

PricewaterhouseCoopers
Public Sector

2014 Malcolm Baldrige
National Quality
Award Application

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Malcolm Baldrige Application

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Glossary of Terms and Abbreviations

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Glossary of Terms and Abbreviations

ACM	Adjusted Contribution Margin
AICPA	American Institute of Certified Public Accountants
ARC	Annual Review Cycle
BCP	Business Continuity Plan
C&C	Capability & Capacity
CAPM	Certified Associate in Project Management
CEP	Customer Escalation Process
CES	Client Experience Surveys
CGFM	Certified Government Financial Manager
CIC	Continuous Improvement Cycle
CISA	Certified Information Systems Auditor
CISSP	Certified Information Systems Security Professional
CL	Competency Leader
CN	Capability Networks
COO	Chief Operating Officer
CPA	Certified Public Accountant
CPE	Continuing Professional Education
CRE	Customer Relationship Executive
DCAA	Defense Contract Audit Agency
DM	Demand Managers
DoD	Department of Defense
DSS	Defense Security Service
E&BC	Ethics and Business Conduct
E&C	Ethics and Compliance
ECO	Ethics and Compliance Officer
ELT	Executive Leadership Team
EM	Engagement Margin
EMP	Engagement Management Process
FAR	Federal Acquisition Regulation
FY	Fiscal Year
GAO	Government Accountability Office
GFS	Global Financial System
GPS	Global People Survey
GSA	General Services Administration
GUID	Global User ID
HL	HelpLine
HR	Human Resources
HUB	HUBZone (small business designation)
HS&LE	Homeland Security & Law Enforcement
IRB	Investment Review Board
IT	Information Technology
ITIL	IT Infrastructure Library
JBR	Joint Business Relationship
JMO	Junior Military Officer
KM	Knowledge Management
L&D	Learning & Development
LGBT	Lesbian, Gay, Bisexual, and Transgender
LT	Long-term
M	Million
MCT	Management Controls Team
M&S	Metro Marketing and Sales
MAP	MAP file
MD	Managing Director
MOBIS	Mission Oriented Business Integration Services (contract vehicle from the General Services Administration)
NDA	Non Disclosure Agreements
NPS	Net Promoter Scores
NSP	National Security Practice

OGC	Office of General Counsel
OL	Operations Leader
OODA	Observe, Orient, Decide, Act (PS's Strategic Planning Process)
OSHA	Occupational Safety and Health Act
OST	Office Services Team
PC&D	Performance Coaching & Development
PCDP	Partner Candidate Development Program
PFF	Periodic Feedback Forms
PM	Project/Program Management
PMP	Project Management Professional
PMS	Performance Measurement System
PPM	Project & Portfolio Management
PSFS	Public Sector Financial Services
PSHB	Public Sector Healthcare & Benefits
PSTE	Public Sector Talent Exchange
PwC	PricewaterhouseCoopers
QMG	Quality Management Group
R&Q	Risk and Quality
RPH	Rate Per Hour
RPR	Relative Performance Rating
RQR	Risk & Quality Review
RWBP	Retirement Wealth Builder Plan
S&I	Science & Infrastructure
SA	Strategic Advantage
SAC	Staff Advisory Council
SC	Strategic Challenge
SDB	Small Disadvantaged Business
SDC	Service Delivery Center
SDVOSM	Service-Disabled Veteran-Owned Small Business
SEC	Securities and Exchange Commission
SO	Strategic Opportunity
SPP	Strategic Planning Process
SSG	Sales Strategy Group
ST	Short-term
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UD	Utilization Director
USIT	US Information Technology
VOC	Voice of the Customer
VO SB	Veteran-Owned Small Business
VPN	Virtual Private Network
VVM	Vision, Values, and Mission
PS	Public Sector
WOSB	Woman-Owned Small Business
WRGP	We Reward Great Performance
YTD	Year to Date

Organizational Profile

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Preface: Organizational Profile

Awards and Rankings

Publication / Entity	Recognition
Training Magazine	Top Training Programs: #2 in 2007, #1 2008 through 2010. Inducted into Training Top 10 Hall of Fame in 2011 (now in the Hall of Fame, PwC is ineligible for winning in future)
Business Week	Top 50 Places for Internships: #5 in 2009 and #1 in 2013
Consulting Magazine	Best Firms to Work for over the past 6 years (2009 – 2013)
DiversityInc.	Ranked in top 10 for the past 7 years: <ul style="list-style-type: none"> • Top 50 List: # 5 in 2014 • Recruitment: #3 in 2014 • Employee Resource Groups: #1 in 2014 • Mentoring: #3 in 2014
GI Jobs	Top 100 Military Friendly Employers: 2011 - 2014
Universum Global	Top 10 of 100 Companies Ideal Employer Ranking for the past 5 years (2009-2013)
Global MAKE Study	Top 15 Winner of "Most Admired Knowledge Enterprises" for the past 5 years (2009 – 2013)
Working Mothers	Working Mothers Top Companies for Multicultural Women for the past 9 years (2005 – 2013)
Working Mothers	Top 100 Best Companies for Working Mothers for the past 9 years (2005 – 2013)
Fortune	Ranked in 100 Best Companies to work for over the past 10 years (2005-2014)
Awards	
MBNQA	Best Practice Recognition in 2012 for Leadership and Workforce Focus
Alfred P. Sloan Award	Recipient of 2011 and 2013 Alfred P. Sloan Award for Excellence in Workplace Flexibility
Employer Support of the Guard and Reserve (ESGR)	Recipient of Seven Seals Award
Human Rights Campaign	100% Rating in the Human Rights Campaign (HRC) Corporate Equality Index 2006-2014 for advancement in promoting equality for LGBT employees
Vault.com	Named the Most Prestigious Accounting Firm in 2014, and was top 4 out of 50 from 2010-2013

Figure P.1-1: PS is a leader within an organization that has received countless awards and recognition from third-party sources.

P.1 Organizational Description:

"Other companies send people. They do the work. Then someone else shows up. We don't get to know them...PS people are part of the team from the moment they arrive."

– PS Client

PricewaterhouseCoopers' (PwC) Public Sector (PS) is committed to the success of our clients, our people, and our community. From our core competencies of leadership, quality, ethical behavior, and innovative, customized solutions, to our vision to be recognized as the US Federal Government's clear choice for driving effectiveness across Federal Agencies, this unwavering passion permeates all aspects of our business.

PS is one of 17 business units within PwC's US Advisory line of service. PwC is a publicly regulated firm incorporated in the US as a Limited Liability Partnership and, with our global network of member PwC firms, makes PwC the world's largest professional services organization. We are proud to be a part of an organization as prestigious and accomplished as PwC (Fig. P.1-1) and we pride ourselves on

the success we have had over the past several years, despite a volatile Federal landscape (Figs. 7.4-17, 7.5-16, and 7.5-17). PS invites you to learn more about us.

P.1.a Organizational Environment

PwC and its global network provide audit, tax, and advisory solutions to companies and governments around the world. PS is the practice focused on providing these solutions to the US Federal Government.

Because we are a Partnership, each Partner has the ability – and is incentivized – to innovate and operate entrepreneurially, within certain parameters, while driving high quality and maintaining compliance with our regulators. PS customizes our solutions to meet clients' management and operational challenges, which range from helping to design economic development strategies in war zones to implementing financial controls on multi-billion dollar Federal programs.

Since the Partners own 100% of the business, they work in concert across PwC business units to develop innovative ideas and share them with their peers so that those ideas can be replicated throughout PwC's structure. One example is PS's creation of the Public Sector Talent Exchange (PSTE) to improve visibility on project openings and expedite the process of filling vacant openings (5.1.a.(1)). PwC recognized this as a best practice and rolled it out across PwC US Advisory.

PS began as a business unit in 2005. Since inception, we have experienced:

- Organic growth in revenue, achieving our goal of becoming one of the fastest growing businesses in this market (Fig. 7.5-17).
- Success in innovating processes identified by PwC as best practices, including "Pursuit" (3.2.b.(1)), and developing our workforce via Performance Coaching and Development (PC&D) (5.2.a.(3)).
- Recognition that PwC and PS are highly regarded as role model organizations (Figs. P.1-1, 7.1-1, 7.5-18, 7.3-20, 7.3-21, 7.3-21).

P.1.a.(1) Product Offerings

As a professional services firm, we do not develop or sell products to clients. **We create innovative, customized solutions for our clients** via our horizontal "Competency Structure," which consists of three Competency areas: Management Consulting, Technology Consulting, and Risk Consulting. We deliver these solutions via our five vertical Sector Teams. PS's Sectors were created based on the Federal clients we serve: National Security Practice (NSP), Public Sector Healthcare & Benefits (PSHB), Public Sector Financial Services (PSFS), Homeland Security & Law Enforcement (HS&LE), and Science & Infrastructure (S&I). All client-service staff members are aligned to a Sector.

In FY10, PS formed six Capability Networks (CNs) to deliver solutions around key client areas of focus: program management, financial management, governance, risk and compliance, strategy and operations, information technology, and human capital. In FY12, PwC US Advisory identified the CNs as a best practice and adopted the concept to create the "Competency Structure", which is now deployed across all 17 business units across the US Advisory practice to establish consistency and foster innovation and knowledge sharing. **We**

measure the relative importance of the Competency Structure by the amount of revenue we generate through them (Fig. 7.3-4).

One example of a solution we created for a client in our PSHB Sector was development and delivery of a training course designed to provide our clients’ employment coordinators with the skills and knowledge needed to assist course participants in obtaining employment. Our team of Learning and Development (L&D) professionals developed the training content and facilitated training courses. Of the 76 course participants, over 80% indicated that the knowledge and skills gained in the course would enable them to better perform their responsibilities and that the skills gained would positively impact their ability to contribute to the program’s mission and goals. Qualitative feedback indicated, “Instructors all did a fantastic job. All very dynamic facilitators. Adept at drawing everyone into discussion without being intimidating or overbearing.”

PS’s workforce, aligned to both vertical Sectors and the horizontal Competency Structure, is the mechanism we use to deliver solutions to clients (Fig. P.1-6).

P.1.a.(2) Vision and Mission

PS’s purpose is to make a difference for our stakeholders, clients, people, and community by unlocking potential and creating lasting value. We deliver on this purpose via our Vision, Values, and Mission (VVM) shown in Fig. P.1-2.

PS Vision, Values, and Mission

Vision

To be recognized as the US Federal Government’s clear choice for driving effectiveness across Federal Agencies

Values

- 1 **Invest in Relationships** to build trust with our clients
- 2 **Share and Collaborate** to provide team and client success
- 3 **Put Ourselves in Each Others’ Shoes** to ensure empathy and teamwork
- 4 **Enhance Value (through Quality)** to distinguish PS in a crowded market

Mission

To promote government transparency, accountability, efficiency, and effectiveness for the sustained success of our clients, people, and community

T14_P01c-R

Figure P.1-2: PS’s VVM is aligned to the broader PwC Vision and Mission and reflects the way we drive success for clients, people and community.

Our Core Competencies include a combination of attributes we expect staff and Partners to demonstrate to be recognized as Trusted Advisors to our clients. **Our core competencies and their relationship to our mission** are outlined in Fig. P.1-3. Please note these are distinct from our Competency Structure.

Core Competency	Relationship to our Mission	Figs
Leadership	PS professionals are empowered and expected to take on leadership roles during every stage of their career. We hire people who demonstrate leadership potential and help them develop their skills through our PC&D process. Leadership is necessary to sustain the success of our clients, people, and community.	7.4-2, 7.4-3
Ethical Behavior	Many of our clients work at the highest levels in the US Federal Government. PS leads by example, upholding the highest standards for information security, compliance, and ethics to	7.4-7, 7.4-8, 7.4-9

Core Competency	Relationship to our Mission	Figs
	promote transparency and accountability.	
Quality	Quality is essential to enable sustained success for our clients and our people. We maintain high expectations for staff and Partners when it comes to quality because it differentiates us from our competitors.	7.1-2, 7.1-3, 7.1-4, 7.2-1 through 7.2-6
Innovative, Customized Solutions	The PS Competency Structure provides the framework with which we create and deliver innovative, customized solutions to facilitate efficiency, effectiveness, and success for our clients. Clients value how we deliver proven solutions to fit their unique challenges.	7.1-18, 7.1-19, 7.3-4

Figure P.1-3: PS’s core competencies differentiate us, contribute to exceeding our clients’ expectations, and make PS a great place to work.

P.1.a.(3) WORKFORCE Profile

PS’s requirements for both experienced staff and campus hires include technical skills, relevant experience, leadership potential, quality, ethics, passion for the public sector, aptitude for innovation, cultural fit, and diversity (5.1.a.(2)).

All client-facing staff members hold at least a Bachelor’s degree. Our non-client facing staff members’ educational requirements are commensurate with their positions.

PS engages our workforce to achieve our vision and mission through coaching, rewards, recognition, career advancement opportunities (5.2.a.(3)), and challenging assignments. Our workforce engagement makes PwC a Great Place to Work, as evidenced by being named in *Fortune’s* “100 Best Companies to Work For” (Figs. P.1-1, 7.3-22) each year from 2005 to 2014, and in *Consulting Magazine’s* “Top Firms to Work For” from 2009 to 2013 (Fig. 7.3-20).

PS places high value on diversity in the workforce. Our **diversity and inclusion initiatives** include networks for women, parents, LGBT (lesbian, gay, bisexual, and transgender), special needs caregivers, as well as staff identifying as black, Latino, Asian, and veterans—designed as professional forums to help our workforce connect with one another and provide mentoring, learning, and development opportunities. PwC was recently recognized by DiversityInc for innovative Diversity initiatives (Figs. P.1-1, 7.3-21, and 7.3-20).

PS’s **Health and safety requirements** are discussed in 5.1.b.(1), and benefits are described in 5.1.b.(2).

P.1.a.(4) Assets

We utilize PwC real estate and assets in multiple locations. PS’s physical facilities include real estate in the Washington area:

Sites (All in the United States)
McLean, VA
Washington, DC (15th Street)
Washington, DC (1730 Pennsylvania Ave.)
PwC locations across the US

Figure P.1-5: PS has real estate in the Washington area with primary headquarters located in McLean, VA.

PS’s headquarters in McLean, VA, comprises 45,000 square feet on two secure floors. We have a Hoteling System allowing staff to reserve space via kiosks in the office or via mobile applications, which enables efficient management of space within the facilities. PS utilizes a **global shared services technology platform** providing knowledge management, information storage, communications, workflow, mobile applications, and technology support that

allow staff to work in multiple client settings, during travel or at home when needed. Staff members are provided **laptops with Virtual Private Network (VPN) software** to enable remote access to PS systems.

P.1.a.(5) Regulatory Requirements

As a public accounting firm, PwC is regulated by numerous regulatory entities; a sample listing is included in Fig. 1.2-1. **Federal regulations such as Occupational Safety and Health Act (OSHA)** apply to PS but are not as critical as other regulations since we operate in an office environment. PS, as part of PwC and working with the Federal Government, **must adhere to accounting regulations and Federal Government regulations**, including the Federal Acquisition Regulations (FAR), Government Accountability Office (GAO), and Defense Contract Audit Agency (DCAA), among many others.

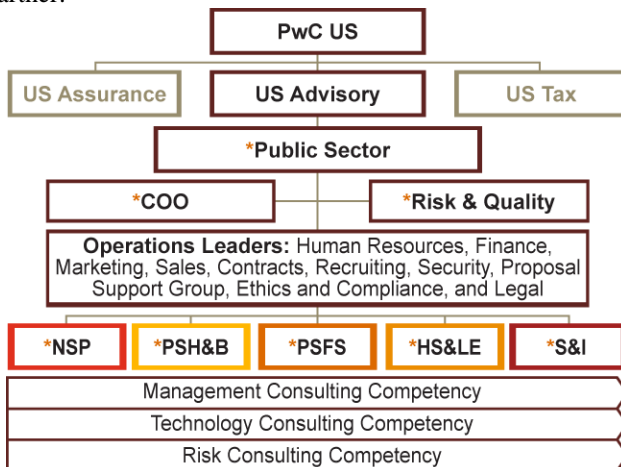
This level of regulation is distinctive in Federal contracting as it drives business and operating decisions and core competencies, and influences our strategic planning. As an SEC-regulated firm, we must maintain “independence”, which, in the public accounting profession, requires PwC Partners and certain staff members to be independent of audit clients (and their affiliates) in both fact and appearance. This independence policy transfers to teaming partners we work with, and prior to entering any teaming arrangement with a company, we verify the independence permissibility of the arrangement through our Joint Business Relationship (JBR) process. Information on promoting legal and ethical behavior is described in 1.1.a.(2).

P.1.b. Organizational Relationships

P.1.b.(1) Organizational Structure

PS’s organizational structure is depicted in Fig P.1-6. The PS Managing Partner is supported by the Chief Operating Officer (COO), the Risk and Quality (R&Q) Partner, Operations Leaders (OLs), Sector Leaders, and Competency Leaders (CLs). OLs provide ‘back office’ support; Sector Leaders are responsible for the activities undertaken within their Sector; and CLs create, maintain, and coordinate innovative solutions across the Sectors.

PS’s **Senior Leaders** include the PS Managing Partner, COO, R&Q Partner, and Sector Leaders. The COO, R&Q Partner, and Sector Leaders report to the PS Managing Partner.



* PS Senior Leader T14_P1-4e-R

Figure P.1-6: PS is one of 17 business units in PwC’s US Advisory Line of Service; we align our client-facing staff across Sectors and Competencies.

P.1.b.(2) Customers and Stakeholders

PS’s **key market segments and clients are the individual agencies comprising the Federal Government**. These clients are sorted into Sectors, as shown in Fig. P.1-6. PS is aligned by Sectors, unlike many of our competitors, so Partners and staff members have an opportunity to gain extensive knowledge about our clients’ business and develop close, long-lasting client relationships.

PS’s **key stakeholder groups** include clients, teaming partners, workforce, PwC US Advisory, and the community.

Our clients and stakeholders have the following key requirements of PS, which are consistent across the Sectors:

- Deliver outstanding quality, including delivering on time and within budget
- Behave ethically and comply with regulations
- Be attentive to our clients’ and stakeholders’ needs
- Provide skilled, knowledgeable, and responsive staff

Our clients use Solicitations, such as Requests for Proposals, to specify requirements based on their specific needs. Our clients publish solicitations via websites such as GovWin and FedBizOpps, and we analyze these materials to understand changing client needs (3.1.a. (1)).

P.1.b.(3) Suppliers and Partners

PS’s **suppliers, partners, and collaborators are the teaming partners on our client delivery engagements** who work with us to deliver innovative, customized solutions to our clients. They also **supplement and complement PS’s capabilities and skillsets** so that we can deliver more robust, innovative solutions. They **play a role in sales and client delivery** by providing unique capabilities, solutions, relationships, or skillsets that would be more costly or difficult for us to obtain on our own. Teaming partners might be a prime or a subcontractor, depending on the opportunity and how we are able to bring value to our clients. In some cases, teaming partners help with cost competitiveness by offering quality resources at lower rates.

