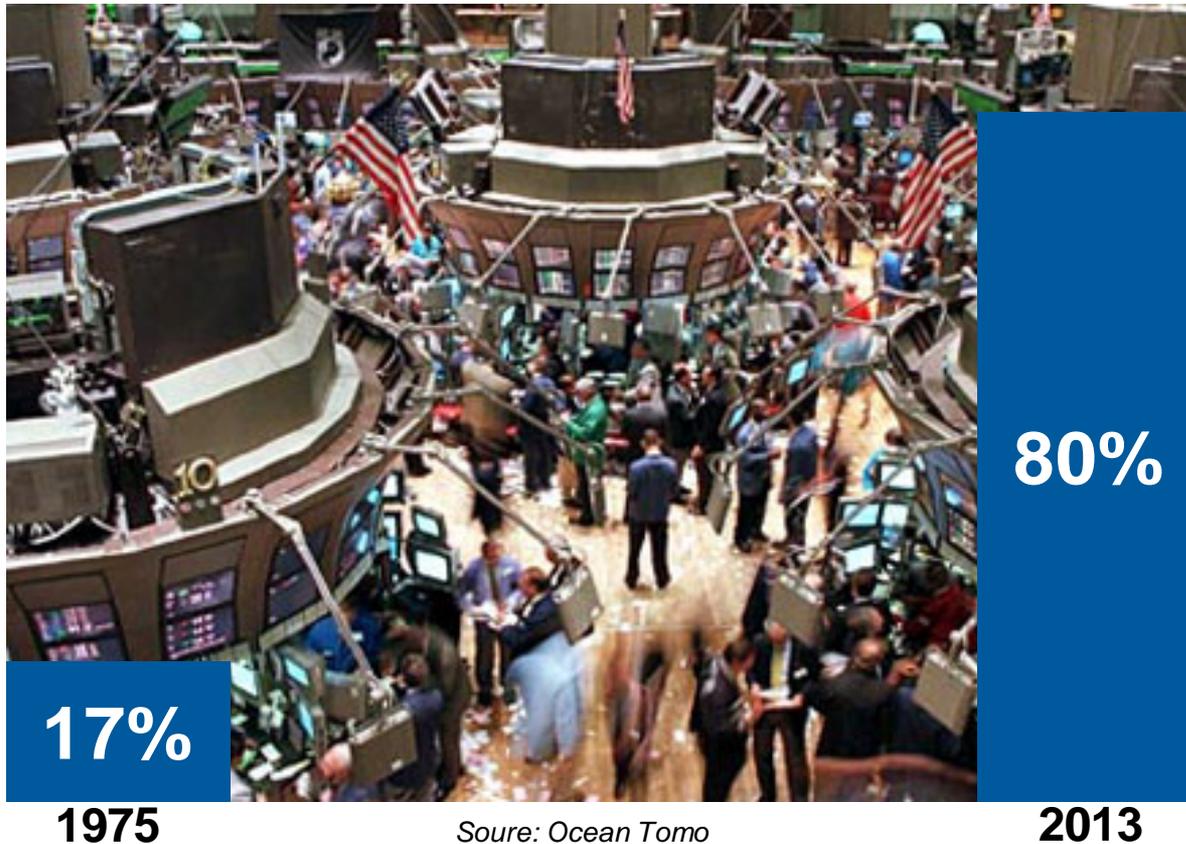


Speeding the Business of Learning through Collaboration and Knowledge Management

September 2014

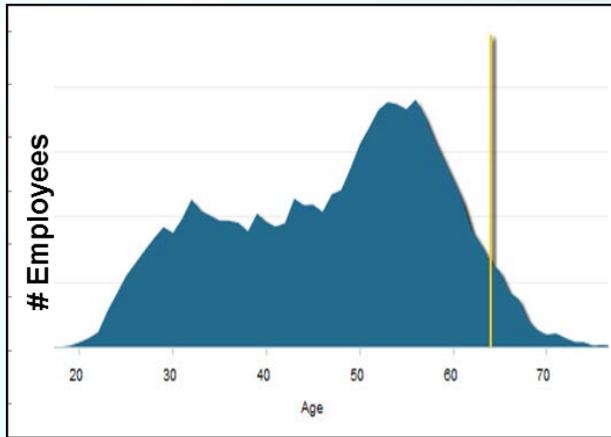


S&P 500 Market Value Intangible Assets

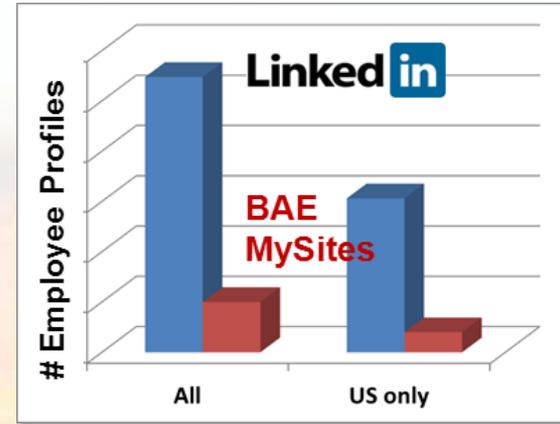


Improved communication and collaboration through social technologies could raise the productivity of interaction workers by 20-25%

