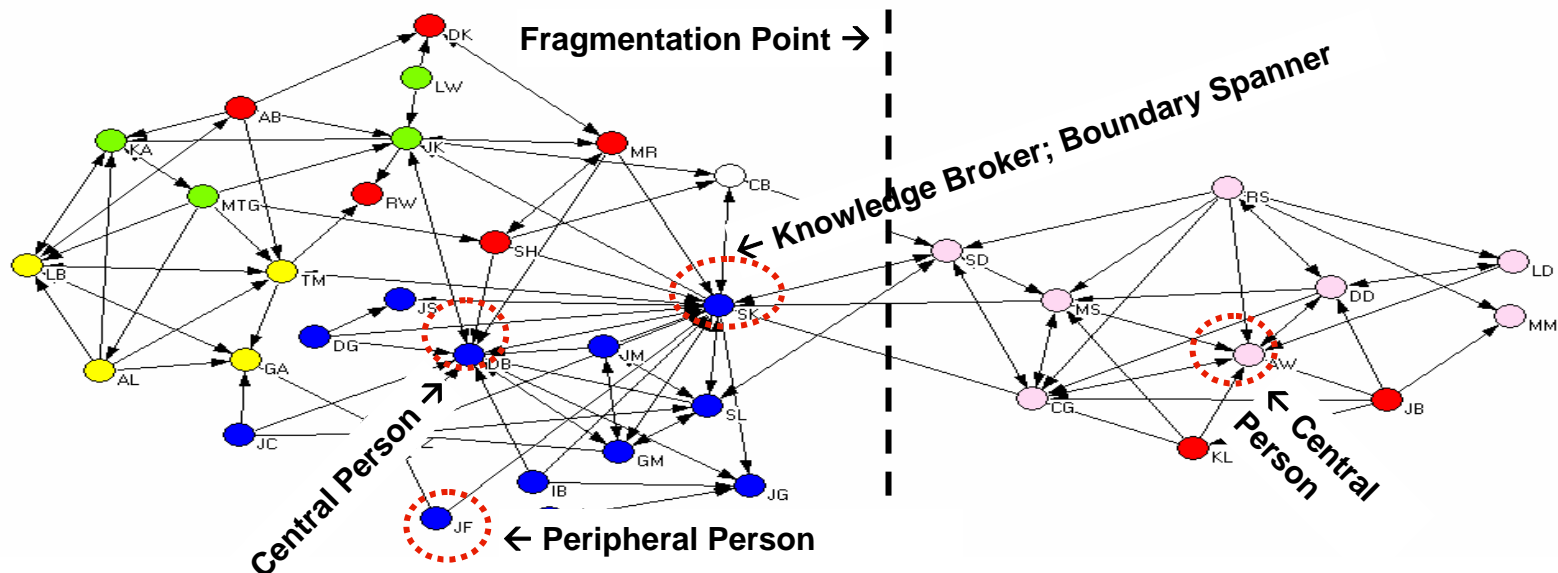
- Are critical connectors between diverse information sources and specific kinds of expertise. High leverage points.

- **Fragmentation Points**

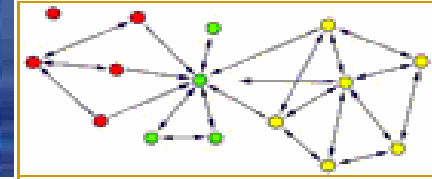
- Affect information flow across boundaries (e.g., cross functional, hierarchical, geographical, or expertise)
- Provide targeted opportunities

- **Personal Connectivity**

- Improves community leader effectiveness
- Enables grass roots network development efforts



Network Analysis Provides Insight into Potentially Important Performance Gaps



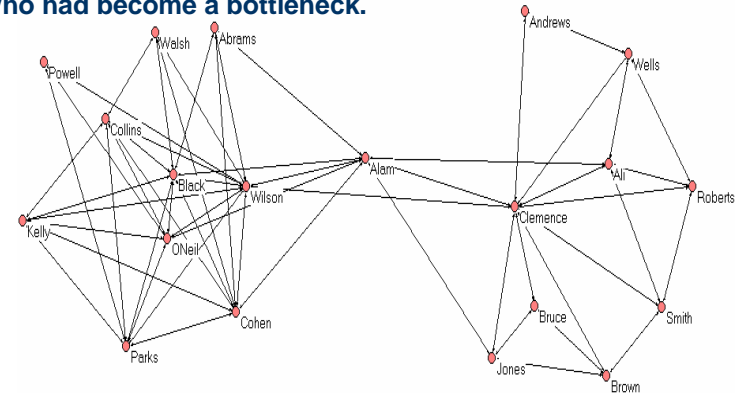
- **Network Analysis Can Help Identify the Current State of a Network**

- Understand the current state
- Establish a baseline of measurement
- Produce and act on a handful of meaningful action items
- Identify resources for developing a practice



Initial analysis in an illustrative network:

Initial analysis revealed that these two groups were divided. Expertise was not being tapped across silos and the central person (Alam) was an overloaded manager who had become a bottleneck.



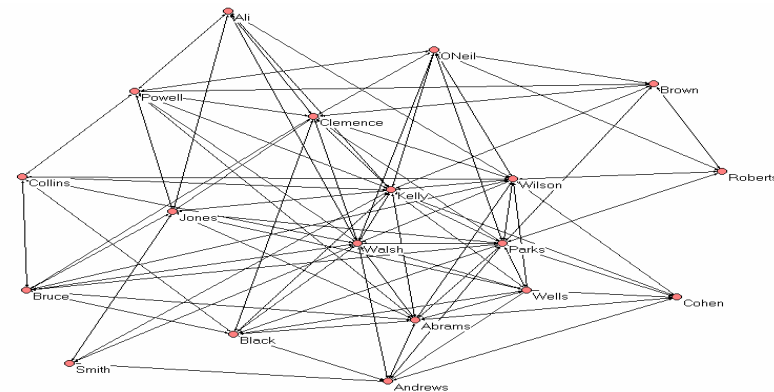
- **Network Analysis Can Help Track Progress and Target Future Efforts**

- Survey practice members at future date
- Analyze impact of interventions
- Validate investment and expand scope as warranted



After interventions in an illustrative network:

Nine months later, after interventions, the groups operated much more fluidly. Projects were staffed with members from each group, new incentives were introduced, and the overloaded manager was transferred.



By taking a before and after snapshot of collaboration a leader can both improve effectiveness of their interventions and track progress over time.