PS’s **key mechanisms for communicating with partners are the JBR process** (6.2.b), including quarterly confirmations, joint participation in sales, and participation in client delivery after contract award. Our teaming partners on one project may be our competitors on other opportunities, so we only share information specific to the project or pursuit for which we have a fully executed a non-disclosure agreement. Teaming partners **do not play a role in implementing innovations** in our organization. However, they do work with us to create innovative solutions in response to client requirements.

Our **key requirements of teaming partners** include technical strengths and innovative approaches to augment our solutions, successful track records in work of similar scope and complexity, price considerations, independence, and requirements that meet the clients’ and our small and socio-economic disadvantaged business goals.

P.2. Organizational Situation:

P.2.a. Competitive Environment

P.2.a.(1) Competitive Position

PS is proud to be a part of an organization as prestigious and accomplished as PwC, and we pride ourselves on our continued growth, a **strong competitive position**, and financial success, despite a volatile Federal landscape. While

the Federal Government has traditionally been a stable marketplace, the Federal consulting industry has experienced major challenges over the past few years due to significant Federal budget cuts, continuing resolutions, the Government shut down, and sequestration. Federal spending decreased by approximately 15% from FY12 to FY13, resulting in fewer dollars available for contracts and significantly increased competition. During this period, PS experienced organic revenue growth compared to our major competitors, whose revenue decreased.

We project growth in FY14, even after significant revenue losses incurred due to the following:

- Key clients were impacted by sequestration, and the US Federal Government shut down for 16 days in October 2013, resulting in revenue losses.
- PS dissolved support of key clients because one of our teaming partners was purchased by a PwC audit client. We halted our support for the client to maintain independence, which resulted in revenue losses.

Despite these challenges, PS upheld our commitment to our workforce, ethical behavior, quality, and client relationships. While our competitors resorted to drastic measures, including layoffs, pay cuts, unpaid leave, and extensive overtime requirements during the shut-down, PS did not take any of these actions.

We retained our workforce and refocused our people to support productive tasks – both internal improvement initiatives and other projects across PwC – until the Government reopened and staff members were re-deployed. While the Federal consulting market has shrunk considerably over the past few years, it remains a multi-billion dollar market that presents few barriers to entry, limited rewards for scale, and low switching costs. These lead to heavy buyer influence, price pressure, and strong competition. PS is competitively characterized as a high-growth strategic advisory practice, founded upon the industry experience of our professionals and the strength of our global network.

Compared to our key competitors, PS is small but fast growing despite a shrinking addressable market.

We define our competitors as the organizations we most often compete with for opportunities across the Federal Government marketplace, of which there are many. These competitors are larger and have been in the Federal market longer than PS.

P.2.a.(2) Competitiveness Changes

Our market has experienced changes over the past few years as there has been a **sharp decrease in spending on Federal contractors and a tremendous increase in work directed to small businesses**. Additionally, rate pressures have significantly increased as the market has been flooded with low cost, commoditized service providers. These events have made our environment more competitive with fewer opportunities. In addition, these changes have **created opportunities for collaboration with teaming partners and for innovation**. We have increased our use of key teaming partners to develop distinctive solutions and reduce costs and price, while maintaining high quality and delivering value to our clients.

P.2.a.(3) Comparative Data

PS’s **key sources of competitive data include** industry sources such as GovWin and FedBizOpps; the analyst community including Gartner Group and IDC; industry trade journals, like *Washington Technology* and *Government Executive*; trade organizations, like the Professional Services Council and the Association of Government Accountants; and official Government sources, like FedSpending.Org and information divulged due to the Freedom of Information Act. **It is challenging, and in many cases illegal, to obtain reliable comparative data from our competitors.** Many of our competitors are privately held and do not publish any data that could be used for comparison. Another difficulty in obtaining data is that the Federal Acquisition Regulation (FAR) prohibits the Government from publically releasing information on satisfaction with specific contractors. However, based on 2012 Baldrige feedback, we applied additional resources to gather competitive intelligence. This has allowed us to fill gaps in our competitive intelligence, while remaining consistent with what is legally and ethically acceptable. This additional information was a valuable input to our strengths, weaknesses, opportunities, and threats (SWOT) analysis during PS’s Strategic Planning Process (SPP). Where competitor data are not available, we compare our performance to that of other PwC business units.

P.2.c. Performance Improvement System

PS’s **Performance Improvement System** is fully deployed and integrated with other systems and processes. A major component of the system is our Continuous Improvement Cycle (CIC) (Fig. P.2-3). The key elements of the CIC are: Monitor, Evaluate, Pilot, Refine.

We use the Performance Measurement System (Fig. 4.1-2) and CIC to measure, evaluate and improve work processes and support processes (Fig. 6.1-3). PwC designs PS’s work processes, but we establish our process requirements, monitor and evaluate process effectiveness, and provide recommendations for improvements to PwC (6.1.a.(1)). PS designs work processes if our requirements are not addressed by processes at the PwC level, such as our Business Capture Process, which was adopted by PwC and renamed Pursuit (3.2.b.(1)).

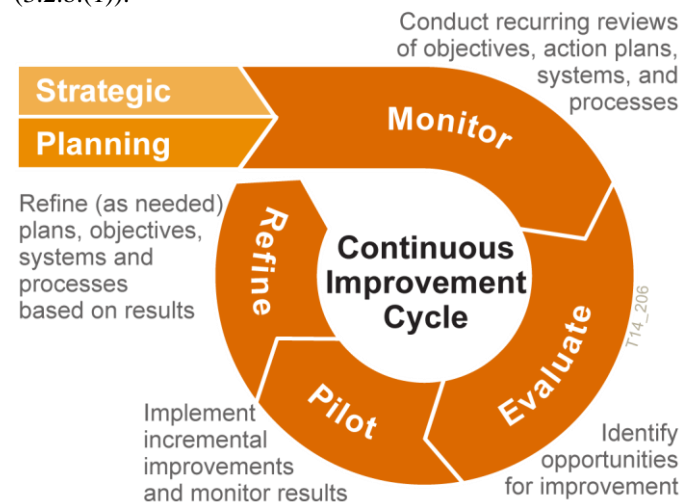


Figure P.2-3: PS’s CIC is a key Performance Improvement System element.

Since FY09, PS has used Baldrige Criteria, our applications, site visits, and feedback reports for performance

improvement and organizational learning. We have deployed improvement initiatives through our Baldrige journey, as highlighted in the figures that begin Categories 1-6.

We are proud of what we have built and excited to share more about our business. Throughout this application, we have highlighted areas of learning with the apple icon (🍏) and areas of innovation with a light bulb icon (💡), so that you can see the initiatives that make our business special.

Responses Addressing All Criteria Items

Malcolm Baldrige Application

Category 1: Leadership

1.1 Senior Leadership:

1.1.a Vision, Values, and Mission

1.1.a.(1) Vision and Values

Rolled out the Understanding our Business training series to enhance understanding of organizational objectives	FY14
Began evaluating VVM annually during the SPP to determine if refinements are needed	FY13
Received MBNQA Best Practice recognition for Leadership	FY12
Refined the process for identifying and supporting key communities to better focus our efforts	FY11
Launched PS Speed Coaching to support messaging of VVM; Established SAC to promote two-way communication	FY10

Figure 1.1-1: PS received MBNQA Best Practice recognition for Leadership in FY12, and we continue to refine leadership practices to enhance performance.

PS’s VVM are set based on overarching PwC VVM. PS’s Senior Leaders use their understanding of our clients’ unique requirements to incorporate specific PS requirements into our VVM. In FY07, in response to feedback from our workforce, PS refined PwC’s values to focus on market needs and added the italicized elements to our core VVM:

- We **Invest in Relationships** to build trust with our clients.
- We **Share and Collaborate** to promote team and client success.
- We **Put Ourselves in Each Other’s Shoes** to create empathy and advance teamwork.
- We **Enhance Value** to distinguish PS in a crowded market.

In response to 2012 Baldrige feedback, we now re-evaluate our VVM annually during the SPP. We consider the current state of the market, competitive landscape, core competencies, and Voice of the Customer (VOC) to determine if refinements are needed.

Senior Leaders **deploy our VVM to workforce, teaming partners, clients, and stakeholders** using PS’s Leadership System (Fig. 1.1-2), which is integrated with our SPP. The PS Managing Partner deploys the plan and VVM to Sector Leaders, who are responsible for deploying it to the staff within their Sectors. Each staff member is aligned to a single Sector. Relevant elements of the plan are deployed to each staff member and used to inform staff goal setting and performance reviews during the Annual Review Process (5.2.a.(3)).

Senior Leaders, Partners/MDs, and staff **deploy our VVM to current and prospective clients** through our Pursuit process (Fig. 3.2-2) and during engagement planning and delivery via the Engagement Management Process (EMP) (Fig. 3.1-3).

Senior Leaders, Partners/MDs, and staff **deploy the VVM to our teaming partners** through the JBR Process (6.2.b) and our contracting support process. When we enter into a subcontract with a teaming partner, we establish expectations for service delivery that are consistent with our VVM. In response to Baldrige feedback, in FY14 we established a quarterly forum to network with our teaming partners and

present insights on our competitive environment. PS Senior Leaders promote our VVM and identify potential areas for collaboration.



Figure 1.1-2: The PS Leadership System is fully integrated with the SPP, and promotes understanding and adherence to our VVM.

PS Senior Leaders demonstrate and communicate commitment to these values through routine interactions with our clients, teaming partners, and staff. For example, Senior Leaders:

- Attend meetings and industry events where they interact with current clients, potential clients, teaming partners, and the workforce to **invest in relationships**
- Work collaboratively to share innovative ideas across PS and US Advisory to **promote sharing and collaboration**
- **Put ourselves in each other’s shoes** by listening to our clients’ needs and customizing solutions that will exceed their expectations
- Review contract requirements and VOC input to provide guidance to project teams during client delivery to **enhance value for our clients**

1.1.a.(2) Promoting Legal and Ethical Behavior

Senior Leaders **demonstrate commitment to legal and ethical behavior** through PwC’s Risk & Quality (R&Q), Legal, and Ethics and Compliance (E&C) Processes (Fig.1.1-3). PS:

- **Builds understanding** through training that reinforces PwC policies and additional policies developed specifically for PS (e.g., False Claims Act, timekeeping, and disclosure rules).
- **Monitors compliance** with legal requirements by involving our Office of the General Counsel (OGC) team



Figure 1.1-3: PS E&C Process promotes and manages legal and ethical behavior.

in reviews of Government solicitations and contract requirements. Further, our E&C team provides guidance on Federal E&C requirements:

- **Manages** legal and ethical behavior through timesheet compliance reviews, expense compliance reviews, and contract reviews.
- **Reviews and improves** processes based on staff feedback, new laws/regulations, and industry practice changes.

Senior Leaders foster ethical and legal behavior by using both a dedicated Government Ethics and Compliance Officer (ECO) and dedicated Government contracting attorneys from the Office of General Counsel (OGC). Each of PwC's three Lines of Service (Advisory, Tax, and Assurance), has an ECO, but PS has a dedicated and focused ECO, demonstrating our Senior Leaders' commitment to promoting ethical and legal behavior. To provide specialized legal consultation, promote compliance with regulations and laws, and promote an ethical workplace, we have attorneys focused on Government contracting and ethics.

PwC maintains an Ethics & Compliance HelpLine (HL), accessible to PS staff via telephone and email 24/7 and managed by the Ethics & Business Conduct (E&BC) team. The E&BC team is comprised of trained and experienced Managers who manage the HL; provide staff with guidance on the global Code of Conduct, Our Standards, and other firm policies; and offer confidential assistance to any Partner or staff member who may be unsure or uncomfortable about a situation or who may be aware of a possible violation of law or policy.

Awareness, understanding, and use of the HL are reinforced through training and communications. Additionally, results of the Global People Survey (GPS) indicate confidence in our Senior Leaders' commitment to an ethical workplace. If a violation of law or PS policy occurs, Senior Leaders and HR participate directly in personnel actions.

1.1.a.(3) Creating a Sustainable Organization

PS Senior Leaders **create a sustainable organization through the SPP**. During the SPP, Senior Leaders reflect on observed market trends, analyst input, and competitor intelligence, to evaluate our capabilities and plan future capabilities to address short- and long-term sustainability. The FY12 transition to the Competency Structure is one way the Partners promote sustainability, as this structure enables enhanced access to innovative, proven solutions from PwC US Advisory to differentiate us in the marketplace.

Senior Leaders promote the achievement of our mission and strategic objectives by following the SPP and through mid-year checkpoints. Senior Leaders and other Partners convert the strategic objectives, goals, and measures defined by PS into individual Partner plans. These plans outline individual Partner objectives, goals, and measures to align their efforts with the VVM and PS's Strategic Plan.

As business owners, each Partner is accountable for his/her teams' performance. Partners demonstrate **performance leadership** by actively managing their teams to facilitate delivery on objectives contained in their Partner plan. Our Partners lead by example—their compensation increases with high performance and decreases when performance falls short of goals. Base compensation for staff has never decreased, and

raises and bonuses are awarded to high performing staff. PS's CIC (Fig. P.2-3) and use of the Baldrige criteria create an environment for **organizational performance improvement**.

Partners teach various Learning & Development (L&D) courses throughout the year to reinforce the importance of **organizational and personal learning** and engage with the workforce through their experience. Applying Malcolm Baldrige criteria and insights from feedback reports further enhances our processes and supports organizational learning and improvement.

Throughout our PC&D Process (Fig. 5.2-1), Senior Leaders and Partners take an active role in creating a culture of **delivering consistently positive client experiences and fostering strong client engagement**. These elements are built into our VVM, and staff members are evaluated on the demonstration thereof (5.2.a.(3)).

Through PS's organizational structure, Senior Leaders **create an environment for innovation and intelligent risk-taking**. Our structure allows Partners and staff to seize opportunities for innovation in ways that make the most sense in their client space. Staff members are evaluated on their ability to innovate during the annual review process. Innovations that can be replicated across Sectors are presented at the Solutions Expo, where PS staff share innovative solutions to promote knowledge sharing and organizational learning. By leveraging tested, innovative solutions, PS remains agile and provides innovative solutions to clients.

Working in a dynamic environment, **PS needs to demonstrate agility** to remain compliant with laws and respond to shifts in the market and competitive landscape. Our Senior Leaders drive changes required for compliance or market-wide shifts by communicating with other Partners in their Sectors, who deploy changes to staff. Senior Leaders direct change within their spheres of influence through collaboration with Competency Leaders (CLs), OLs, and other Partners as appropriate. Partners are responsible for monitoring agility within their teams and annually evaluating staff on their individual agility, a behavior that contributes to "We Enhance Value through Quality."

Senior Leaders are actively involved in **succession planning**, utilizing the Succession Management Process (5.2.c.(3)) to promote organizational sustainability. We have succession plans in place for the members of the Senior Leadership team and CLs. Key non-client facing OLs, including the Ethics & Compliance Officer (ECO) and Office of General Counsel (OGC), identify and mentor a back-up with commensurate knowledge to provide support in their absence.

Senior Leaders **develop future organizational leaders** through PwC's Partner Admission Process. Partner candidates join the formal PwC Partner Candidate Development Program (PCDP), which provides additional behavior and capability assessment, and specific training and coaching opportunities.

1.1.b Communication and Organizational Performance

1.1.b.(1) Communication

Senior Leaders and other Partners **communicate with and engage the workforce** in a systematic manner that includes top-down communication and bottom-up feedback. **Senior Leaders and other Partners encourage and promote frank, two-way communication** through an "open-door" policy,

Staff Advisory Council (SAC), and Relationship Partner interactions. 🗨️ The Managing Partner established the SAC in FY10 to address GPS feedback that indicated staff members wanted more opportunities to interact directly with Senior Leaders and other Partners. Sector Leaders nominate staff from their Sector to participate in the SAC, which meets monthly to discuss issues important to the workforce and to develop solutions. In addition, SAC members share best practices from their Sector Teams that can be applied across PS. 🏆 One innovation that stemmed from the SAC was Speed Coaching. Speed Coaching provides a forum for staff to interact directly with Partners and gain perspective on a range of items related to career development, leadership, developing business, and achieving success at PS.

Each staff member is assigned a Relationship Partner to provide an additional connection between Partners and staff. Partners utilize Relationship Partner interactions to hold one-on-one conversations with staff to provide coaching and career guidance. This fosters the development of relationships and trust between staff and Partners.

Senior Leaders utilize our internal **social media** platform Spark for two-way communication. Senior Leaders blog, post, and comment on news impacting our business, and they ask questions to facilitate interaction.

Senior Leaders and other Partners **communicate key messages, decisions, and performance results** to the entire workforce via multiple channels, depicted in Fig. 1.1-4 with results presented in Fig. 7.4-3. We use these formal mechanisms to help ensure staff members remain informed on the PS strategy, progress, and key decisions.

📌 As a cycle of refinement in FY14, the Managing Partner rolled out the *Understanding our Business* training series to communicate additional information on objectives, performance goals, strategy, and innovative initiatives to contribute to our success.

PS Senior Leaders **reinforce high performance** through performance reviews and performance-based rewards, such as annual raises and bonuses. Sector Leaders hold end-of-year compensation discussions with each staff member. The Human Resources (HR) Leader receives a budget each year from PwC for We Reward Great Performance bonuses. Senior Leaders and other Partners utilize this budget to recognize

exceptional individual performance (Fig. 7.3-14). Additional rewards and recognition programs and benefits that reinforce excellent performance are presented in Fig. 5.1-4.

1.1.b.(2) Focus on Action

Senior Leaders create a focus on achieving **organizational objectives, improving performance, and attaining our vision** through the Leadership System and SPP. Through the SPP, Senior Leaders identify strategic goals, objectives, and action plans to guide the organization. These goals, objectives, and action plans are deployed to the workforce so that each staff member understands how their contributions support achievement of PS goals. For example, each year PS sets utilization (i.e., billable hours) goals by staff level and communicates these expectations to the workforce so that each person understands how their own utilization contributes to PS’s success. The PS Managing Partner sends out utilization reports bimonthly so staff and Partners can manage individual, coachee, and team utilization. Utilization has increased steadily each year partly due to Senior Leaders’ communication of the importance of this metric (Figs. 7.1-17, 7.3-6, 7.3-7, 7.5-13).

Senior Leaders and other Partners **enable innovation and intelligent risk-taking** through the entrepreneurial partnership culture, Competency Structure, and our Solutions Expo (1.1.a. (3)). PS staff members utilize the Competency Structure to access solutions from other Advisory business units that may be relevant for our Federal clients.

Senior Leaders regularly review progress against our objectives and action plans using the Performance Measurement System (Fig. 4.1-2) **to identify actions** and develop performance improvement plans for addressing weaknesses. Senior Leaders and other Partners continually review progress and make adjustments as necessary. Biannually, Senior Leaders meet to discuss performance compared to plans and make adjustments as needed.