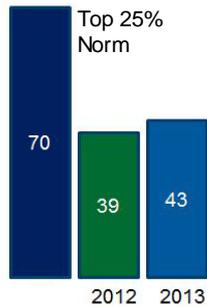
Our Challenges



Knowledge loss becomes a reality based on demographics

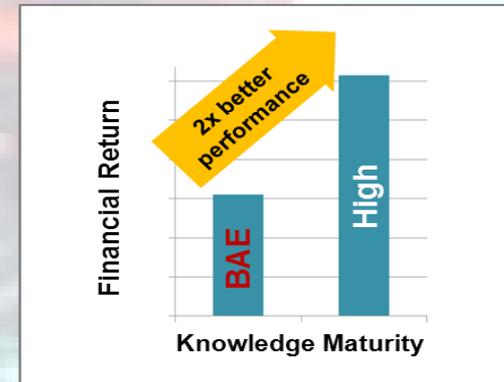


Expertise wasted as LinkedIn knows more about our employees than we do



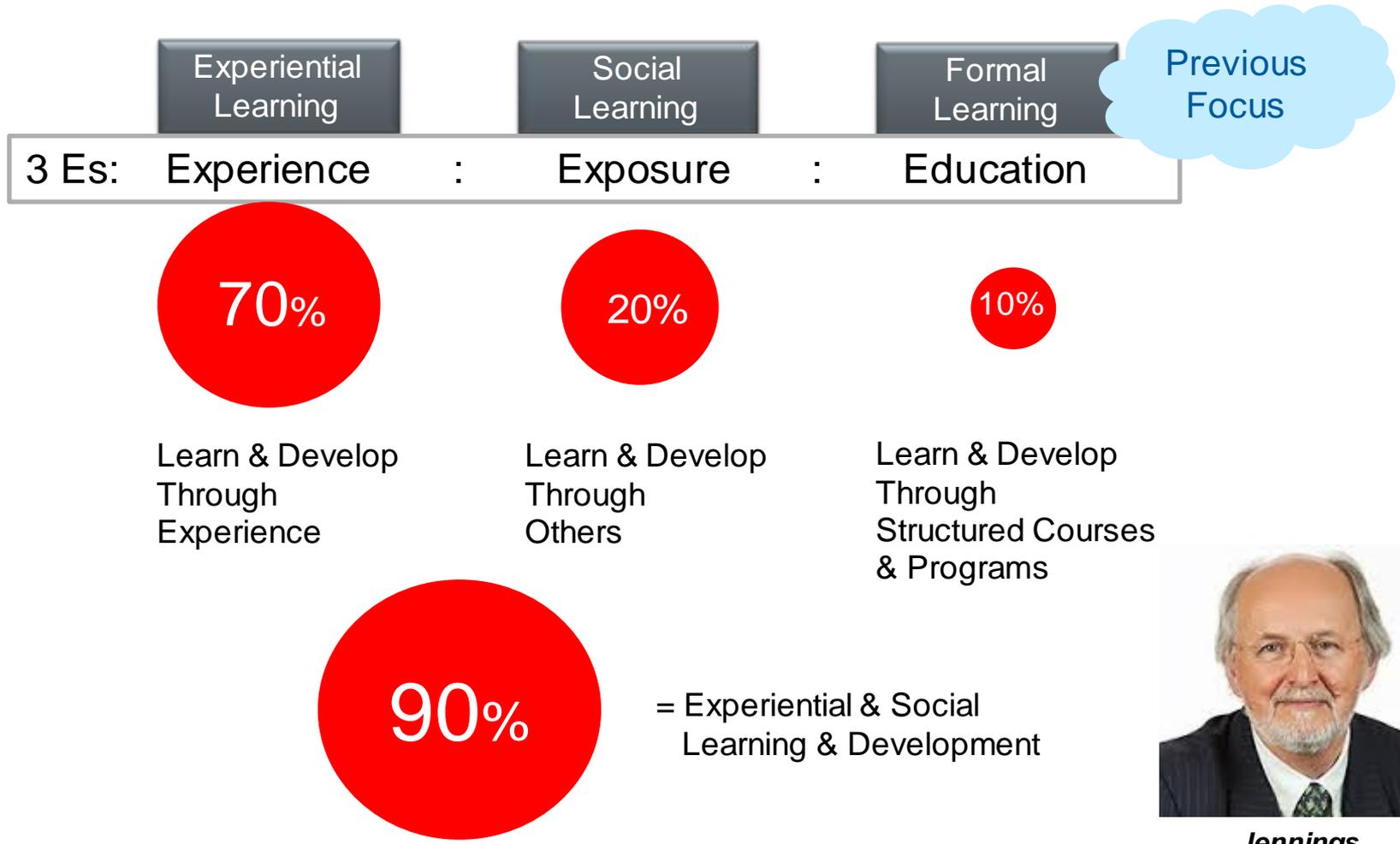
Low engagement scores driven by lack of communication

There is open and honest two-way communication at our company.



Financial performance lags highly collaborative competitors

The Future Focus of Learning



Jennings
70-20-10 Forum

Think Big, Start Small

2013: Pilots/Quick Wins

2014: Expansion Efforts

2015+: Collaborative Culture

Knowledge Transfer



2013/14 Results:

Prevented knowledge loss and captured **\$2.5M+Savings** with >20 KC teams



Work Out Loud

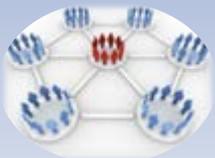


BAE Systems Connect

Engaged 300+ Attendees in interactive dialogue with executives; **\$0 Cost**

- 40% report improved productivity
- 67% report improved innovation

Targeted Communities



Unlocking collective capabilities through 400+ experts connected on business topics

New/Global CoPs

Expertise Location



Located 360 executives with competitive intelligence

Network Analysis
Talent Market Pilot



Knowledge Transfer (KT) In Action

(3) Knowledge Transfer & Capture



How did you go about...?

Where do we get the latest gov't documentation?

What lift characteristics most impacted avionics?

When should we best test at...?

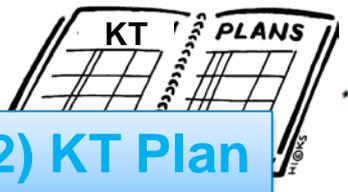
What are some of the 'gotchas' we need to know?

