



**TUMBA**

# Knowledge Management *In Practice*

McKinsey&Company

Compiled by-

Manshi, Nilofar, Nayan,  
Shiv, Molan & Vikrant



# Overview

- Introduction
- Background
- Evolution of KM
- KM in Action
- Employee Training & Sharing Knowledge
- Capturing Knowledge
- Conclusion



# Introduction

- Winners of the 11th annual Global  
MAKE study (2008)-

1. McKinsey & Company\* (Global)
2. Google (US)
3. Royal Dutch Shell (The Netherlands)
4. Toyota (Japan)
5. Wikipedia (Global)
6. Honda (Japan)
7. Apple (US)
8. Fluor (US)
9. Microsoft (US)
10. PricewaterhouseCoopers (Global)
11. Ernst & Young (Global)
12. IBM (US)
13. Schlumberger (US)
14. Samsung Group (S. Korea)
15. BP (UK)
16. Unilever (UK)
17. Accenture (Global)
18. Tata Group (India)
19. Infosys Technologies (India)
20. APQC (United States)

\* 2<sup>nd</sup> year in a row



# Introduction

- MAKE report- “McKinsey & Company, is perhaps the most **knowledge-oriented firm** within the global management consulting industry. McKinsey is not the largest consulting company in the world (US\$ 3.5 billion in annual revenues and 10,000 staff working in more than 80 offices in 44 countries), but it is among the **most profitable** and many consider that it has the **strongest brand image**. McKinsey & Company spends at least 10% of its annual revenues on managing and sharing knowledge.”



# Introduction

- **Mission**

To help leaders make distinctive, lasting, and substantial improvements in performance, and constantly build a great firm that attracts, develops, excites, and retains exceptional people.

- **Values**

- > We believe we will be successful if our clients are successful.

- > Put the client's interest ahead of our own.

- > Behave as professionals.

- > Keep our client information confidential.

- > Tell the truth as we see it.

- > Deliver the best of our firm to every client as cost effectively as we can.



# Introduction

- *“Sharing knowledge is deeply embedded (at McKinsey and Company)... it is just totally expected, that is what you do.”*  
(Culture)
  - John Stuckey, Managing Partner
- *“The three fundamental dimensions of our strategy are lines, people, and knowledge.”*
  - Rajat Gupta, Former Managing Director

# Background



James O. McKinsey

- Founded in 1926 by James O. McKinsey, professor at the University of Chicago.
- Company termed itself as 'management engineers,' focus on improving efficiency of the clients' operations.



# Background

- 1953, McKinsey began recruiting directly from business management schools. (intellect & personality over experience)
- 'Up-or-Out' policy adopted in 1954. An associate was asked to leave the firm if he/she did not have the qualities to become a principal. Those who failed to become principals by the time they were 40 years old were asked to leave the firm.





# Background

- 1956, McKinsey became a private corporation intended to keep the ownership of the company exclusively with the active members.
- 1970s- turbulent times, emergence of competitors (BCG), lead to invest in developing expertise & strategy.



# Background

- 6,000 consultants. About half have business/economics background, remaining specialized in fields like computer sciences, arts, medicine, law, etc.
- All the offices operate with a **high degree of autonomy**. The head of each office is authorized to take decisions, but within the confines of principles, strategy, and policies of McKinsey.



# Evolution of KM

- Since inception, focus on capturing, managing, and disseminating knowledge across the company.
- One of the early goals of McKinsey was to build a firm that was everlasting. This required all the employees and partners to work toward building the reputation of the firm to be passed on from generation to generation.
- This goal was kept in mind while recruiting consultants. McKinsey essentially looked for people with potential to become partners.



# Evolution of KM

- McKinsey did not dilute the criteria for selecting employees even when there was a dearth of talented people.
- 1945, 'New Engagement and Executive Relations Guide,' which proposed that every new assignment should bring with it experience and prestige, apart from revenues.
- 1964, launched the 'McKinsey Quarterly', a journal of management ideas.



# Evolution of KM

- Solved the problems of the clients using the **MECE approach**-
  - ✓ General Research, general industry study
  - ✓ Generate initial hypothesis – structure issues in a tree structure
  - ✓ Research – Facts Pack
  - ✓ Size the project – the outcomes to achieve
  - ✓ Plug the low hanging fruit
  - ✓ Put the solution in easy words
  - ✓ Step back for the big picture.



# KM in Action

- **One-firm culture** helped in creating informal networks that facilitated knowledge sharing within the organization.
- 1976, new mission suggested **attracting, developing, exciting, and retaining exceptional people**. New position of training director created.
- **Catalogue of key words** describing the research and consulting tasks to label specific experiences and research projects, and collect them in a central database.



# KM in Action

- 1977, 'Super Groups' formed with the aim of **developing functional expertise**.
- 1980, 'Practice Bulletins', two-page **summaries of important ideas**.
- 1982, launched 15 centers of competence to enable **renewal of the intellectual resources** of the firm and to develop consultants.
- Develop knowledge in the areas of strategy and organization, where knowledge was not codified.



# KM in Action

- 1987, KM project-
  - Maintaining a computer database that consisted of details of the projects carried out for the clients (**practice information system**).
  - Developing a database of 2000 documents, representing the core knowledge (**practice development network**) .
  - Creating a list of specialists and key document titles (**knowledge resource directory**).





# Employee Training

- Recruited graduates from top-tier business schools. Before a candidate was selected, he/she was interviewed six to eight times.
- New employees started with a one-week training course called basic consulting readiness.
- All recruits from a non-business management background were required to complete a 3 week mini-MBA course.
- During the first five years, all the consultants spent three weeks every year on training



# Employee Training

- On the job training and mentoring by team members.
- Each associate assigned to a development leader who provided support and guidance and acts as source of information.
- All the consultants regularly attend seminars and workshops across the world



# Knowledge Sharing

- ‘Internal Talent Exchange Program’, consultants nominate themselves for a project and make the manager bid for them. Consultants could move around different industries and verticals.
- Document the proceeds including experiences from the assignment, team members and client reactions.
- To encourage the consultants to share their expertise- reward system in place. Consultants evaluated based on their role as knowledge generators.



# Knowledge Sharing

- 1995, 'Practice Olympics'- teams (of two to six people) from offices across the world were encouraged to develop on the ideas that were generated through their interactions with the clients.



# Capturing Knowledge

- Personalized strategy to KM, focus was on **dialogue and knowledge sharing** between individuals.
- Building and fostering **networks of people** within the organization.
- Culture of **prompt response**, and by having in place **directories of experts**.



# Capturing Knowledge

- 1990, '**McKinsey Global Institute**' (MGI)- a research center, to study the critical economic issues and to study the implications of the changes in the global economy.
- MGI focused exclusively on long-term research on topics like capital markets, consumer demand, healthcare, labor markets and offshoring.



# Conclusion

- Knowledge sharing had been prevalent in McKinsey since its inception.
- 1970s, McKinsey began focusing on putting formal KM systems in place.
- Knowledge proliferated across the organization by use of databases and also by encouraging employees to share knowledge.
- Exploring knowledge from internal and external sources.



# Conclusion

- McKinsey encouraged sharing of tacit knowledge through personalized knowledge sharing.
- Knowledge was spread in the firm through training sessions, seminars, workshops, sharing of the findings of the projects.
- Culture was important in implementing KM successfully.
- KM practices of McKinsey helped in solving the clients' problems effectively through every step.





# Inputs

- & ? !



*Thank You*