PS **creates and balances value for clients and other stakeholders** by helping ensure that our goals and strategic objectives are aligned with the needs and expectations of our clients, workforce, and other stakeholders. We analyze feedback from clients and third-party sources as an input to the SPP to help maintain this balance (Fig. 2.1-3).

Communication	Frequency	Channel	Direction	Participants	Purpose
New Manager/ Director Boot Camp	Annual	Face-to-Face Training	Two Way	Newly promoted Managers/Directors, Managing Partner	Allows newly promoted leaders the opportunity to interact with the Managing Partner to reinforce leadership qualities and VVM, and provide an open forum for discussion.
Solutions Expo	Annual	Tradeshaw Fair	Two Way	All PS	Forum for staff to present innovative solutions and share best practices with the entire organization, promoting cross-market knowledge sharing.
Upward Feedback	Annual	Knowledge Gateway	One Way	All PS	Allows staff members to provide feedback to PS leadership, including Managers, Directors, and Partners.
PS All Hands Meetings	Semi-Annual	Face-to-Face Meeting or Webcast	One Way	All PS	Reinforce PS strategy and share best practices, review our progress against goals, gather staff input, and discuss key business decisions.
Speed Coaching	Bi-annually	Face-to-Face event	Two Way	All PS	Provides an opportunity for PS staff members to engage with the Partners, including the Market Leader, and obtain valuable coaching around career development.
SAC Meetings	Monthly	Face-to-Face Meeting	Two Way	SAC and Partners	Identify issues that are important to the workforce and develop innovative solutions. SAC members also share best practices from their Sector/Account Teams that can be applied across PS.
Sector Team All-Hands Meetings	Variable, at least monthly	Face-to-Face Meeting	One Way	All Sector Teams	Reinforce strategic messages and share best practices related to specific markets or accounts, build camaraderie, solicit feedback, and recognize high performing individuals.

Communication	Frequency	Channel	Direction	Participants	Purpose
New Hire Orientation	Bi-Weekly	Face-to-Face Training	Two Way	Newly hired workforce, Managing Partner	Articulates PS strategy and VVM to newly hired members. E&C training is also included in New Hire Orientation.
Gate Review Meetings	Weekly	Face-to-Face Meeting	Two Way	Partners, OGC Team, Contracts Team, Account Team members	Evaluate individual business opportunities around market potential, the need for further PS investment, and the degree of strategic fit with PS and specific Sector or Account Team goals.
Spark	Daily	Intranet	Two Way	All PS	Provides a forum for Partners and staff to interact. PS news is centralized on the Public Sector Spark page.
PwC News	Daily	Email and Spark	One Way	All PS	Provides daily updates on news and popular interest areas (e.g., diversity, corporate responsibility) across PwC business units. Also used to share success stories and best practices across PwC.
Knowledge Gateway	Daily	Intranet	Two Way	All PS	PS's knowledge management mechanism used to store and share best practices, protocols, news, and information across the organization.
Strategy and Operations Meetings	Quarterly	Face-to-Face or Teleconference	Two Way	PS Managing Partner, COO, PwC Advisory Leadership, and other PwC US Leadership	Provide PwC US Advisory and PwC Leadership with requested performance results.
Advisory Leadership Group (ALG)	Monthly	Face-to-Face or Teleconference	Two Way	PS Managing Partner, COO, PwC Advisory Leadership	Provide ALG with requested performance results.
Extended Leadership Group (ELG)	Quarterly	Face-to-Face or Teleconference	Two Way	PS Managing Partner, COO, PwC Advisory Leadership, other PwC US Leadership	Provide ELG with requested performance results.

Figure 1.1-4: PS Senior Leaders maintain transparency in operations to communicate strategic objectives, goals, measures and results to the workforce and Governance Board.

1.2 Governance and Societal Responsibilities:

1.2.a Organizational Governance

1.2.a.(1) Governance System

As a subsidiary of PwC, PS reports to PwC's governance board, which includes a Board of Directors, the ALG, and ELG. These groups hold PS **accountable for Senior Leaders and other Partners' actions**. The board sets governance priorities and policy, and PS Senior Leaders establish PS-specific policies, internal financial reporting standards and practices, results transparency, and brand protection. Between PS Senior Leaders and the PwC governance structure, performance standards are agreed upon and met, emphasizing variance reporting and adherence to strategy in monthly, quarterly, and annual performance reviews (Fig 4.1-3).

As owners of the business, Partners are responsible for **fiscal accountability** over the business. During the SPP, PwC US Advisory provides an initial financial target, and the Senior Leaders establish challenging stretch goals for PS and each Sector. Partners track actual to budget monthly, quarterly, and annually. Financial reports are submitted to PwC US Advisory at the same frequency, as PS is accountable for meeting financial forecasts and profitability levels.

Senior Leaders maintain **transparency in operations** to communicate strategic objectives, goals, measures, and results to the workforce via communications methods in Fig. 1.1-4. As a Partnership, **selection of Partners to serve on the Board of Directors is transparent among the Partners**. As an Independent Public Accounting firm, staff members are held to disclosure and independence requirements more rigorous financial and potential conflict disclosure is required for Managers and above.

Internal audits of PS are conducted on a rotational schedule and the results are reported directly to PwC leadership to facilitate transparency and independence. Results are provided to the PS Managing Partner, who shares them across PS through various forums, including monthly Partner/MD meetings.

To protect our **stakeholders' interests**, PS requires Partners, staff, and teaming partners to sign Non-Disclosure Agreements (NDAs) before beginning project work with us or our clients. The NDAs are designed to protect our clients by specifying that neither PS nor our teaming partners may disclose information shared during the course of the project or anytime following the project. We provide training on NDAs and conflicts annually. In addition, we require our teaming partners to establish NDAs, not only with our clients but also with PS to protect PS's interests and intellectual property.

The PS accountability structure is founded on individual Partner authority as only Partners are authorized to legally bind PwC in the LLP model.

Members of the Board of Directors, ALG, and ELG are involved in our **Senior Leader Succession Planning** process during the firm-wide admissions process, described in 1.1.a.(3).

1.2.a.(2) Performance Evaluation

Senior Leaders and other Partners are reviewed annually during the Annual Review Process, which is part of PC&D (5.2.a.(3)). Partners develop individual goals at the beginning of the FY that are tied to their Sector's and PS's Strategic Plan and Action Plans. Each Partner is assigned a Primary Reporting Partner (PRP) responsible for approving goals, monitoring and evaluating progress at mid- and end-of-year check points. At the performance year conclusion, Partners complete a self-assessment and have a formal review with their PRP to highlight strengths and areas for development.

Partners use feedback from the Annual Review Process to improve their effectiveness as leaders by setting goals for the next year to address areas for continued development. PS Senior Leaders assess feedback received from the ALG during this goal setting process to continue to **improve the Leadership System**.

1.2.b Legal and Ethical Behavior

1.2.b.(1) Legal and Regulatory Behavior

PS addresses **adverse impacts of our operations on society** by following the rules established by our regulators and being selective in the markets we serve. PS conducts Risk and Quality Reviews (RQRs) and examines client feedback via Contractor Performance Assessment Reports (CPAR) to facilitate compliance with both PwC’s R&Q standards and regulatory requirements.

During the SPP, monthly Partner/MD meetings, and through Gate Review meetings, Senior Leaders **anticipate public concerns related to current and future operations**, including both potential litigation exposure and potential adverse publicity associated with a particular client engagement. Senior Leaders **prepare for concerns proactively** by developing mitigation strategies or by deciding to not pursue certain opportunities. PS and PwC have demonstrated our commitment to **preparing for natural resource concerns** by reducing Co2 emissions and paper cup consumption, and increasing use of virtual meetings.

PS and PwC are subject to numerous legal and regulatory compliance requirements, which are managed collaboratively by specialists at US Advisory and PS levels, including but not limited to the following control functions: E&C, OGC, and R&Q. A few examples of our **legal and regulatory requirements and processes and procedures for managing compliance** are listed in **Fig. 1.2-1**.

Scope of Regulation	Sample Regulatory Entities*	Sample Compliance Policies and Procedures*
All PwC	<ul style="list-style-type: none"> American Institute of Certified Public Accountants (AICPA) US Department of Labor’s OSHA and Office of Federal Contract Compliance Programs (OFCCP) Public Company Accounting Oversight Board (PCAOB) Equal Employment Opportunity Commission (EEOC) 	<ul style="list-style-type: none"> HRs Information Technology E&C Independence
PS	<ul style="list-style-type: none"> GAO DCAA DSS 	<ul style="list-style-type: none"> PS Contracting PS Security PS Finance

* This is not intended to be the complete list. These are for illustrative purposes only to provide context to our legal and regulatory framework.

Fig. 1.2-1: PwC and PS are required to comply with numerous regulators, a sample of which is displayed here along with our processes and policies for maintaining compliance.

1.2.b.(2) Ethical Behavior

PS **promotes ethical behavior** through various methods involving Partners, staff, and other key PS and PwC leaders (**Fig. 1.2-2**). PS’s OGC and ECO developed the PS E&C Manual and training to educate our workforce on E&C requirements reflecting PwC’s standards and policies. The Manual was converted to a microsite on the Knowledge Gateway to house E&C policies, procedures, and guidance. In evaluating E&C policies in 2005, we found that not all new staff had completed required training. In a cycle of refinement, a computer-based version of the training was developed that Partners and staff can view on-demand. This computer-based course is reviewed and improved in response to participant feedback as well as to changing laws and regulations. A selection of various processes for **enabling and monitoring** ethical behavior are presented in **Fig. 1.2-2**.

Process	Mechanism	Fig.
Written standards for ethical conduct	<ul style="list-style-type: none"> The Global Code of Conduct Manual is available on our Intranet site 	7.4-8
Training on standards of ethical workplace conduct	<ul style="list-style-type: none"> New hire: Corporate and PS training with video messages from E&C Officers “Navigating the Grey” online mandatory new hire and milestone ethics training Annual Ethics, Compliance, and Independence training 	7.4-8
Seeking ethics-related advice	<ul style="list-style-type: none"> Policy information and contact information dedicated to ethics, compliance, and independence available on Knowledge Gateway Independence Consultations service E&C HL Compliance Resource Center Government E&C team; E&C Officer and team 	7.4-8
Assessing ethical conduct as a part of employee performance evaluations	<ul style="list-style-type: none"> Evaluation through the PC&D process provides a means for assessing ethical conduct of employees. 	7.4-8

Figure 1.2-2: PS’s E&C Program mirrors Ethics Resource Center model programs.

Certain E&C trainings are mandated, and the E&C team tracks compliance to make sure employees complete their required training. In addition, PwC requires teaming Partners to undergo a background check. This due diligence assessment is part of the JBR process (6.2.b.(2)). PS’s E&C, R&Q, and OGC teams are responsible for providing our workforce with the necessary policies, guidance, training, and support to understand legal and ethical expectations.

1.2.c Societal Responsibilities and Support of Key Communities

1.2.c.(1) Societal Well-Being

PS leverages PwC’s CR strategy and priorities and tailors them during the SPP to address the needs of PS communities.

Fig. 1.2-3 shows primary methods used to contribute to the well-being of environmental, social, and economic systems.

Systems	Initiatives	Impact	Figs
Climate Change	Green Teams	PS HQ reduced paper cup usage by 58%.	7.4-14
	Workspace Efficiency	There has been a 49% reduction in CO2 per full-time employee since FY07.	7.4-13
Youth Education	Earn Your Future	PS delivered 3,029 hours to benefit youth education in FY13.	7.4-16
Charitable Contributions	PwC Charitable Foundation	PS contributed \$70,902 in Calendar Year 2013.	7.4-10
Economic systems	Service on Boards	PS has served more than 676 hours FY14 YTD on trade and professional associations	7.4-16
Community Support	Community Service Hours	PS has contributed more than 7,069 hours FY14 YTD.	7.4-11

Figure 1.2-3: PS has made significant contributions to the environment, society, and economic systems.

1.2.c.(2) Community Support

PS **actively supports and strengthens key communities** through sponsorships and charitable donations, volunteering, and support of small businesses.

- **Sponsorships and Charitable Donations:** PS annually sponsors Veterans Day Events, the Central Intelligence Agency (CIA) Memorial Foundation, National Institutes of Health (NIH) Children’s Inn, the Air Force Marathon, and the Army Ten-Miler. ❤️ In FY13, PS collaborated with PwC to track PS-specific charitable donations separately from PwC’s.
- **Volunteering:** We contribute a significant number of volunteer hours to key communities. Based on 2012 Baldrige feedback, in FY13 PS established a mechanism to more accurately capture volunteer hours at the PS level. PS categorizes volunteer hours by service on community boards (for youth education and otherwise), firm-sponsored one-time charitable events, youth education, and hours to benefit charities of an individual’s choice.
- **Small Business Support:** PS supports small businesses with quarterly small business events and teaming partnerships. ❤️ In FY14, we launched the quarterly small business events to provide opportunities for Partners and other PS staff to network with teaming partners, provide insights on the market, and share potential opportunities. We survey participants after the event to obtain feedback and use it to plan subsequent events.

During the SPP, PS Senior Leaders **identify key communities for organizational involvement** by examining PS client communities. PS’s active participation in our communities demonstrates leadership and commitment to quality and ethics, and leverages **our core competencies**.

If during the SPP a new key community is identified, the Marketing OL works with the PwC Washington Metro Marketing and Sales (M&S) Team to engage in community service projects. To initiate a charitable investment, a Partner must prepare a business case as to why PwC should support the organization, how the involvement aligns with our core competencies and strategy, and what our visibility will be to our clients and the greater community.

❤️ In FY11, in a cycle of refinement, the Washington Metro Market Managing Partner and M&S Team redefined the process for identifying and supporting key communities to focus on activities that had the greatest impact (Fig. 1.2-4). PS’s **Senior Leaders encourage staff to participate** by offering flexibility to support community service programs and by evaluating contributions during the annual review process. Senior Leaders support efforts that are important to our clients. For example, many staff and Partners in the NSP and PSHB Sectors participate in the US Army Ten-Miler race and the US Air Force Marathon, in which many of our clients also participate.

Fig. 1.2-4 outlines a sample of our PS-specific community events and their impact.

Activity	Impact
JMO Hiring	Integrate former military personnel into PS to enhance our understanding of our client’s needs and to help ensure our organization reflects our client base
Herobox	Support our armed forces by sending supplies and amenities to those deployed in combat zones
Junior Achievement	Support development of basic competencies in math and personal finance to prepare youth to make responsible financial decisions and grow a healthier US economy

Activity	Impact
DC Cares	Support the cleanup of DC Schools to provide students with an environment that promotes learning
NIH Children’s Inn Christmas Program	Support one of our key client communities in providing Christmas gifts for children in need
Take Pride in America (Department of the Interior)	Clean up the Washington Area Park System

Figure 1.2-4 PS’s Senior Leaders are committed to serving the communities important to our staff, clients, and other stakeholders.

Category 2: Strategic Planning

2.1 Strategy Development:

2.1.a Strategy Development Process

2.1.a.(1) Strategic Planning Process

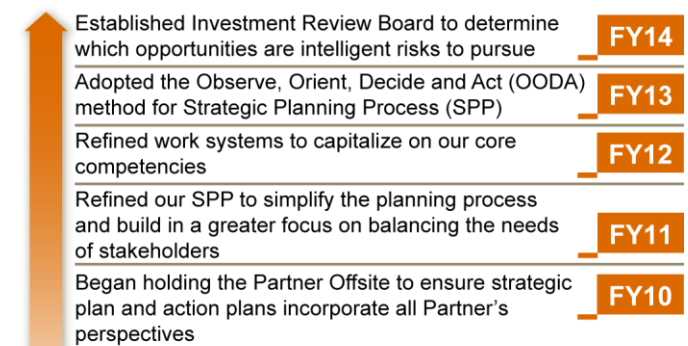


Figure 2.1-1: PS continues to improve our SPP each year, enhancing our ability to remain agile and successful in a challenging market.

PS conducts our annual SPP using the OODA process illustrated in Fig. 2.1-2.

❤️ We implemented this process in FY13 as a cycle of refinement to streamline our planning process and enhance organizational agility. Our approach is a cycle divided into **four key process steps**: 1 Observe, 2 Orient, 3 Decide, and 4 Act, also referred to as the OODA loop. These steps are described in 2.1.a.(3).

The SPP is integrated with the Leadership System (Fig. 1.1-2) and CIC (Fig P.2-3). The **key participants in the SPP** include PS Partners/MDs, OLs, and select members of other PwC business sectors. Our SPP supports the growth and profitability of our business.



Figure 2.1-2: PS’s SPP has improved our ability to systematically assess our market, competitors, clients, and results to plan for future success.

During the 1 Observe step, PwC provides initial direction for PS growth and margin targets for the coming year, and the next five years, based on historical performance. **PS develops**

both short- (one-year) and long-term (five-year) plans to address these targets.

PS analyzes our business, Federal market, and competitive landscape using the sources listed in Fig. 2.1-3. This information is used to inform the remaining SPP steps.

In the ②Orient step, we conduct SWOT analysis to identify our strategic advantages, challenges, and opportunities.

In step ③Decide, the Partners hold a strategic offsite to establish annual goals, objectives, and initial action plans. The Senior Leaders establish PS- and Sector-level objectives and targets. Sector Leaders are responsible for establishing Sector-level action plans to accomplish their objectives and targets.

In the final step ④Act, the Partners deploy the strategic plan to the workforce, as described in 2.2 a.(1). Appropriate Strategic Plan elements are also communicated to our clients and key teaming partners. Execution of the strategic plan and achievement of action plans is monitored and improved throughout the year using the Performance Measurement Plan (PMS) (Fig. 4.1-2) and the CIC (Fig. P.2-3).

PS has improved our SPP through our CIC and Baldrige feedback. In FY10 we completed a cycle of refinement to simplify our planning process and built in a greater focus on balancing the needs of our stakeholders.

In FY12, PS implemented OODA to **enhance organizational agility and operational flexibility**. We adopted this model based on the success the US military has had using OODA to respond to issues quickly and effectively. OODA can be used not only during the SPP but throughout the year to support agile decision making. OODA has assisted PS in integrating competitive data into our assessments and reducing response time.

Using OODA, we anticipated the Government shutdown in October 2013. PS leaders reviewed potential courses of action to address the impact. When it occurred, we were able to quickly redeploy impacted staff on meaningful projects, as discussed in 4.1.b.

2.1.a.(2) Innovation

The Competency Structure is PS's **formal mechanism for managing our solutions and spurs innovation**, as described in 6.2.d. As a core competency, we expect all staff levels to develop and deliver customized, innovative solutions that address the needs of our clients. Staff members' ability to create innovative solutions is evaluated and rewarded through the Annual Review Cycle (ARC) (5.2.a.(3)) and the Solutions Expo (Figs. 7.1-18, 7.1-19).