(1) KT Team

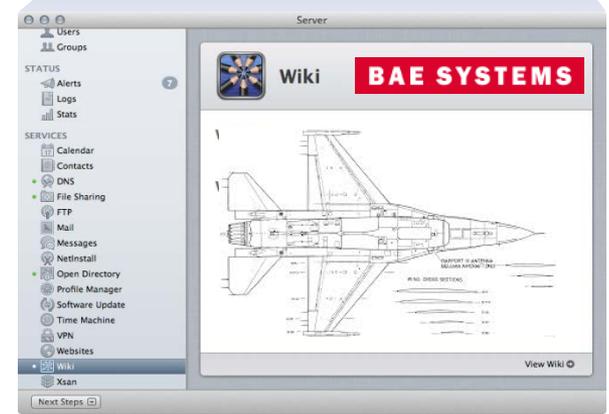
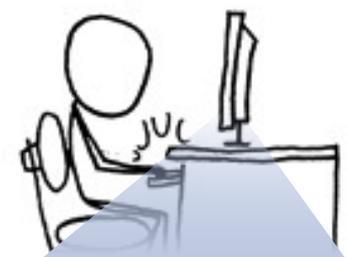
Incumbent

Other experts & Professionals

(2) KT Plan



(4) Practice & Innovate



Communities...the 'Killer App'

A network of employees who collaborate across sectors/functions/locations on a recurring basis to serve common business purposes and deliver measurable value.

Getting Started

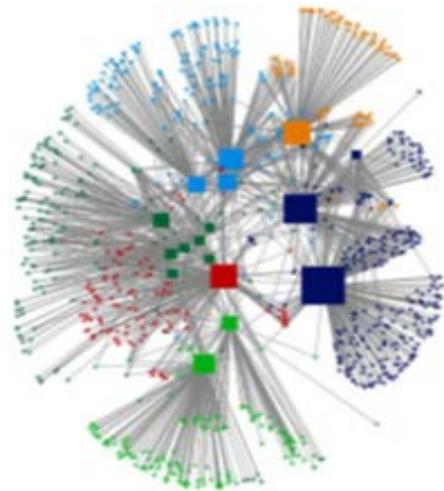
COMMUNITY QUICK START GUIDE: FORMING A COMMUNITY

A Community is: A network of employees who voluntarily collaborate across sectors and functions on a recurring basis to serve common business purposes and deliver measurable value to BAE Systems.

- 1 ASSEMBLE CORE GROUP**
Facilitate and lead the community. Ensure mutual alignment with existing communities (check Challenge Community site). Engage business needs and identify champions.
- 2 CREATE COMMUNITY CHARTER**
Use Community Charter template and register on Challenge Community site. Identify the value to BAE Systems. Document knowledge, needs and requirements. Consider assistance from IT/HR.
- 3 IDENTIFY COLLABORATION APPROACHES**
Determine best technology using Collaboration Tools template. Consider virtual and on-site options. Consider traditional (e.g. role rotations) and non-traditional (e.g. online forums). Evaluate knowledge continuity and avoid media options.
- 4 CONDUCT KICK-OFF MEETING**
Develop agenda and agenda, list 3-5 discussion topics. Engage and launch the community. Establish communication mechanisms. Ensure a virtual team of members. Monitor and communicate meetings and news.
- 5 GROW AND NURTURE COMMUNITY**
Use Best Practices template. Self-organize and measure the community. Monitor online and offline the community. Monitor progress and take continuous action strategies using Success template.

Version 3.0, March 2013

Making connections



Collaborating to get work done faster, better, cheaper



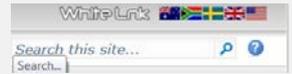
Why Talent Markets for BAE Systems?

Managers Technical Leads

"I Need Expertise"

Client requests; new tasks; proposals; TO responses; IRAD; etc.

Business Development



Search the usual channels



Current State

'hit and miss' results



Imagine Instead.....

A talent sharing program crossing organizational boundaries that matches available, skilled and interested employees with current business needs.

Wow - look at all those great projects and in my areas of expertise!



BAE SYSTEMS									
Project	Title	Start Date	Location	Duration	Job Description	Contact	Operational Lead	Change Lead	Change Lead Location
Project Management	1/10/2014	London	12 to 18 months	Job opportunity	Green, Andrew (BAE) (BAE)	Andrew Green	London		Yes
London for doing project	1/10/2014	London	12 to 18 months	Job opportunity	Green, Andrew (BAE) (BAE)	Andrew Green	London		Yes

I received your notice of interest - you're perfect for the task.