We identify strategic opportunities through a SWOT analysis, which occurs in SPP step ②Orient. The Partners review market, competitor, and client information presented in Fig. 2.1-3 to identify PS and Sector-level opportunities. As Partners assess strategic opportunities, they determine whether they would be a good fit with the aspects of our business, including our VVM and core competencies.

2.1.a.(3) Strategy Considerations

In the ①Observe step (Fig. 2.1-2), PS **collects relevant data** to drive analysis during subsequent SPP steps. First, we examine targets for revenue growth, utilization, and profitability provided by PwC.

The Partners analyze internal and external elements that influence our approach to the Federal marketplace (Fig. 2.1-3).

Analyses

Internal Analysis (PS and PwC)

Competitive Landscape

Federal Market

Figure 2.1-3 PS collects and reviews a wide array of competitor, client, and historical performance information during the Observe step

In an FY12 cycle of refinement, we began conducting an informal analysis of our competitive environment to drive decision-making during the SPP. In FY13, in response to Baldrige feedback, we began collecting additional information on our competitors to enable a systematic examination of the competitive landscape in order to enhance SPP inputs.

In the ②Orient step, we conduct a SWOT analysis of **the information presented in 2.1-3, identify Strategic Advantages (SAs) and Strategic Challenges (SCs), Strategic Opportunities (SOs), risks to sustainability, and potential blind spots**.

In FY14 we initiated a series of Small Business Outreach Events. These events focused on obtaining feedback from our small business partners and providing our insights to our partners on the competitive environment.

In step ③Decide, the Partners hold a strategic offsite to establish goals, objectives, and initial action plans. The PS Managing Partner establishes PS- and Sector-level objectives and targets based on the targets provided by PwC. Each Senior Leader is responsible for 1) providing feedback on the feasibility of objectives and targets, and 2) establishing Sector-level and PS-wide action plans.

Also, during this step PS evaluates our **ability to execute the Strategic Plan**. Sector Leaders validate whether the goals, objectives, action plans, and targets are achievable based on knowledge of their client base and workforce capabilities. Then, they and provide feedback to the PS Managing Partner. The PS Managing Partner provides a course of action briefing to PwC leadership to define what resources are needed to execute the plan.

2.1.a.(4) Work Systems and Core Competencies

PS's key work systems are workforce development, sales, and client delivery. These systems are integrated, and the Partners make decisions about enhancements or changes to work systems during the SPP. During the ②Orient step, the Partners examine PS business, market, and competitive inputs (Fig. 2.1-3) to identify any needed changes to our work systems. In FY11 in response to Baldrige feedback, **PS established the Quality Management Group (QMG) to formalize our approach to work system and work process decision-making** and create a mechanism to monitor work systems and processes throughout the year. The QMG is led by our R&Q Partner and includes Sector representatives to help ensure feedback from across PS is incorporated into work system design and improvement.

PS does not produce products, so traditional external suppliers are not critical to our business. However, we do work with teaming partners to diversify our solutions and obtain access to new clients. As our teaming partners on some projects are often our competitors on others, our relationship with partners is not that of a traditional supplier or partner relationship. As such, **teaming partners are not responsible for performing key processes**, but we do work with them to supplement, augment, and complement our core competencies. During the SPP, Partners examine current and potential future

client needs to determine whether our core competencies are meeting the needs of our target clients and to **identify future organizational core competencies**. If the Partners identify a **current or future organizational core competency needed to address client needs, they evaluate whether it makes sense to buy, build, or team to gain the core competency**. If the Partners determine that the client requirement is inconsistent with our business model and core competencies (e.g., if it is commoditized), we identify potential teaming partners that possess that core competency and explore teaming arrangements. If the core competency is consistent with our business model, we discuss how to cultivate the core competency within PS, enhance a similar core competency, or acquire resources with the core competency (build v. buy).

We have modified our core competencies over time to hone in on the characteristics most important in enabling us to exceed clients' expectations. Our core competencies (Fig. P.1-3) include a combination of attributes that we expect staff and Partners to demonstrate in order to be Trusted Advisors to our clients.

2.1.b Strategic Objectives

2.1.b.(1) Key Strategic Objectives

Our strategic objectives describe how we will accomplish our overarching strategic goals: Drive Profitable Growth, Enhance the People Experience, Enhance the Client Experience, and Maintain Compliant and Efficient Operations. Our goals are based on PwC's goals, and we use PS's

objectives and action plans to inform the goals of each Sector Team and ultimately, each PS professional.

2.1.b.(2) Strategic Objective Considerations

We develop our strategic objectives during the **Decide** step of the SPP after we have completed the SWOT analysis and examined our external and internal environment. We have designed our strategic objectives to help **address strategic challenges and leverage core competencies, strategic advantages, and strategic opportunities**; specifically, strategic objectives indicate how we will address Weakness and Threats and capitalize on Strengths and Opportunities identified in the SWOT.

PS balances short- and long-term challenges and opportunities via Action Plans, which specify how we will achieve each objective and which can be achieved in a short-versus long-term timeframe.

We **consider and balance the needs of our stakeholders** when we establish our strategic goals. We established our four goals with stakeholders in mind, and each of the corresponding objectives and action plans further supports each stakeholder group.

2.2 Strategy Implementation:

2.2.a Action Plan Development and Deployment

2.2.a.(1) Action Plan Development

PS develops our key short- and long-term action plans during the **Decide** step of the SPP through a systematic process shown in Fig. 2.2-1.

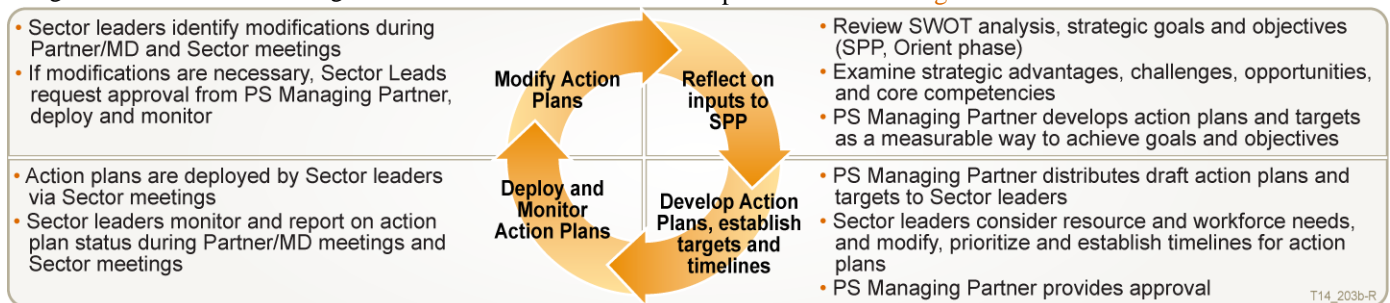


Figure 2.2-1: PS develops Action Plans to drive successful achievement of strategic objectives.

2.2.a.(2) Action Plan Implementation

In the final step of SPP, **Act**, the Partners **deploy the strategic plan, key objectives, targets, and action plans** to the PS staff during the first All Hands meeting of the FY, which are reinforced via various communications mechanisms, presented in Fig. 1.1-4. During the All Hands meeting, the PS Managing Partner describes how each individual contributes to helping PS accomplish its objectives. Staff members are assessed on their contributions via the Annual Review process (5.2.a.(3)).

PS communicates Appropriate Strategic Plan and Action Plan elements are **to our clients and key teaming partners**. However, we do not deploy all action plans to teaming partners. As mentioned previously, teaming partners can also be competitors, and thus it would not be appropriate to share all elements of our strategy with them. An example of when we would deploy our action plans to a teaming partner is when we work with a teaming partner to develop a joint solution for a client. In these instances, we would establish a non-disclosure agreement (NDA) with our teaming partner prior to deploying an action plan. Following full execution of the

NDA, we work with our teaming partner to develop a solution that leverages both of our competencies.

PS monitors the execution of the strategic plan and achievement of action plans throughout the year using the Performance Measurement System (Fig. 4.1-2) via review mechanisms (Fig. 4.1-3) to **help ensure we achieve our strategic objectives**.

We align strategic plan and action plan development, deployment, and monitoring with the strategic planning and staff review processes, as presented in Fig 2.2-2.

Sector Leaders are responsible for **helping ensure deployment and sustainment of key outcomes from action plans**. They communicate performance expectations associated with action plan deployment to employees assigned to their Sector through Sector-specific All Hands and other communications mechanisms. Sector Leaders further clarify and monitor expectations through coaching conversations, and they evaluate individual performance through the Annual Review process (5.2.a.(3)). Coaches are responsible for working with employees to enhance understanding of how each employee's performance contributes to achievement of PS action plans. They are also responsible for helping

employees establish their own individual performance expectations and monitoring progress throughout the year.

	Date	Strategic Planning Process	Staff Review Process
FY14	Jul/Aug 2013	<ul style="list-style-type: none"> Strategic Plan finalized and deployed to PS Ongoing action plan performance monitoring 	<ul style="list-style-type: none"> Rewards discussions occur Staff discuss goals with coach
	Sept/Oct	<ul style="list-style-type: none"> Ongoing action plan performance monitoring 	
	Nov/Dec/Jan	<ul style="list-style-type: none"> Ongoing action plan performance monitoring 	<ul style="list-style-type: none"> Staff mid-year review process
	Feb/Mar/Apr	<ul style="list-style-type: none"> PwC provides guidance Budgets drafted Ongoing action plan performance monitoring 	<ul style="list-style-type: none"> ARC process initiated Staff self-assessments due Staff feedback due
	May/June 2014	<ul style="list-style-type: none"> Partner Offsite held Budgets finalized Strategic Plan and action Plans finalized 	<ul style="list-style-type: none"> ARC Process ARC Feedback

Figure 2.2-2: PS's SPP is synchronized with Partner and Staff Review Processes to facilitate deployment, alignment, and integration.

2.2.a.(3) Resource Allocation

To help ensure resources are available to support the accomplishment of our actions plans while meeting current obligations, we coordinate our SPP with our annual budgeting cycle. The PS Managing Partner coordinates with PwC via the course of action briefing to finalize PS targets, budget, and resource needs. Through this mechanism, the PS Managing Partner helps ensure sufficient financial and other resources are available to enable action plan execution. **The PS Managing Partner then allocates resources**, including budgets, staffing requirements, and action plans accordingly for each Sector.

The PS Finance Operations Leader furnishes Sector Leaders with a pre-populated budget template, including headcount and utilization allocations and targets. After reviewing headcount allocations, Sector Leaders work with HR to identify staff members who are available in-house and staff that must be obtained via recruiting or teaming (6.2.b). Sector Leaders and the PS Managing Partner agree on budget and staffing requirements. After determining how resources will be allocated, Sector Leaders are responsible for allocating the resources within their Sector.

PS manages risks associated with our action plans using the Performance Measurement System (Fig. 4.1-2) via the review mechanisms presented in Fig. 4.1-3.

2.2.a.(4) Workforce Plans

PS integrates key workforce plans into our strategic objectives and short- and long-term action plans, as shown in (Fig. 2.2-4). We develop these plans as a part of the SPP, and they reflect any potential changes to workforce capability and capacity needs, as outlined in 5.1 a.(1). We integrate workforce plans into our overarching strategic goals, as evidenced by Goal 2: Enhance the People Experience.

2.2.a.(5) Performance Measures

PS's tracks key performance measures for achievement of action plans via the PS Performance Dashboard. The Partners review progress on key performance measures during Partner/MD meetings and individual Sector Team meetings and discuss progress against target. In this way, the Partners maintain organizational alignment of action plans, priorities, and measures.

2.2.a.(6) Action Plan Modification

PS uses the CIC (Fig. P.2-3) and PMS (Fig. 4.1-2) to establish and implement modified action plans if circumstances require a shift in plans and rapid execution of new plans. These modifications may be based on shifts in client needs, new market conditions, or other factors. One example of PS's ability to rapidly shift and execute new action plans occurred in October 2013 during the Government shutdown (4.1.b). During this period, 15-20% of our client-facing workforce could not bill client work. To maintain employee productivity and revenue generation during this period, the PS Managing Partner issued special communications to Sector Leaders and staff requesting that staff members who were not impacted by the shutdown maximize their client billable time by deferring training or other non-chargeable work until after the Government re-opening. Simultaneously, the PS Managing Partner and Sector Leaders worked closely with HR representatives to identify productive projects for individuals who could not charge time to their clients, such as contract close out and L&D. As a result, PS did not layoff or furlough staff but kept them productive during the shutdown period. Many of our competitors took more extreme measures during the shutdown, including forcing employees to take unpaid leave, laying off employees, and requiring employees to work weekends and significant amounts of overtime to make up for losses on contracts that could not be charged during the shutdown.

Category 3: Customer Focus

3.1 Voice of the Customer:

3.1.a Customer Listening

3.1.a.(1) Listening to Current Customers

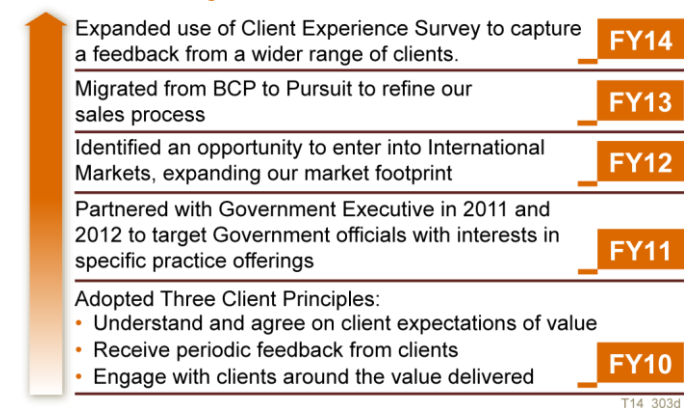


Fig. 3.1-1: PS continues to innovate the way we listen, engage and seek feedback from our clients.

PS employs several key methods (Fig. 3.1-2) to listen to, interact with, and observe our clients to obtain actionable information. These methods help us identify client needs to shape our solutions, and determine the degree to which we are delivering the desired client experience.

Method	Client Segments	Frequency
Client Experience Survey (CES)	CC	Quarterly
CPAR	CC	Variable
Social Media	PC, CC, FC, CoC	Ongoing
Industry Days and Conferences	PC, CC, FC, CoC	Ongoing
Engagement Management Process	CC	Ongoing
Pursuit Process	PC, CC, FC, CoC	Ongoing
GovWin, FedBizOpps, Government Executive, GSA e-Buy	PC, CC, FC, CoC	Ongoing

Method	Client Segments	Frequency
Industry Reports	PC, CC, FC, CoC	As available
Congressional Testimony and GAO Reports	PC, CC, FC, CoC	As available
Customer Relationship Executive (CRE)	PC, CC, FC, CoC	Ongoing
Win-Loss Debriefs	PC, CC, FC, CoC	As available

Potential Client (PC); Current Client (CC); Former Client (FC); Competitor's Client (CoC)

Figure 3.1-2: PS uses a variety of methods to listen to clients by segment.

PS **proactively listens to current clients** through the CES, which measures client loyalty via a Net Promoter Score (NPS). We email the survey to our clients quarterly in an electronic format. Our clients provide feedback on five areas, and scores are aggregated to produce a NPS. Each area is in line with our standard client requirements (P.1.b.(2)).

The CES provides PS actionable feedback on the quality of our service. For example, client feedback has indicated that experience and technical expertise are important. However, how well we listen, relate, and respond to client issues and needs is what differentiates us from our competitors. We incorporated this feedback into our culture by including *We Invest in Relationships* as a value we assess our employees on during the Annual Review process (5.2.a.(3)).

Our CES has gone through several cycles of refinement to incorporate client and Baldrige feedback: In FY08, we modified CES to incorporate the NPS methodology for listening to the client. The methodology is based on a diagnostic tree where the client states why they would recommend PS. The survey and NPS determines if the client promotes PS, is neutral, or is a detractor. In FY10, PS refined the CES to incorporate PwC's Three Client Principles:

1. Understand and agree on client expectations of value
2. Receive periodic feedback from clients
3. Engage with clients around the value delivered

In FY14, in response to Baldrige feedback, PS expanded use of CES to capture feedback from a wider range of clients.

Mechanisms for gathering feedback from **different clients, client groups, and market segments** vary only slightly depending on client needs and preferences. For example, some of our HS&LE Sector clients perform classified work and are restricted from documenting feedback. We must employ informal methods to obtain feedback from them.

PwC uses **social media and other mobile- and web-based technologies** to enhance communications with our clients (Fig. 7.2-12). PwC uses Twitter to share recently released thought leadership and other relevant business content, Facebook as a means to receive new business opportunities, and LinkedIn to build relationships in a virtual dimension. PS capitalizes on these social media tools for the same purposes but does not invest heavily in PS-specific social media strategies. PS focuses on only the social media tools that are most impactful in our market.

PS uses websites such as FedBizOpps, GovWin, and GSA e-Buy, public repositories of Government solicitations and awards, to keep a pulse on what services our clients are buying and which opportunities our competitors are pursuing and winning to inform our SPP and development of new solutions. We keep attuned to client issues by attending industry events, keeping up with GAO reports and Congressional testimony, reviewing industry reports on client requirements and initiatives, and following budget activities.

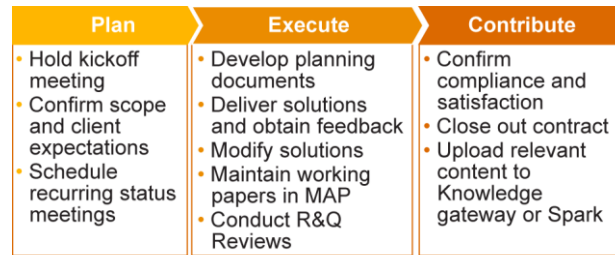


Fig. 3.1-3: PS uses EMP to listen throughout the project, promote open dialogue, and solicit actionable feedback.

PS uses several methods to **listen throughout projects**. Prior to initiating a project with a client, PS uses Pursuit to gather relevant information and capture new work (Fig. 3.2-2). Once we have won a project, PS uses the EMP (Fig. 3.1-3) to **listen throughout the project lifecycle and seek immediate and actionable feedback on the quality of our services**. EMP is a standardized process that project teams customize to the needs and preferences of the client and use to manage the project.

At the beginning of every client project, during the **Plan** phase of EMP, the project team conducts a kickoff meeting to understand client requirements—including the scope, timeline, and requirements associated with the project. Project leadership and team members attend this meeting so that everyone has a shared understanding of the requirements. Project teams vary in composition, but all include a Partner to provide oversight and manage R&Q. During the **Execute** phase, the project leader monitors project activities to help ensure requirements are met. During the project, teams hold recurring status meetings with clients. These meetings include an agenda item, where the client has an opportunity to provide feedback, present emerging needs or requirements, discuss issues, and voice approval and concerns. Based on the client's feedback, we make adjustments as needed in order to continue to meet and exceed expectations. PS project teams deploy this feedback to our teaming partners (if applicable) to enhance their performance.

Staff members also capture feedback from clients using "Performance Notes", which are reviewed during the Annual Review process. In this way, we systematically review feedback and use it as a mechanism to monitor and continually improve staff and PS performance.

At the end of a project, during the **Contribute** phase, project teams hold a closeout meeting, where the client can provide additional feedback on our performance. Project teams document information from these meetings within project MAP files.

3.1.a.(2) Listening to Potential Customers

In addition to some of the methods described in 3.1.a.(1), we emphasize the use of CREs, win/loss debriefs, and the Pursuit process to gather information about **former and potential clients, as well as our competitors' clients**. These mechanisms provide insights into our clients' key challenges and contracting opportunities. We also obtain critical information about potential clients through discussions with our teaming partners who already have relationships with these clients.

Through the Pursuit process, PS tracks opportunities with former, current, potential, and competitors' clients. When we see pre-solicitation notices (via FedBizOpps, GovWin, or

other sites), we initiate the **Target** phase of Pursuit to gain additional insight on the upcoming opportunity, which may include client visits. Requests for Information are another way we identify what services PCs and FCs seek, and they provide an opportunity to share our ideas or help better define requirements. When we choose to pursue a solicitation, we develop a proposal outlining our solution to the client's challenge. The client evaluates our proposal and proposals from our competitors against formal criteria. If the client decides that PS is the most qualified candidate, we will be awarded the project. If the client finds a competitor's proposed solution and/or price more favorable, the award will go to the competitor. It is standard practice in PS to obtain feedback through a debrief on both wins and losses to determine why the client selected us or another vendor. PS's Contracts Team, Sales Team, and applicable Sector Team review written debriefs for individual proposals, **which provide information on how to improve our services.**

PS reviews information gathered through these various methods during the SPP, Fig. 2.1-2, and throughout the year to drive improvement so that our solutions remain consistent with business needs and market trends.

3.1.b Determination of Customer Satisfaction and Engagement

3.1.b.(1) Satisfaction and Engagement

PS uses the EMP, CES, and CPARs to **determine client satisfaction and engagement. These methods differ by Sector**, as described in 3.1.a.(1). We track CES and CPAR results by Sector to enable comparison across PS.

Our clients initiate CPARs to assess performance, both positive and negative, and provide a record of client satisfaction on a given contract during a specified period of time. CPARs evaluate our performance in six categories: Quality, Schedule, Cost Control, Business Relations, Management of Personnel, and Utilization of Small Businesses. Our clients are required to provide CPARs for most non-classified projects, but the frequency varies, depending on specific contract specifications.

As we are legally prohibited from collecting CES or CPAR data on our competitors, we benchmark CES results against other leading organizations (Fig. 7.2-4). While they are not our direct competitors, these organizations represent leaders in their industries.

Our clients submit CPARs via an online system, which is accessible to our Contracts Operations Leader and his team. The Contract Operations Leader or team member sends CPAR feedback to the Partner lead for the project. Evaluation of CES and CPAR results combined with information gathered through EMP (Fig. 3.1-3) **provide actionable information that can be used to exceed our clients' expectations and secure long-term engagement.**

We created EMP in FY08 to enhance client engagement with PS, and each year it undergoes refinements. Each of the phases contains specific actions aimed at deepening client engagement and satisfaction, and enhancing quality. This way, we can identify opportunities to expand our work with existing clients. We feed lessons learned into Pursuit.

Through EMP, during project kick-off, recurring status, and close out meetings, our clients provide specific feedback on our solutions. It is common practice for project teams to

submit multiple versions of a solution until it exceeds client expectations. This process of submitting drafts, incorporating PS leadership and client feedback, improving the solution, and re-submitting is part of our quality assurance process. Our collaborative process helps us exceed client expectations, drive high quality solutions, and build client relationships for long-term engagement. If project teams receive positive client feedback on a solution, they share the solution across PS via the Knowledge Gateway, Spark (4.2.a.(1)), and/or the Solutions Expo (4.2.a.(2)). Sharing best practices and successful solutions contributes to innovation and organizational learning.

3.1.b.(2) Satisfaction Relative to Competitors

PS adheres to stringent Federal procurement regulations when **gathering information about our clients' satisfaction with our competitors.** This enables us to identify areas for improvement as well as areas of differentiation from our competitors. Indicators of client satisfaction with PS **relative to our competitors** are PS's market share and growth rate (Fig. 7.5-16), and win rate (Fig. 7.1-9). Partners consider this information during the SPP for incorporation into our SWOT analysis and development of goals, objectives, and action plans.

3.1.b.(3) Dissatisfaction

PS determines client dissatisfaction both formally and informally. Informally, we listen to our clients for clues that they are dissatisfied via EMP. We ask probing questions to identify the root cause of the dissatisfaction and then propose and solicit methods for resolution. When our project teams are on the client site, these interchanges often take place in real-time, particularly with a single source of dissatisfaction. If project teams determine a pattern of dissatisfaction, we collect **actionable information** and escalate it to the Sector Leader. We review this data during RQRs to uncover any systemic problems. We share solutions to areas of dissatisfaction across PS via training, team meetings, communications, and the Knowledge Gateway.

In addition, PS reviews CES and CPAR results for indicators of dissatisfaction. If a client gives PS a neutral or detractor score on the CES, or provides us with neutral or negative feedback on CPARs, the Partners are responsible for following up with the client to address areas of dissatisfaction.

PS reviews and evaluates methods and processes for determining client satisfaction, engagement, and dissatisfaction each year during the SPP, at any time when results do not align with expectations, or when new business needs and/or directions emerge.

3.2 Customer Engagement:

3.2.a Product Offerings and Customer Support

3.2.a.(1) Product Offerings

PS identifies client and market requirements for solutions through services such as FedBizOps, GovWin, and GSA e-Buy, which share intelligence about upcoming Government solicitations and maintain historical data on awards. We use proactive mechanisms for solution development by collecting data from procurement forecasts, Congressional and GAO reports, industry days, analyst reports, and discussions with our clients to anticipate trends and create solutions before solicitations are released. Senior Leaders utilize client requirement information as an input to

the SPP for making strategic decisions about current and future solutions.

PS develops solutions via the Competency Structure **and adapts and deploys them via our Sector Teams** (P.1.a (1)). Sector Teams utilize their in-depth client knowledge to adapt solutions from the Competency Structure so that they meet their client’s unique needs and **exceed their expectations**. On individual projects, we use the EMP to adapt our solutions in response to client feedback, to develop new solutions to accommodate changing client needs, and to **expand relationships with current clients**.

PS Senior Leaders **identify opportunities to enter new markets and/or attract new clients** during the SPP. Senior Leaders discuss whether we have solutions that are desirable in a new market or whether we need to create something new to be competitive. Then, we then utilize the Competency Structure to develop solutions and Sector Teams to adapt solutions based on specific client requirements.

3.2.a.(2) Customer Support

We **enable our clients to seek information and support** through informal meetings, our on-site presence, and by establishing relationships in which our clients feel comfortable approaching our staff. Through the EMP (Fig. 3.1-3), we **enable clients to conduct business with us and give feedback on our services and client support**.

PS delivers client support using EMP, which can be **customized using the communication mechanisms our clients prefer**. These include face-to-face meetings, email, and phone discussions. Teams working with sensitive or classified materials are often required to perform and discuss work at client sites or via Government-issued, secure laptops.

We determine our **clients’ key support requirements** through solicitations. We draft a proposal, and if we are awarded the work, we are validated in our understanding of client requirements, and then we issue a contract outlining the requirements. We **further validate requirements and help ensure they are deployed to project stakeholders** via the Project Kickoff Meeting. We continually follow up to validate that we are meeting requirements through meetings and reviews presented in Fig. 3.2-1.

Major Interaction Points	Key Client Requirements	Indicators/Measures
Project Kick-Off Meeting	<ol style="list-style-type: none"> 1. Key client and PS resources in attendance 2. Agree upon work plan and scope of services to be delivered 3. Provide specific contract language to stakeholders 4. Confirm budget 5. Identify client points of contact and define schedule 6. Define and agree on value proposition 	<ol style="list-style-type: none"> 1. Attendance log 2. Approved work plan schedule 3. Approved project budget and tracking system 4. Approved client contact list and briefing schedule 5. Confirmed value proposition
Weekly or Monthly Progress Briefings	<ol style="list-style-type: none"> 7. Updates on progress against budget, schedule, outputs; client feedback captured 	<ol style="list-style-type: none"> 6. Agreed changes in schedule, budget, and outputs. Client feedback and issues recorded
Solution Reviews	<ol style="list-style-type: none"> 8. Solutions meet specified requirements with limited changes 	<ol style="list-style-type: none"> 7. Client feedback on solution, scope of changes, time required to finalize

Major Interaction Points	Key Client Requirements	Indicators/Measures
Project Completion and Close-Out	<ol style="list-style-type: none"> 9. Completion of project, as amended, on time and on budget 10. Satisfaction with deliverables 11. Successful delivery of value proposition 	<ol style="list-style-type: none"> 8. Client feedback on project management 9. Client approval and feedback on solutions 10. CPAR and CES 11. Additional contracts

Figure 3.2-1: PS uses multiple interaction points to help ensure we are meeting and exceeding client requirements.

3.2.a.(3) Customer Segmentation

During the SPP PS analyzes various sources of information as part of our SWOT analysis to **identify current client groups and anticipate future client groups and market segments**. We also anticipate future segments by reviewing Iris and win/loss debrief data to predict future trends or emerging requirements. We review **our competitors’ clients** during this process using competitive intelligence collected during SPP.

We make **changes to market segmentation** to enhance our competitive position.

To **determine which clients, client groups, and market segments to pursue for current and future business growth**, PS uses our Gate Review process, which is integrated with our Pursuit process (Fig. 3.2-2). Gate Reviews are used to evaluate individual opportunities around market potential, need for further investment, and the degree of strategic fit with PS and specific Sector goals (3.2.b.(1)).

3.2.b Building Customer Relationships

3.2.b.(1) Relationship Management

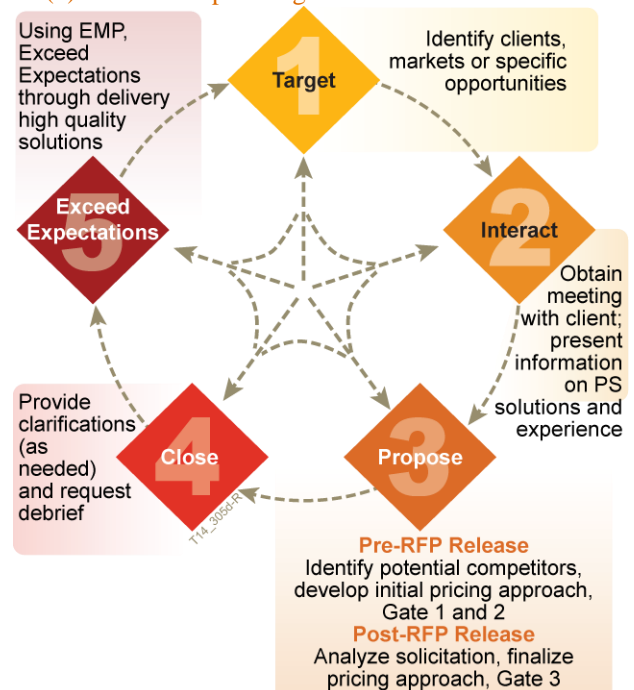


Figure 3.2-2: PS uses the Pursuit process, which is fully integrated with EMP, to identify and capture new business.

The Pursuit process (Fig. 3.2-2) is a method for **acquiring clients and building market share**, and it promotes our value of Invest in Relationships. Pursuit and the EMP are fully integrated to support our efforts to establish, manage, grow, and exceed expectations, and sustain client relationships. PwC leadership identified the Business Capture Process was

identified as a best practice due to PS’s success. PS was integrally involved in creating the Pursuit process, which was rolled more broadly across PwC in FY13. We developed PS-specific Pursuit guidance to meet our unique requirements. Pursuit training is mandatory for client-facing PS employees.

During the SPP Senior Leaders review existing clients and potential clients that fall under their Sectors to plan for long-term success. Using **Pursuit, Phase 1: Target**, we identify new targeted market opportunities ripe for qualification and provide the earliest possible influence on client goals, need recognition, and requirements definition.

During **Phase 2: Interact**, we gather client intelligence, solidify potential solution offerings, and initiate contact with the client to discuss their challenges and our offerings. CREs support client-facing teams in Phases 1 and 2 by helping gain access to target clients.

During **Phase 3: Propose**, we hold Gate Reviews to help ensure opportunities align with our strategy.

Pursuit Phase 4: Close, involves any follow-up activities that may be required after the proposal is submitted. For example, the client may request additional information, or the team may be required to resubmit pricing. Upon notification of an award, the project team will work with the PS Contracts Team to request a debrief in order to gather additional information on win or loss rationale (3.1.a.(2)).

During **Pursuit Phase 5: Exceed Expectations**, project teams execute the EMP to **retain clients, meet requirements, exceed expectations, and enhance engagement with PS during project delivery** (3.2.a.(2)). Typically, the same or similar team that was involved with the Pursuit process will be involved in delivering the work, using EMP. In this way, information gained during the first four phases of Pursuit can be leveraged to facilitate client engagement and execute the project.

PwC leverages social media outlets such as Facebook, LinkedIn, Twitter, and a public website to enhance client engagement and relationships with our organization (Fig. 7.2-12). Our PS website provides information on our services and thought leadership.

3.2.b.(2) Complaint Management

PS uses the Client Escalation Process (CEP) (Fig. 3.2-3) to manage client complaints and issues.

Clients are encouraged to express any dissatisfaction during project status meetings and day-to-day interactions to help ensure complaints are resolved promptly. The project lead attempts to resolve the complaint and restore client confidence. If the lead is unable to do so, he/she escalates the complaint to the Sector Leader. The process is repeated with the PS Managing Partner until the complaint is resolved and client confidence is restored. The project lead gathers information about client complaints and actions taken to address them, and shares the information with the project team. If appropriate, the project lead will also share the information with Sector Leader for wider distribution across the Sector, or with PS to enhance organizational learning.

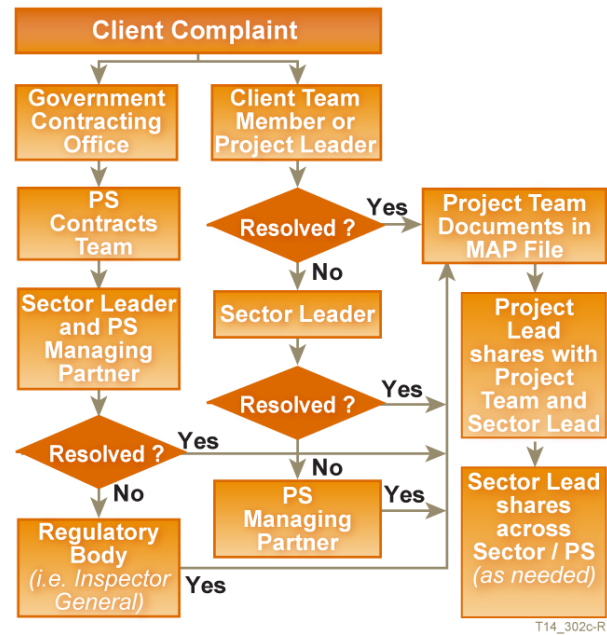


Figure 3.2-3: We help ensure client complaints are addressed in a timely manner using our Client Escalation Process

Category 4: Measurement, Analysis, and Knowledge Management

4.1 Measurement, Analysis, and Improvement of Organizational Performance:

4.1.a Performance Measurement

4.1.a.(1) Performance MEASURES

Deployed PS Performance Dashboard to enhance data-driven decision making	FY14
Migrated from EM to ACM to more precisely measure profitability	FY13
Assigned Utilization Directors to monitor and assist staff members in meeting utilization targets	FY12
Developed PS Utilization Tracker Tool to provide staff with a simple tool for managing their own utilization	FY11
Refined pricing tool to provide a method for estimating and measuring profitability	FY10

Figure 4.1-1: PS has applied the CIC to improve how we measure, track, and communicate performance.

PS Senior Leaders **select or refine measures and data sources to inform daily operations and organizational performance** through our SPP (Fig. 2.1-2), CIC (Fig. P.2-3), and Performance Management System (PMS) (Fig. 4.1-2).

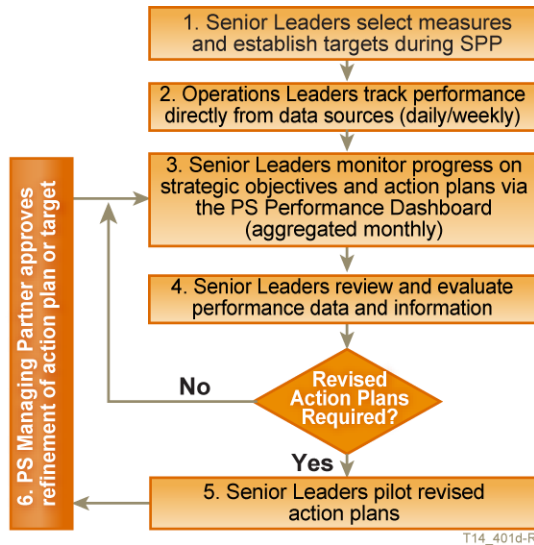


Figure 4.1-2: PS’s PMS supports organizational decision-making, continuous improvement, and innovation

OLs track daily operations and organizational performance directly from several systems according to their area of responsibility. We collect the information, align it to our

Systematic Performance Analysis and Review	Frequency	Participants	Data Analyzed and Reviewed
Strategic Planning Process	Annual	PS Partners and MDs	Performance against short- and long-term action plans, competitor, and market data
Partner/MD Meeting	Monthly	PS Partners and MDs	PS Performance Dashboard (revenue, adjusted contribution margin, leverage, utilization, pipeline, staff retention, client/staff satisfaction, etc.), community service events, L&D activity, R&Q issues, and additional client satisfaction issues
Each Sector’s Leadership Team Meetings	Variable by Sector, at Least Monthly	Sector Leadership Teams	Sector Team specific data, including revenue, adjusted contribution margin, leverage, utilization, pipeline, R&Q issues, staff retention, satisfaction and client satisfaction issues, best practices, and additional issues or priorities identified in Partner/MD Meetings
Senior Leader Reviews	Biweekly	PS Managing Partner and Sector Leaders (with OLs as needed)	Performance against short- and long-term action plans, operations issues, pipeline, and other business matters
Strategy and Operations Meetings	Quarterly	PS Managing Partner, PS COO, PwC Advisory Leadership, and PwC US Leadership	Advisory and/or PwC Leadership sets the agenda for the meeting; the PS Managing Partner and PS COO review information requests and compile applicable performance results from the PS Performance Dashboard
ALG	Monthly	PS Managing Partner, PS COO, PwC Advisory Leadership	
ELG	Quarterly	PS Managing Partner, PS COO, PwC Advisory Leadership, other PwC US Leadership	

Fig 4.1-3: PS Senior Leaders systematically review progress on achieving objectives and action plans using the PS Performance Dashboard

4.1.a.(2) Comparative Data

Senior Leaders select comparative data based on availability, which is strictly regulated by the Federal Acquisition Regulations.