Imagine

Bringing our Collective Knowledge...



to meet customers' most pressing needs

Appendix



How Does Knowledge Transfer add Business Value and Reduce Cost?

1. **Preserves intangible capital** and **provides for business continuity** associated with that position.
2. **Saves direct cost** if the team is able to continue the work without replacing the departing employee or by replacing with a new hire at a reduced salary
3. **Avoids recruiting costs** when the departing employee is replaced by internal Other Experts or not replaced.
4. **Reduce time to full productivity** while awaiting replacement employee.
5. **Decreases risk** by quickly ramping up new employee and reducing probability of failure.
6. **Realizes performance gains** for KT team members as they learn more about business processes and lessons learned.
7. **Improves processes** associated with current team's business efforts.

KT ROI

Quantifying Scenarios

Savings Category	No Replacement	Backfill: Lower priced Other Expert	Backfill: External Hire
<u>Save direct salary costs</u>	\$139,360 \$249,600	\$13,936 \$24,960	
<u>Avoid recruiting cost</u> (external hire)	\$15,000	\$15,000	
<u>Reduce time to productivity</u> awaiting backfill (3 mos avg)			\$34,840 \$62,400
<u>Decrease risk</u> : improve ramp-up & decrease failure rate (1/3 rd)			\$38,324 \$68,640
<u>Performance gain</u> : KT team (eliminate rework, 1% improve)	\$27,014	\$27,014	\$27,014
<u>Process improvement</u> : (reduce 5% NVA = 1.25% improvement)	\$34,840	\$34,840	\$34,840
TOTALS	\$216,214 \$326,454	\$90,790 \$101,814	\$135,018 \$192,894
<i>Direct Cost Savings</i>	\$139,360 \$249,600	\$13,936 \$24,960	

**Financial Analysis:
Preserving
Intangible Capital
per employee**

\$154,423
\$277,440

The three scenarios do not include the Intangible capital per employee calculations

Calculations based on GG13-16 as departing employee

To be conservative: did not consider additional cost savings associated with Facilities, IT, etc. or other recruiting/HR costs such as training, use of outside recruiters and others.