The Partners utilize this information to drive SWOT analyses and identification of new service offerings, and target clients, price points, and teaming partners. We built competitor data into the PS Performance Dashboard to support operational decision making and innovation.

4.1.a.(3) Customer Data

PS selects VOC data as described in 3.1.a.(1). Through our SPP, we examine aggregate VOC data as an input to the SWOT. Senior Leaders use VOC to build a client-focused culture and to support decision making and innovation, including win/loss debrief data (3.1.a.(2)), CPARs, and CES.

CPARs and CES (3.1.b.(1)) are surveys received from existing and former clients to gauge client satisfaction and areas for improvement. Senior Leaders review CPARs and CES data, systematically, during Partner/MD meetings to identify improvements if clients express dissatisfaction.

goals, and integrate it into the PS Performance Dashboard monthly.

Senior Leaders use the PS Performance Dashboard to monitor progress on achieving strategic objectives and action plans during the meetings presented in Fig. 4.1-3. Partners/MDs and OLs use the Dashboard to see how the metrics they are responsible for integrate with other PS metrics.

As part of our CIC and in response to Baldrige feedback received in FY12, we developed the PS Performance Dashboard to track our key organizational performance measures and performance relative to strategic objectives. Key organizational performance measures, including short- and long-term financial measures, are presented in Fig. 2.2-4. The Dashboard consolidates performance information to streamline performance review meetings; show how Sectors compare to one another; provide greater insights across PS into progress against targets; and support organizational decision-making, continuous improvement, and innovation. Through systematic performance analysis and reviews, PS Senior Leaders identify opportunities for improvement and innovation.

During the SPP, aggregated CPAR and CES trends inform SWOT analysis and action plan development.

Our M&S OLs monitor client social media sites to gather information on market trends and client preferences and needs. Our workforce posts client news, reports, Congressional testimony, and other data on our internal social media site Spark, for their colleagues to access.

4.1.a.(4) Measurement Agility

PS updates our Performance Measurement System (Fig. 4.1-2) by maintaining integration with the CIC and SPP. We track and aggregate changes to action plans, measures, or processes. Each year, Senior Leaders review changes via the SPP to inform future year plans, processes, and measures.

OLs track data they have responsibility for more frequently than Senior Leaders or other Partners/MDs, often daily. When OLs notice unexpected data anomalies, they notify Senior Leaders immediately to prepare for a rapid response. Senior Leaders utilize the PMS to implement changes quickly if there is an unexpected organizational or external change.

4.1.b Performance Analysis and Review

Senior Leaders **systematically analyze and review organizational performance** using the PS Performance Dashboard during the meetings presented in Fig. 4.1-3. During these reviews, **they examine key organizational performance measures, track progress against goals, identify areas for improvement, and implement improvements using the CIC (Fig. P.2-3)**. Senior Leaders work with OLs to monitor performance on action plans, using key performance measures such as utilization, revenue, profitability, pipeline, GPS survey results, turnover, and VOC data. Together, these leaders use trend analysis, scenario-planning, variance analysis, and projections **to assess progress toward strategic objectives and action plans, organizational success, and competitive performance**. Through subsequent performance reviews, Senior Leaders can assess PS's ability **to respond rapidly to organizational needs and challenges in our operating environment**. Future performance data will indicate whether piloting and refining was implemented quickly enough to stop and reverse negative trends or missed targets.

An example of our ability to rapidly respond occurred in October 2013 when the US Government shutdown for 16 days. We did not layoff or furlough staff and kept impacted staff productively occupied during the shutdown period.

4.1.c Performance Improvement

4.1.c.(1) Best-Practice Sharing

The Senior Leaders **identify high performing units or operations** by examining where we are exceeding targets on organizational performance measures tracked via the PS Performance Dashboard. High-performing Sector or OLs, or their designees, are invited to present at the Partner/MD meetings or other meetings (Figs 1.1-4, 4.1-3) to **share best practices**. We deploy these practices to the organization via the Knowledge Gateway, Spark, and the Solutions Expo to promote organizational learning.

4.1.c.(2) Future Performance

During the SPP, Senior Leaders **use performance review findings from the PS Performance Dashboard, including comparative and competitive data**, historic performance trends, market/competitor information, and projected growth (via our pipeline) to **project future performance**. Through the reviews presented in Fig. 4.1-3, Senior Leaders assess performance and calculate straight-line projections to determine whether PS is on track to meet year-end targets for action plans. If the data are **inconsistent with our projections**, we implement changes using the PMS, and share with impacted stakeholders.

An example of modifications to projections of future performance occurred in FY14 when the Partners recognized that budget cuts and Government shutdown were probable, and would have a significant impact on our future performance. Following the shutdown, the Finance OL worked with Sector Leaders to modify our revenue and utilization projections accordingly. These revised projections were reflected in the PS Performance Dashboard. Sector Leaders communicated revised projections through their Sectors, and the PS Managing Partner scheduled off-cycle leadership calls to discuss the overall impact.

4.1.c.(3) Continuous Improvement and Innovation

PS **identifies opportunities for continuous improvement and innovation during the performance reviews described in Fig. 4.1-3**. If PS or any Sectors either fall short or greatly exceed performance targets, the Partners analyze the root cause(s) of the discrepancies. If we exceed targets, the Partners discuss what factors are contributing to success and determine whether there are best practices or improvements that can be deployed across PS. They prioritize improvement activities based on the extent to which targets are being missed in any area. Then the Partners deploy improvements **by developing new policies and procedures and communicating them to the workforce through the mechanisms presented in Fig. 1.1-4**.

Utilization is a key measure in our business, and we are continuously improving and innovating tools to support increased utilization. 📈 In FY11, the Partners recognized through action plan reviews that staff members were not meeting utilization targets. The Partners identified a need for implementing additional mechanisms for tracking and promoting individual utilization. 🛠️ We developed the PS Utilization Tracker Tool to provide staff with a tool for managing their utilization. After tool implementation, we saw utilization increases.

💡 In FY12, the PS Managing Partner established the Utilization Director (UD) role to support improved utilization and to add another touch point between Leaders and staff. UDs are responsible for monitoring the utilization of a small group of staff, making sure they are aware of their goals, and helping them meet their targets. Every Director within PS serves as a UD with responsibility for staff generally serving within their Sector. After implementation, utilization increased from FY12 through FY14 (Fig. 7.1-17).

We communicate any changes we make through continuous improvement that may impact our **teaming partners** via the JBR process (6.2.b).

4.2 Knowledge Management, Information, and Information Technology

4.2.a Organizational Knowledge

4.2.a.(1) Knowledge Management

Our Knowledge Management (KM) efforts are rated among the top in the world (Fig. 7.3-20). KM in PS is led by a Partner and supported by our Public Sector Knowledge Officer and Knowledge Manager. Our KM team is accountable for KM activities across PS and works collaboratively with OLs, CLs, and Sector Leaders to manage organizational knowledge, using our KM framework, shown in Fig. 4.2-1.

The first phase of our framework is "Collection and Availability"; this phase is where we **collect knowledge** through the Knowledge Gateway and Spark. The Knowledge Gateway is PS's primary knowledge portal, and Spark is PwC's global social networking tool. Spark is accessible to PwC staff globally; thus, PS is prohibited from sharing certain information via Spark due to restrictions associated with working with the Federal Government.

Users submit best practices and other content for sharing across PS to the Knowledge Gateway. The KM team systematically reviews the relevancy of the content to PS's needs and shares the results with CLs during monthly

meetings. Each CL is responsible for maintaining a Knowledge Center with content applicable to the solutions delivered within that Competency. CLs are also responsible for gathering feedback on Knowledge Center content, collecting new content, sharing feedback during monthly meetings, and implementing changes based on feedback. ❤️ For example, in a cycle of refinement in FY14, we updated our Knowledge Centers and aligned them with the Competency Structure, including adding additional content, incorporating feedback from users, and introducing updated structures.

The second phase of our KM Framework is to “Share and Transfer”: We use Spark to share and transfer knowledge

linked to content stored in the Knowledge Gateway. In addition, we take advantage of the social networking capabilities in Spark to **transfer relevant knowledge to the workforce**, such as methodologies, frameworks, strategies, and business proposals. Because our teaming partners can also be our competitors, access is restricted to PS employees so that our competitors cannot obtain PS intellectual property or other content that may yield a competitive advantage. PS uses web-based collaboration tools, such as SharePoint and MindLink, to facilitate **knowledge transfer to teaming partners and clients, as appropriate**.

PS's Award Winning Knowledge Management Framework			
Systematic Approach	Phase 1: Collection and Availability Performance Measurement and Input to SPP	Phase 2: Share and Transfer	Phase 3: Use and Accessibility
Key Activities, Tools and Methods	<ul style="list-style-type: none"> Review strategic KM drivers supported by business benefits Undertake inventory of knowledge sources and content Submit and publish Knowledge Gateway content PwC KM Methodology Framework, KM Maturity Model, Knowledge Gateway, Spark PwC News, L&D 	<ul style="list-style-type: none"> Competencies Network Structure Determine priorities and develop KM strategic plan Identify core processes to be improved by KM Knowledge Center Champion deployment PwC KM Methodology Framework, PwC Change Management Methodology Email, collaboration tools, Spark, PwC News 	<ul style="list-style-type: none"> PS Home Page Key performance indicators and goals Business impact assessments Talent management systems PwC KM Methodology Framework, PwC Change Management Methodology, Project Management Framework Knowledge Gateway, Spark, email, communities of interest PS business reporting
Results	<ul style="list-style-type: none"> Knowledge, Information, and Learning deployed across workforce 	<ul style="list-style-type: none"> Rapid identification and sharing of Knowledge, Information, and Learning 	<ul style="list-style-type: none"> Knowledge, Information, and Learning, assembled for strategic planning

Figure 4.2-1: The PS KM team is accountable for KM activities across PS and works collaboratively to manage organizational knowledge.

CLs and the KM team conduct systematic monthly evaluations of the quality of knowledge centrally published on the Knowledge Gateway. 🧠 Through this integrated approach, PS's KM framework has become recognized as a best practice by industry experts, and our practices are highlighted in a case study in the book by Dr. Jay Liebowitz, *Beyond Knowledge Management: What Every Leader Should Know*.

PS's KM program supports **identification, sharing, and implementation of best practices and transfer of knowledge for use in innovation and strategic planning during the third phase of the KM Framework, “Use and Accessibility”**. Knowledge entered into the Knowledge Gateway is filtered and rated by content standards: Distinctive, Useful, and Useful with Limitations. Users can identify content considered a best practice. Content available through the Knowledge Centers represents the most distinctive content published to the Knowledge Gateway and is used by PS staff in delivering innovative solutions to clients.

4.2.a.(2) Organizational Learning

In addition to using the Knowledge Gateway to **enable learning and knowledge transfer, PS has an extensive self-service training program available via the Knowledge Gateway**. For example, PS staff receives ongoing training and supplemental information on our L&D site (5.2.c.(1)) through MyKCurve, enabling a continuous learning loop. As we identify knowledge gaps, the L&D team develops and deploys online and instructor-led sessions, with participants completing feedback surveys. Instructors and course developers modify training based on this feedback. Managers, Directors, and Partners/MDs are the instructors of many internal courses, providing opportunities for additional touch points between PS leaders and staff.

The Solutions Expo is a knowledge-sharing event used to embed learning into our operations. 🧠 The Expo is designed to bring together PS leadership and staff to present on and learn about innovative solutions to solve complex business issues. In addition, PS hosts an online Expo on Spark, where solutions owners can make content available to PS. Through these efforts, PS creates an environment of knowledge sharing and innovation. ❤️ In FY13, in a cycle of refinement based on feedback from earlier events, we learned that Expo attendees wanted a larger space to enable more conversation at each booth. We moved the event to a larger venue and designed booths to have additional space for knowledge sharing and learning.

4.2.b Data, Information and Information Technology

4.2.b.(1) Data and Information Properties

PS must follow strict requirements regarding the use of Government data. We use Engagement Data Security Plans (EDSP) to document and memorialize security controls and processes that are specific to each client. The EDSP is a part of the PS Start Suite (6.1.b. (3)) and used to help Partners and staff understand the specific steps necessary to protect our clients' sensitive information.

4.2.b.(2) Data and Information Availability

To help our workforce remain connected to our clients both onsite and off, PS provides laptops with access to our systems 24/7/365. PS personnel receive a conference line; secure virtual private networking; secure applications for mobile devices with email, phone, internet, and wireless capabilities; networked office space; and a printer application. On the first day, new hires are trained on systems, policies, and procedures around proper data and information use. Staff members are encouraged to provide feedback to **help ensure information and formats are user-friendly**.

4.2.b.(3) Hardware and Software Properties

PS facilitates hardware and software reliability and security by establishing and following information restoration system procedures, including systematic back-ups to an off-site location and back-up storage. We push real-time software updates on a regular basis to further increase reliability of software. USIT and PS employees maintain a number of security certifications, including Certified Information Systems Security Professional (CISSP) and Global Information Assurance Certifications, to maintain proper access control, application security, business continuity and disaster recovery planning, information security and risk management, and telecommunications and network security. PS employs physical and logical segregation and protection measures in our data center, with firewalls between PS and PwC systems. Finally, during on-boarding, we conduct training on working with the provided hardware and software.

We survey our workforce annually – as well as after any technical support request – to refine our IT Support System and the user-friendliness of our hardware and software. Monthly, the US Security Group audits our systems against published standards and known vulnerabilities, collects data, and measures our performance.

PS uses this information to improve our systems and tools. For example, based on employee feedback and best practices on IT upgrades identified in the marketplace, we are issuing lighter weight, smaller laptops for easy portability.

4.2.b.(4) Emergency Availability

PS leverages an extensive Emergency Preparedness Plan, deployed across PS and PwC, to facilitate continued availability of an information technology infrastructure, including hardware and software systems, in the event of an emergency.

During two weather emergencies in 2014, the PS workforce experienced no downtime, and we were able to serve clients and meet business needs without interruption.

Category 5: Workforce Focus

5.1 Workforce Environment:

5.1.a Workforce Capability and Capacity

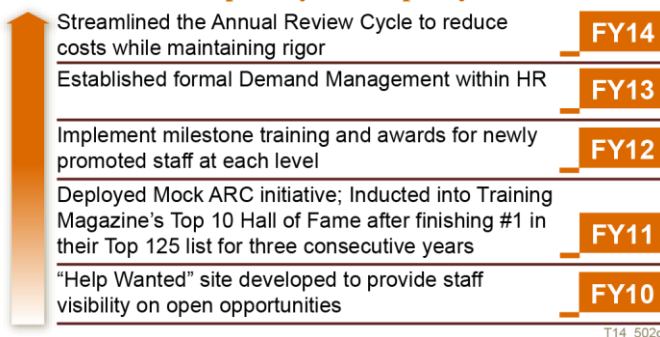


Figure 5.1-1: Workforce focus enhancements continue to be a top priority.

5.1.a.(1) Capability and Capacity

PS assesses Capability & Capacity (C&C) needs by comparing our growth targets and forecasted opportunities from Iris with our current C&C. The PS Demand Management team uses the GFS tool to obtain a real-time view of PS's workforce utilization, which is a measure of productivity and an indicator of staff capability. HR Demand Managers (DMs) and UDs from client-facing teams are responsible for tracking decreases in utilization, as this may indicate capacity to take

on additional work. Excessive utilization may indicate staff is overloaded and could signify a need to increase headcount. DMs and UDs track utilization metrics at the Sector and individual staff level. DMs track individual workforce availability by staff level so that we can quickly deploy available staff based on new project needs. Staff members can self-monitor their utilization using the Utilization Tracker Tool and work with DMs if they experience changes or anticipate issues. UDs (4.1.c.(3)) liaise between DMs and assigned staff to help manage capacity.

DMs utilize the PS Resume Database to assess workforce skills, competencies, certifications, and qualifications as measures of capability. PS staff members are required to update their resumes and availability quarterly in order to keep their capability information current. Our C&C process has undergone several cycles of refinement:

- In our FY09 SPP, we identified the need to support, grow, and track workforce capabilities. Staff joined the CN aligned to their primary skill set, providing a better mechanism to develop and leverage subject matter specialists throughout PS. In FY12, PwC recognized CNs as a best practice and deployed the "Competency Structure" across PwC Advisory.
- In FY11, PS Leadership determined that existing C&C measures did not support decision-making. We developed the Human Capital Dashboard to monitor C&C and other workforce measures and improved it in FY14 when we incorporated it into the PS Performance Dashboard.
- Through an FY10 examination of GPS results and exit interviews, staff indicated they wanted more visibility on open project opportunities. To address this, PS HR developed a "Help Wanted" site to display open project opportunities. In an FY12 cycle of refinement, PwC identified the site as a best practice, upgraded it, and deployed it across the 17 business units.
- In response to Baldrige feedback, in FY13 PS evaluated our approach to managing C&C. We established Demand Management (DM) as a formal process to shorten the amount of time staff spends between engagements in order to increase utilization, manage cost control, and support staff development (Fig. 7.1-12). PS expanded the DM role from one to six positions, one for each Sector and a lead to provide oversight. DMs review resumes and meet with soon-to-be available staff to understand their skills, role preferences, and travel limitations. DMs track this information in a searchable database, issue weekly reports, and hold regular meetings with Directors and above to manage demand.

5.1.a.(2) New Workforce Members

PS recruits and hires workforce members based on current or projected client requirements that Sector Leaders and project teams identify. New members either are hired onto a project or meet with their DM for project placement.

PS recruits through campus hiring and internship programs. We offer our internships to outstanding third-year undergraduates.

We assess our recruiting process annually. Every two years PS evaluates the differences in turnover and performance between experienced and campus hires.

Retention starts with recruiting staff who share our values and fit into PS culture (5.2.a.(2)). HR follows up with new hires 30 and 180 days after their start to check on their progress. After 180 days, new hires complete a survey to assess their onboarding experience. ❤️Based on onboarding survey results, we created tools to facilitate onboarding:

- Based on feedback that new hires had difficulty tracking information from multiple sources during onboarding, we created the Onboarding Inside Track as a central repository.
- A Success Series portal helps new joiners build their personal brand and increase their chance of success.
- The New Joiner Support network provides resources and answers to buddies and coaches of new joiners.

In addition our workforce engagement and performance management strategies (5.2.a.) and workforce and leader development strategies (5.2.c.) contribute to retention.

PS assesses turnover with the PS Performance Dashboard and uses GPS surveys and exit interview results to identify causes of turnover and areas for improvement. Staff who voluntarily depart respond to an exit interview survey where they categorize their reasons for leaving. HR shares these survey results with PS Partners/MDs via the PS Performance Dashboard, and the Partners/MDs subsequently share relevant information within their Sectors, as appropriate. PS has a high percentage of “boomerang” employees – those who return to PS after leaving, which illustrates the fact that we are an employer of choice (Fig. 7.3-16). PS supports the **diversity of ideas, cultures, and thinking** by tracking and monitoring applicant data and adjusting recruiting priorities to respond 🧠. In FY10, PS appointed a Partner to serve as Diversity Leader. The Diversity Leader works with HR to develop innovative ideas for promoting diversity at PS.

To recruit diverse, new members of our workforce, we actively seek candidates from various nationalities, cultures, backgrounds, and lifestyles. To meet goals, recruiters utilize a variety of innovative partnerships and opportunities such as:

- “Moms back to work”, a non-profit group helping mothers who want to return to the professional workforce.
- Start, a program designed to expose high-performing, diverse college students to our business while giving them the opportunity to develop their professional skills.
- AcademyWomen, a non-profit organization supporting women from top military officer development programs.
- Military Spouse Employer Partnership 2013-14. For the fourth consecutive year, we have been named one of the Top 100 Military-Friendly Employers and for the first time as a Top 100 Military Spouse Employer, as rated by G.I. Jobs (Fig.7.3-20). The military represents a significant client base, and thus hiring former military members and/or spouses helps ensure our workforce reflects our client community.

5.1.a.(3) Work Accomplishment

PS **organizes and manages our workforce to accomplish our organization’s work** through our Sector alignment and by leveraging our Competency Structure (P.1.a.(1)). We **capitalize on our core competencies** by evaluating staff on these competencies during the Annual Review Process (5.2.a.(3)) and reinforcing them with our L&D System (5.2.c.(1)).

Core Competency	Expectation
Leadership	<ul style="list-style-type: none"> • Employ everyday coaching to help staff learn on the job and develop professionally • Cultivate leaders through development opportunities • Demonstrate leadership within internal and external projects through accountability
Ethical Behavior	<ul style="list-style-type: none"> • Comply with PS R&Q Processes • Demonstrate ethical behavior with clients, teaming partners, and colleagues
Quality	<ul style="list-style-type: none"> • Adhere to PS’s quality requirements for client work, regardless of complexity
Innovative, Customized Solutions	<ul style="list-style-type: none"> • Contribute to innovative solutions at the Solutions Expo, or customize and deploy innovative solutions via the Competency Structure

Figure 5.1-2: PS capitalizes on our core competencies by communicating expectations to the workforce and evaluation during our Annual Review Process.

PS **reinforces a client and business focus** by aligning staff vertically to Sectors. This alignment enables staff and Partners to gain extensive knowledge about our clients’ business and to develop close, long-lasting client relationships.

We measure workforce performance using criteria that address client relationships, knowledge of client challenges and opportunities, and client delivery. We discuss PS’s approach for managing our workforce to **exceed performance expectations** in section 5.2.a.(3).

5.1.a.(4) Workforce Change Management

PS **prepares our workforce for changing C&C needs through L&D** (5.2.c(1)) and PC&D (5.2.a.(3)). Through L&D, we provide our workforce with opportunities, certifications, and learning. Through PC&D we provide actionable performance feedback.

PS **C&C needs have changed** as we increasingly pursue larger and more complex projects.

We manage our workforce utilizing tools such as our PS Performance Dashboard, PSTE, and Retain systems. Our DM team works with other business units within PwC to redeploy talent, maximize utilization, and **prevent workforce reduction**. PS **prepares for and manages periods of growth** by reviewing Iris to determine our upcoming resource needs, and recruits and hires the right individuals to meet future needs. PS has never had layoffs. For consistently low-performers who are unable to meet the standards of our high-performing culture, we encourage them to seek employment elsewhere. When we terminate employees for cause, we provide them severance commensurate with time served at PwC.

5.1.b Workforce Climate

5.1.b.(1) Workplace Environment

PS **helps ensure and improves:**

- **Workplace security** through access-controlled workspaces, protected by full-time security officers. Staff must use their badges in the elevators and again on each floor to enter the workspace, with a strict “no tailgating” rule.
- **Workplace accessibility** using our AbilityWorks program to request and dispense accommodations.
- **Workplace safety** using PS’s ergonomic specialist to address the needs of our mostly deskbound workforce.

The PS Office Services Team (OST) maintains a PS BCP to respond to unexpected events that may disrupt operations. The BCP documents safety procedures, action requirements,

and other safety information to restore operations in a timely manner. BCP also documents procedures for maintaining off-site staff security.

The PS OST evaluates and updates the BCP quarterly. PS OST meets bi-weekly to discuss workplace safety, security, and accessibility in order to help ensure PS’s workplace safety and security efforts are effective and continuously improving.

PS maintains **performance measures and improvement goals** for addressing workforce environment needs. Fig. 5.1-3 provides some of our measures and goals for achieving workforce health, safety, and security.

	Measure	Target	Figs
Health	Well-Being rewards participation	>80% participation	7.3-13
Safety	Building evacuation	Business Continuity Checklist Complete	7.1-22
	Emergency preparedness	Business Continuity Checklist Complete	7.1-20
Security	Industrial security program effectiveness	“Superior” rating from Defense Security Service	7.1-23, 7.1-24
	Distribution of Federal Security program guidelines to staff	“Superior” rating from Defense Security Services	7.1-23, 7.1-24
	Classified material incidents	“Superior” rating from Defense Security Service	7.1-23, 7.1-24

Figure 5.1-3: PS’s commitment to workforce health, safety, and security is superior to our competitors.

There are **no significant differences in these factors and their performance measures** among the various PwC locations. We address management of safety and security while working at client sites in 6.2.c.

5.1.b.(2) Workforce Policies and Benefits

PS’s **policies** provide employees with a detailed understanding of our business operations and requirements. They are reviewed, updated regularly, and posted on the Knowledge Gateway.

PS provides our workforce segments with a variety of generous **services and benefits**. We offer choices, shown in Fig. 5.1-4, in our benefits and retirement packages so individuals can tailor plans to meet their needs. PS reviews these benefits annually and makes adjustments as necessary.

PS’s Comprehensive, Customizable Benefits Plans	
Health Benefits	Low-cost medical, dental, vision insurance coverage*; health and flexible savings; no-cost Executive Health Exam program, personal health coaching, and health resources*; smoking cessation and stress management programs; infertility coverage; Well-Being Rewards, a program providing financial rewards for engaging in healthy and responsible behaviors; life and disability insurance; Mother’s Rooms; onsite gym.
Financial Benefits	Competitive salary; performance, credentialing, team and career milestone awards; referral and spot bonuses; 401k matching; Retirement Wealth Builder Plan.
Work-Life Balance	Flexibility programs; alternative work schedules; telework; sabbatical program; parental leave and adoption support; emergency childcare reimbursement up to \$1,000 a year; Lifeworks.
Professional Development	Tuition reimbursement; CPA preparatory reimbursement; reimbursement for professional associations and certifications; milestone programs for promotion to each new staff level; Advisory Leadership Conference for Directors through Partners.
Professional Development for Diverse Professionals	

PS’s Comprehensive, Customizable Benefits Plans	
Other	Annual Firm-wide shutdown between Christmas and New Year’s Day; generous vacation time; unlimited sick time; bereavement time; jury duty leave; military leave; group legal plan; PwC perks (discounts for travel, retail, etc.); commuter benefits; pet insurance.

*Programs also available for spouses, domestic partners, and children.

Figure 5.1-4: PS offers competitive and customizable benefits plans.

PS utilizes HR functions and GPS results to **tailor its workforce policies, services, and benefits for a diverse workforce**. In FY10, we experienced a drop in the number of staff who felt the people they work for respect their time outside of work. To reverse this trend, PwC developed a Flexible Work Arrangement program called Flexibility2, which introduced seven options to integrate flexibility into our workplace.

5.2 Workforce Engagement:

5.2.a Workforce Performance

5.2.a.(1) Elements of Engagement

PS leverages a leading human capital vendor to determine and assess the key elements that affect our **workforce engagement** through GPS. Through extensive research, benchmarking analysis, and correlation studies, the vendor identified the GPS questions that most effectively measure workforce engagement. In FY11 the GPS began focusing on four questions that serve as indicators of workforce engagement, and additional questions identify specific areas for improvement. We engage our workforce is through coaching, rewards, recognition, flexibility, challenging assignments, and career advancement opportunities (5.2.a.(3)).

To understand workforce engagement for **different workforce segments**, we segment GPS data by Sector (Fig. 7.4-2).

5.2.a.(2) Organizational Culture

PS utilizes our core competencies, VVM, and a coaching program to **foster an organizational culture that emphasizes a commitment to quality, open communication, high performance, and an engaged workforce**. We assign PS staff and Partners a coach, who is responsible for providing support and career guidance, promoting VVM, and monitoring demonstration of core competencies. Coaches must be at the Manager or above level and be at least one staff level above their coachee. (Partners have more seasoned Partners as coaches.) HR assigns coach/coachee relationships within the same Sector based on similar skillsets or by request. Coaches evaluate their coachee’s performance and proposing Relative Performance Ratings during the ARC.

In addition, we use our feedback system as a mechanism to **encourage open communication and an engaged workforce**. This system provides staff the opportunity to offer performance feedback to their leaders and peers. We examine the feedback during the Annual Review Process and factor it into performance ratings. Based on FY10 GPS feedback, we learned that Peer Feedback fosters better collaboration and teaming, and Upward Feedback allows staff to provide candid ratings and comments to coaches, leaders, and supervisors. PS moved the feedback period from end-of-year to mid-year to provide the workforce more time to act on performance improvement suggestions before the annual review process.

Our culture is **based on the diverse ideas and background of our workforce**. We recruit for diversity,

encourage open communications and new ideas, and offer programs – including Inclusion Networks, professional development for diverse individuals, and flexible working arrangements – to attract and retain a diverse workforce.

5.2.a.(3) Performance Management

PS drives **high performance work and workforce engagement** through PC&D, as shown in Fig. 5.2-1.

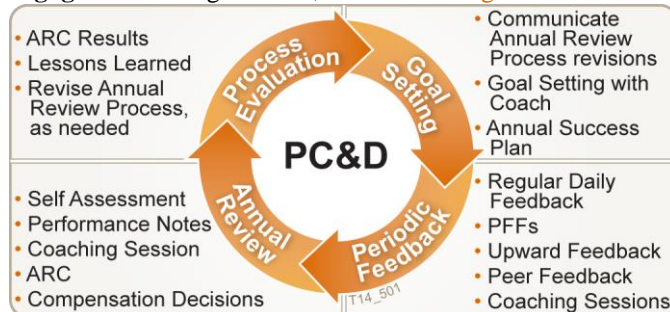


Figure 5.2-1: PS's PC&D system drives a high-performance culture.

PC&D is a continuous personal performance improvement process for our workforce, and it includes Goal Setting, Periodic Feedback, ARC, and Process Evaluation. ARC is the formal process by which Partners review proposed RPRs and make decisions on final RPRs. RPRs are measures of how well an individual exemplifies our VVM at a particular staff level. Each staff member works with their coach to lay out their career goals for the coming year and request feedback throughout the year via Periodic Feedback Forms (PFFs). PFFs formally capture employees' roles, responsibilities and accomplishments, skills and knowledge developed, and areas for development and improvement. Coaches meet with their coachees throughout the year to discuss feedback received via PFFs, progress against goals, challenges, and opportunities for improvement. At the end of the performance year, coaches evaluate their coachees' performance and provide a recommended RPR. During ARC, the Partners review and finalize recommended RPRs. Individuals who meet and/or exceed certain metrics, such as utilization goals, and demonstrate higher performance relative to their peers receive top ratings. Top ratings and corresponding bonuses are **incentives** for high performance.

Our Annual Review Process provides a systematic, repeatable, standardized process for making **compensation, rewards, and recognition** decisions. ARC results give a consistent basis for salary and bonus decisions and reflect an individual's yearly contribution. In ARC, Partners discuss staff members' readiness for promotion as a means of **reward**. We measure PC&D success by increasing numbers of high ratings (Fig. 7.3-2) and achievements of our coaching program (Fig. 7.3-23). We have evaluated and improved our Annual Review Process based on the following:

- Based on FY11 GPS feedback, we determined our four tier rating system did not provide enough performance differentiation. In FY12, we added a fifth tier and communicated the reason for this change to our workforce.
- Responding to FY12 GPS feedback, we developed an annual compensation webcast that disclosed how compensation decisions are made. We added promotion incentives for Seniors, Managers, and Directors.

- In FY13, HR conducted a study to analyze the amount of time Managers and Directors used on the ARC process (Figs. 7.1-13, 7.1-14). To reduce the costs of ARC while retaining rigor, PS streamlined ARC in FY14. Presently, coaches submit to HR a written performance summary and recommended RPR, which the Partners review and discuss. If Partners have questions or need clarification, they contact the coach. This allows our Managers and Directors to spend more time with clients during client service hours.

Partners distribute awards to **recognize** staff throughout the year as a means of **reinforcing intelligent risk-taking and innovation**. "We Recognize Great Performance" is an award for staff members' outstanding contributions, such as innovation or excellent client service. We provide each Sector an annual budget to award staff at any time during the year (Fig.7.3-14).

The Solutions Expo Award reinforces intelligent risk-taking by rewarding the most innovative solution presented at the Expo, voted on by Expo attendees.

PS designs values and behaviors to reinforce **a client and business focus and the achievement of our action plans**. As discussed in 2.2.a.(1), individuals' performance is tied to our overall strategic goals, objectives, and action plans.

5.2.b Assessment of Workforce Engagement

5.2.b.(1) Assessment of Engagement

PS **assesses workforce engagement formally** using methods such as the GPS and PC&D (5.2.a.(3)). We evaluate and refine the GPS each year to determine if questions remain relevant and effective for assessing engagement.

PS **measures workforce engagement and satisfaction informally** through participation and involvement in PS sponsored meetings, connectivity events, PS and Sector Staff Advisory Councils (SACs), and volunteer activities. PS and Sector SACs are comprised of staff representatives who collaborate to **improve workforce engagement**. They field questions, concerns, and ideas from staff, share this anonymous feedback with leaders, and communicate or facilitate leadership communication. We have determined that our workforce engagement methods and measures **do not need to differ across workforce groups and segments**.

In an FY14 cycle of refinement, HR began conducting quarterly outreach meetings with each staff member. This has provided another avenue for staff to share concerns, ask questions, and express short- and long-term career goals. PS monitors and tracks **workforce indicators** and metrics using the PS Performance Dashboard (4.1.a.(1)), and the Partners take action when metrics such as turnover or productivity deviate from target.

5.2.b.(2) Correlation with Business Results

PS **relates workforce engagement measures to business results** using growth across accounts (Fig. 7.5-1), annual revenue by Sector (Fig. 7.5-1), utilization (Figs. 7.1-17, 7.5-13), turnover (Figs. 7.3-8, 7.3-12) and number of clients/contracts (Fig. 7.2-10, 7.2-11). As we analyze and evaluate business results, we consider correlations between these results and our workforce engagement measures. If we identify negative trends or discrepancies, we implement performance improvements accordingly. We also use this data as an input into our SPP.

5.2.c Workforce and Leader Development

5.2.c.(1) Learning and Development System

Our PS L&D system offers a graduated curriculum to support organizational needs and the personal development goals of our workforce. Our L&D includes milestone training targeted to each staff level, including new Partners. Additionally, we offer PS core courses, Pursuit training, and certification prep courses.

PS introduces our **Core Competencies and Strategic Challenges** in new hire orientation and reinforces them through milestone training programs. Core PS courses, such as Engagement Economics and Proposal Writing, prepare our workforce to address strategic challenges and support achievement of **short- and long-term action plans**. Our Competency Structure training is managed at the PwC Advisory level but heavily influenced by our PS CLs. Consistent Competency Structure training enables our practitioners to transition seamlessly between serving commercial and PS clients.

Our milestone programs support **performance improvement and innovation**. For example, in our Discover program, newly promoted Senior Associates work with leadership coaches, Partner champions, and peers on strengthening their ability to make effective choices in life's domains: self, family, community, and career. 🌟 *Training* magazine named our Discover program a "Hall of Fame Outstanding Training Initiative".

PS requires workforce members to take **E&C training** at the New Hire Orientation and annually thereafter. Additionally, our Risk & Quality staff reviews training to help ensure related ethics and risk information is included and up-to-date.

Our Pursuit training and Quick Tips series **improve client focus** by building and sustaining client relationships. Based on client demand, we increased the frequency with which we offer Project Management Professional (PMP) preparatory courses. As a result, we have increased the take and pass rate of our staff. As a Project Management Institute-certified education provider, we give staff professional development units to maintain certifications. We have moved our L&D courses to Federal Holidays and before or after client service hours to control costs and reduce impact on our clients.

The L&D System is highly integrated with our Knowledge Management System (Fig. 4.2-1), and our self-service L&D curriculum is available via myKcurve. We work in teams so that key information does not reside with one person. If a person is leaves or retires, we set aside time to **transfer knowledge** to other staff. Departing staff complete a checklist indicating knowledge has been transferred.

We **reinforce new knowledge and skills** by providing our workforce with on-the-job training by coaches, supervisors, and their teams. During client projects, supervisors and coaches monitor an employee's performance after training and provide them constructive feedback and reinforce new skills. Staff members are required to earn at least 20 Continuing Professional Education (CPE) credits each FY and 120 credits over a three-year period. The HR team tracks compliance through the Annual Review Process.

5.2.c.(2) Learning and Development Effectiveness

📍Based on Baldrige feedback in 2012, we developed a **systematic method to evaluate L&D effectiveness** based on the level of firm investment. The training programs we spend the most money on and staff spends the most time in receive the greatest level of evaluation.

For low-investment courses, participation and course evaluations provide the **best measures of effectiveness** with minimal burden. In FY13, L&D began scheduling meetings with course owners to review participant and instructor feedback. During these meetings, course owners develop action plans for improvement that are executed before the course runs again.

Our milestone training programs are among the highly invested in L&D programs. 📍In FY14, we started assessing the impact of milestone training by collecting feedback from participants and their supervisors six months after completing the training course. Early data analysis has revealed that participants and supervisors feel the training is effective in enhancing performance. 80% of participants in the new Senior milestone training indicated that they successfully applied the knowledge and skills learned to their job, and 93% of Supervisors indicated that the training was successful in driving a higher performing team culture. The Solutions Expo is another high-investment L&D event, which we evaluate and improve each year.

PS designs many training courses to prepare staff for professional certifications. 📍In FY14, we began tracking revenue and pipeline opportunities related to Project Management (PM) (i.e., PMP, CAPM), our most popular certifications, to monitor continued business needs.