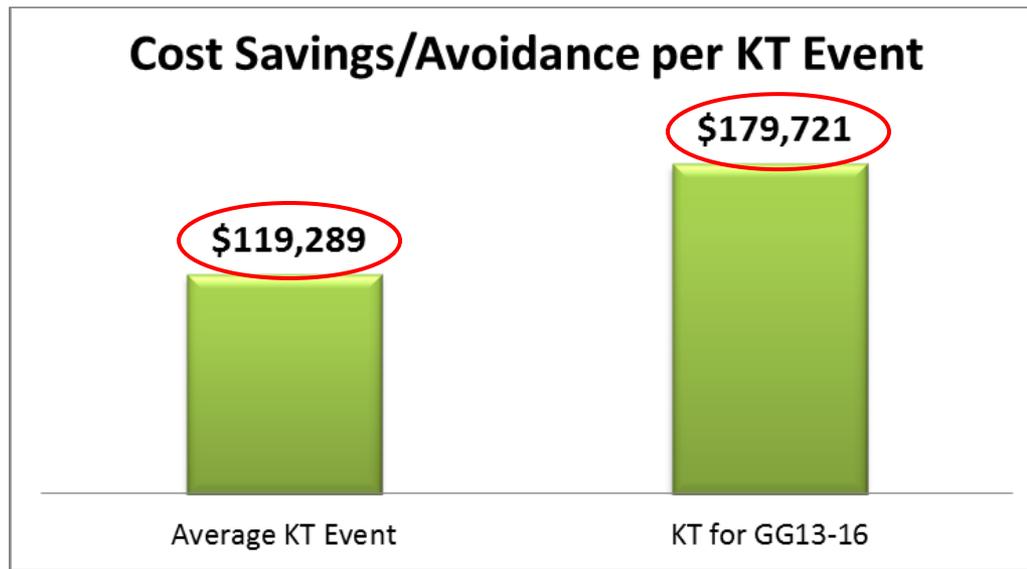
KT ROI

Calculating Savings

1. Average Savings from the three Scenarios and Intangible Capital

Average Savings	\$149K
Average Savings for GG13-16 employee	\$225K

2. Discount by 20% to be conservative



3. Sanity check with other industry/independent studies: >\$140K savings

KT ROI

Return on Investment

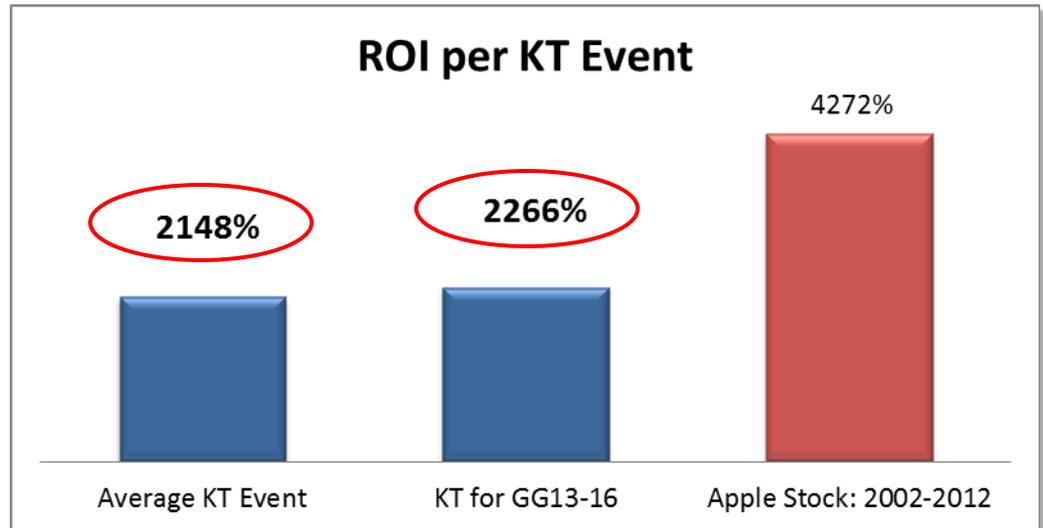
1. Calculate cost of conducting a KT event:

- 5 team members for 12 one-hour sessions + 6 hours planning
- To be conservative, increase total costs by 20%

Cost of Average KT event	\$5.3K
Cost for GG13-16 departing employee (assume 3 of 5 team members at GG13-16)	\$7.6K

2. Calculate ROI: (Savings – Cost)/Cost

	Average	GG13+
Savings	\$119.3K	\$179.7K
Cost	\$5.3K	\$7.6K



How does a Talent Market add Business Value and Reduce Cost?

1. **Increases sales through enhanced proposal and task order responses:** increases ability to bid/Pwin, finds needed expertise.
2. **Increases sales through ability to staff short-turn around customer requests:** increases sales on current service contracts.
3. **Avoids costs of hiring external subcontracts/consultants.**
4. **Realize productivity/performance gains for participating employees:** improves employee engagement and skill sets.
5. **Reduces management time on staffing short-term tasks.**
6. **Decreases overhead expenditures during contract fluctuations.**
7. **Reduces voluntary attrition related to lack of development opportunities:** avoids costs of external replacement hiring

To be conservative: did not consider additional cost savings associated with Facilities/IT/etc.; risk prevention; improved employee engagement on corporate performance; improved customer satisfaction, increased organizational collaboration/innovation.

Talent Market ROI

Quantifying Business Impact



Total Annual Business Impact = \$2.1M

Talent Market

Return on Investment

- 1. Calculate cost of maintaining Talent Market:**
 - IT/Software = \$0, part of current Sharepoint deployment
 - Personnel = 0.10 - 0.25 of an FTE = \$35K max
- 2. Calculate ROI: (Value – Cost)/Cost**

	Annual
Value	\$2.1M
Cost	\$35K