5.2.c.(3) Career Progression

When staff members exhibit the behaviors of a staff level above them, they work with their coach to position themselves for advancement. Staff members self-nominate for promotion at the beginning of the performance year and reaffirm their commitment again at mid-year. Candidates for promotion to Manager and above complete a business case to illustrate how they will be successful at the next level. Staff members receive guidance from their coaches, supervisors, Sector Leaders, and Relationship Partners to affirm their readiness for promotion and obtain feedback on areas for growth and development. At PS, numbers of promotions increase every year (Fig. 7.3-26).

PS's **Succession Management Process** for client-facing staff is designed to develop future Partners. The process includes: 1) promoting understanding of leadership requirements, 2) leveraging the PC&D process to make promotion decisions, 3) using PC&D results to track top performers and leadership candidates throughout their careers, and 4) using the recruiting function to maintain a pool of high quality candidates. When we identify Partner candidates, they enter the PCDP, described in 1.1.a (3). Once admitted into the partnership, Partners receive training via the SOAR program, which provides the tools needed to be a successful Partner. In addition, the program assists Partners in identifying, mentoring, and developing future Partner candidates.

Category 6: Operations Focus

6.1 Work Processes:

6.1.a Product and Process Design

6.1.a.(1) Design Concepts

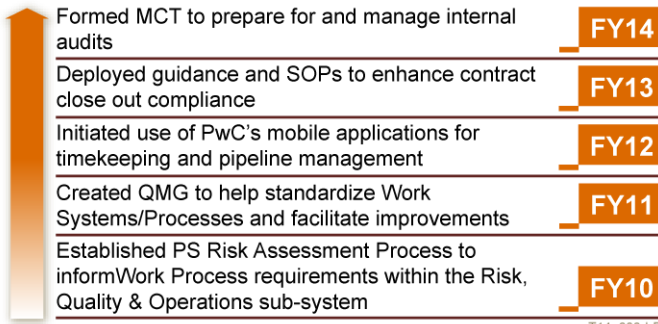


Figure 6.1-1: PS systematically evaluates and improves our work processes.

PwC leadership designs, implements, and refines PS’s key work processes –EMP, Pursuit, and PC&D. PS establishes unique requirements for these work processes and monitors their use within our workforce, per Fig. 6.1-2. Our R&Q team collects requirements from OLs, the COO, and the QMG. The R&Q Partner approves requirements and assigns an OL, with primary responsibility for monitoring and improving performance. The QMG pilots, communicates, and collects feedback on these requirements and the COO reports to PwC and shares any identified best practices.

Annually, the R&Q team, consisting of the R&Q Partner and an R&Q Manager in PS, conducts a risk assessment of key processes to identify the need for new requirements, performance improvements, ways to reduce variability, and opportunities for new **technology and enhanced agility**. The R&Q team considers workforce mobility to determine how technology can enhance our processes and improve agility. R&Q collaborates with the QMG, COO and OLs to define new requirements and follows the process in Fig.6.1-2 to work with PwC to deploy process changes.

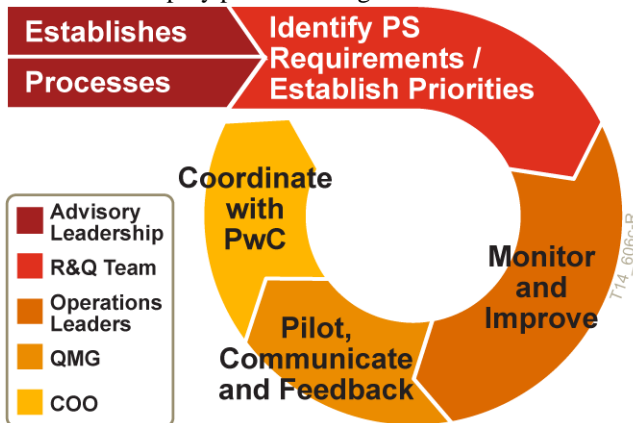


Figure 6.1-2: R&Q, PS Operations, and the QMG collaborate to help ensure PS’s unique needs are addressed

The QMG was formed in FY11, as a cycle of refinement based on Baldrige feedback, to incorporate **organizational knowledge** from client-facing teams into work processes, and to drive consistency and quality across our key processes. It is comprised of client-facing representatives from each Sector who are responsible for supporting and collaborating with the OLs and the R&Q team via the monthly Risk and Operations meeting.

One example of how PS designed a work process to meet our key requirements is the introduction of the Pursuit Process (Fig. 3.2-2). PS designed our former sales process, the Business Capture Process, which PwC leadership identified as a best practice during PS’s presentation on our success using it. The process was modified to meet the range of needs across Advisory business units, re-named Pursuit, and deployed across PwC’s Advisory 17 business units (P.1). We were integrally involved in creating Pursuit and developed PS-specific guidance to meet our unique requirements.

Another example of innovation and incorporating technology into our work processes is PwC’s deployment of mobile applications to support execution of work processes.

6.1.a.(2) Product and Process Requirements

PS does not **produce products**, we develops and delivers solutions. We **determine work process requirements** by examining our core competencies and inputs to the SPP (Fig. 2.1-3). Throughout the year, the QMG collects and refines work process requirements from OLs, clients, and teaming partners.

One requirement for the EMP is to *deliver outstanding quality and maintain compliance*. We defined this requirement by gathering information from clients and teaming partners via the QMG, examining one of our core competencies–quality delivery-and analyzing the competitive environment and VOC during the SPP. Our knowledge of our clients and the market combined with our core competencies around *quality and being a trusted advisor* drive the work process requirements for EMP.

We present PS’s **key Work Processes and Support Processes** in Fig. 6.1-4.

6.1.b Process Management

6.1.b.(1) Process Implementation

PS’s COO and R&Q Partner **help ensure Work Processes meet key process requirements** by examining data in the PS Performance Dashboard during the organizational performance reviews presented in Fig. 4.1-3. OLs monitor key process requirement data daily or weekly, which Senior Leaders review in the PS Performance Dashboard monthly. If measures begin to show an adverse trend or fail to meet specified targets, the COO and R&Q Partner discuss what changes might be required.

We design each of our measures to **enhance quality and performance**. Measures such as client satisfaction (one measure of EMP) indicate whether we are delivering quality solutions that meet and/or exceed client expectations. Other indicators such as retention of high performers demonstrate whether we are maintaining a high performance workforce. Fig. 6-1.3 illustrates how our key Work Processes and Support Processes are aligned and integrated to enable us to deliver value to our clients. We also use client feedback to improve processes (Fig. 7.4-4).

6.1.b.(2) Support Processes

PwC **determines PS’s key support processes, which are presented in Fig. 6.1-3**. PS follows the process described in 6.1.a.(2) to define our unique requirements for support processes. Our OLs **monitor operation of support processes to help ensure they meet our requirements**, via the same processes and mechanisms described in 6.1.b.(1).

6.1.b.(3) Product and Process Improvement

PS uses the CIC (Fig. P.2-3) to improve work processes and client service, and reduce variability. The COO and R&Q Partner Monitor work process performance via the processes described in 6.1.b.(1). If, through the Evaluation of these processes, we identify an opportunity to improve productivity, cost control, or other efficiency or effectiveness measures, R&Q conducts a gap analysis to determine what changes are needed. Then the COO and R&Q Partner assign the responsibility for implementing changes to support processes to the appropriate OL.

The OL works with the QMG to Pilot process changes, and deploy those changes to the workforce. The OL Refines work processes, policies, standard operating procedures, templates, and other materials necessary to facilitate the changes. The QMG deploys the refined materials to maximize organizational knowledge sharing using Knowledge Gateway, email, and L&D. The R&Q team, OLs, and QMG track and discuss progress on process improvements via the Monthly Risk and Operations meetings. Also, they report these changes to PwC leadership via the monthly Strategy and Operations meetings to promote improvements at the Advisory level.



* = Support Process

Figure 6.1-3: PS's Work Processes and Support Processes are fully integrated and work together to drive a sustainable, high-performance business.

In FY14 in response to Baldrige feedback, PS implemented Start Suite, a series of tools and templates designed to further standardize and enhance delivery of EMP and Pursuit. These tools are available via Spark and facilitate consistent process execution within client project teams.

6.2 Operational Effectiveness

6.2.a Cost Control

PS controls the overall costs of operations by monitoring key metrics via the PS Performance Dashboard during the reviews described in Fig. 4.1-3. We adjust resources and approaches based on performance against identified targets. Senior Leaders monitor these metrics monthly and work with OLs and the QMG to make decisions and implement changes to control costs based on performance.

We incorporate productivity and other efficiency and effectiveness factors into our work processes through our measures. For example, utilization is a measure of productivity that the Partners/MDs examine monthly during organizational performance reviews.

Key Work Processes	Key Support Processes
EMP/ MAP	R&Q
Pursuit	JBR
	Contracting
PC&D	Recruiting
	L&D
	ARC

Figure 6.1-4: PS's Key Processes and Support Processes are fully integrated and contribute to a high-performance work environment.

PS also focuses on reducing our overhead to increase efficiency. Over seven years, PS has reduced our non-client delivery staff (non-client facing staff) as a proportion of our total staff.

PS prevents defects, service errors, and rework, and minimizes clients' productivity losses through effective and systematic use of EMP (Fig. 3.1-3). EMP enables our client-facing teams to monitor quality continuously by collecting client feedback in real time and addressing issues immediately. Further, EMP requires client-facing teams to contribute knowledge to the Knowledge Gateway.

Prior to FY13, PS's COO was responsible for managing audits because they occurred infrequently and thus did not require a significant investment of time. Following our 2012 internal audit, we identified the need to establish a more systematic process to minimize the costs of inspections, tests, and audits. In FY14, PS established a Management Controls Team (MCT), which is responsible for working with the COO, R&Q team, OLs, and QMG to manage audits. The MCT established standard operating procedures and tools to facilitate the audit process (Fig. 7.4-5).

PS controls costs by managing leverage and the direct cost per employee (Fig. 7.1-15). Utilization is a measure of staff productivity on client-facing projects, and leverage is our staff-to-management ratio. We expect our staff at the Associate and Senior Associate levels to be more utilized than those at the Manager and above levels as Managers and above have additional responsibilities for driving business and coaching. PS holds team meetings, L&D events, and other internal networking activities before or after standard working hours so that our client delivery teams can remain focused and available to our clients during regular business hours.

6.2.b Supply-Chain Management

PS provides services and thus our supply chain is people. We manage our supply chain using the JBR and Recruiting support processes. We interview, investigate, and evaluate

teaming partners before, during, and after engagements to help ensure we are doing business with partners who share our commitment to quality, compliance, and client service. Using the Recruiting process, we maintain a pipeline of qualified PS candidates. (5.1.a).2)

In FY14 PS further refined our teaming partner criteria to focus on strategic teaming partners, reducing our overall number of JBRs. We **select strategic teaming partners** based on their solutions, past performance, reputation with our target clients, cost/price, small business status, and our previous experience working with them. PS maintains a repository of teaming partners, which is accessible to PS Partners, Directors, and Managers. The database contains information on the factors described above so that PS leaders can search for appropriate teaming partners for each opportunity. After a leader identifies teaming partners in the database, he/she may reach out to the point of contact to gather information on qualifications, performance, and client satisfaction. Once teaming partners are selected for individual client projects, the project team establishes a formal contract to outline expectations for client delivery. The team working with the teaming partner **measures and evaluates performance based on the expectations outlined in the contract throughout the project, and provides continuous feedback to Partners**. This process occurs via EMP (Fig. 3.1-3) when the project team works with our teaming partner to develop solutions for our clients. Our project teams share client feedback with teaming partners and work together to address the feedback. If the teaming partner **performs poorly**, does not provide the desired level of quality, or if they do not deliver the services outlined in the contract, the project team may terminate the contract.

● As a cycle of refinement in FY14, PS instituted a quarterly small business event to further engage our teaming partners. PS Partners and other leaders attend these quarterly events to network with teaming partners and provide insights on the market and potential opportunities. Small businesses indicated that these events help them identify best practices and other information that can be used for growth. After our first event, participants responded to a survey indicating objectives for attending the event, the degree to which those objectives were met, and what topics they would be most interested in learning about (Figs. 7.1-27, 7.1-28). Eighty-four percent of participants indicated they were “extremely likely” to attend another event.

6.2.c Safety and Emergency Preparedness

6.2.c.(1) Safety

PS primarily operates in a low-risk environment, providing services to our clients in an office setting. Our Safety System provides ways to **protect our operational environment**, including our people, work processes, physical resources, firm assets, and information. Workforce safety and security are supported through our access-controlled workspace at PS headquarters. PS employs full-time security officers to maintain safety and security around the premises. The PS OST maintains the PS BCP to facilitate a response effort to any unexpected event that may disrupt operations (5.1 b.(1)). The PS BCP documents safety procedures and action requirements in order to enable the workforce to restore operations in a timely manner in the event of an unexpected disruption. In

addition, this plan documents procedures for maintaining workforce safety and security of our staff members working off site as many of our staff work at sites other than our headquarters. The Federal Government has extensive safety and security measures in place for contractors as well as Government staff, and PS staff members are required to abide by those regulations when on a client’s site.

PS OST meets bi-monthly with a team of Office Services Managers, where they discuss issues such as **accident prevention, inspection, root-cause analysis of failures, and recovery** in order to establish best practices and promote PS workplace safety and security efforts are effective and continuously improving.

6.2.c.(2) Emergency Preparedness

PS uses the BCP to **help ensure PS is prepared for disasters or emergencies (6.2.c.(1))**. Our emergency preparedness measures were tested after a 5.9 magnitude earthquake struck the Washington, DC area in August 2011. PS recovered with no impact to our workforce or clients.

6.2.d Innovation Management

Each PS Partner earned their place in the partnership by demonstrating the ability to be an entrepreneur. While the Partners conduct business within the parameters established by PwC and PS, they have the flexibility to be creative and innovative in the way they conduct business. The Competency Structure (P.1.a.(1)) is PS’s **formal mechanism for managing innovation**. Client-facing staff members are aligned to a specific Competency based on their individual expertise and encouraged to innovate and create customized solutions based on client needs (Fig 7.3-3). The Partners who lead each Competency are evaluated in their annual review based on their success in creating innovative solutions. Staff members’ ability to conceive solutions is evaluated and rewarded through ARC (5.2.a.(3)).

CLs drive innovation across PS by collaborating with Sectors to determine what solutions are in demand –working with US Advisory and other PwC lines of service to leverage proven solutions and utilizing the expertise of the staff aligned under each Competency to create innovative solutions. The Sectors can then draw from the pool of existing solutions within each Competency and customize them based on their client needs.

While the Competency Structure provides the framework for managing innovation, the PS Solutions Expo is an event for sharing innovation and facilitating organizational learning. ● In FY09, we launched the Solutions Expo to showcase the innovative solutions our project teams deliver to clients (4.2.a.(2)).

The Partners **identify strategic opportunities and intelligent risks during the SPP (2.1.a.(2))**, as well as other times throughout the year. During monthly Partner/MD meetings, the Partners discuss PS performance and targets, the competitive market, emerging client challenges, and information gathered during discussions with staff and teaming partners. They brainstorm to identify emerging strategic opportunities both within Sectors and across PS. As they identify opportunities, the Partners conduct risk/benefit analysis to determine whether to pursue them. The Partners weigh the potential consequences of pursuing each opportunity and come to agreement on how to move forward.

If the Partners decide to pursue an intelligent risk, they assign an action owner who is responsible for developing a formal project plan, managing resources, monitoring performance, and reporting on risks or issues. The action owner works closely with the Finance OL to **identify financial resources** and with the HR OL to **identify human resource needs/availability**. In addition, the action owner provides updates during the monthly Partner/MD meetings to keep the Partners informed on progress and make **recommendations for discontinuation should the project be at risk of failure or if a higher-priority opportunity arises**.

Category 7: Results

Portions of this section have been redacted.

PS provides the following information to assist in evaluating our results:

- Our fiscal year is July 1-June 30. We have reported FY14 year results through June 30, 2014, unless otherwise noted. For selected results, including corporate responsibility, facility maintenance, social media, and charitable donations, PwC does not segment measures within PS. We note where results reflect PwC rather than PS specific performance.
- We use third-party analyst ratings, benchmarks from other industries, and comparisons with other PwC business units.
- In some cases, we use a “stop light” scale to measure progress against key objectives (Figs. 7.1-24, 7.4-3, 7.4-20). The stop light scale measures are: Green=completed or compliant, Yellow=near completion and Red=incomplete or non-compliant.

7.1 Product and Process Outcomes:

7.1.a Customer-Focused Product and Process Results

PS is committed to delivering solutions and executing quality processes that contribute to exceeding our clients’ expectations. In a study conducted in 2014, [a third party] ranked **seven of PS’s NSP Sector solutions superior**. Figure 7.1-1 contains business sensitive data and has been redacted.

PS uses the EMP to **directly serve our clients**. **RQR results are our primary mechanism for measuring EMP effectiveness**. Figure 7.1-2 and 7.1-3 are business sensitive and have been redacted.

CPAR Scores. Our clients use CPARs to provide feedback on the **performance of our solutions**. Our consistently high scores on CPARs is an excellent indicator of performance that is superior to our key competitors.

After deploying EMP in FY08 and refining in FY09, our CPAR scores in the *Exceptional* and *Very Good* range significantly improved and have remained high for the past five years (Fig. 7.1-4).

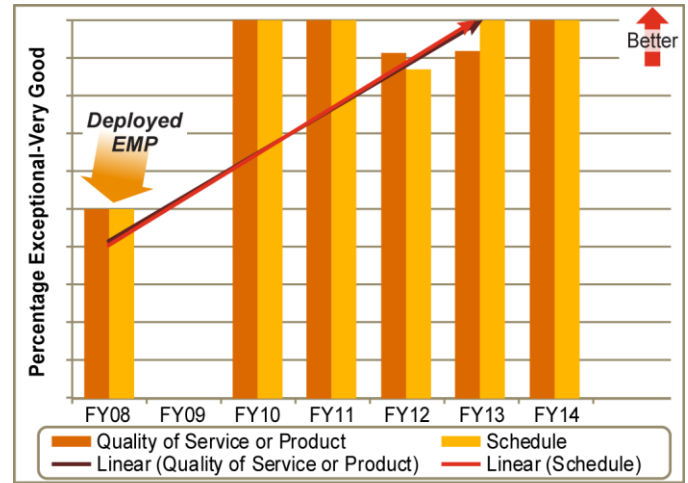


Figure 7.1-4: PS maintains high CPAR scores.

Figures 7.1-5 and 7.1-6 contain business sensitive information and were redacted.

7.1.b Work Process Effectiveness Results

7.1.b.(1) Process Effectiveness and Efficiency

Third-Party Recognition of our Operational Performance	
Publication	Recognition
Association of Management Consulting	PwC and [Competitor] tied, each winning 4 awards in 2013. [Competitor] won 1 award. AMCF awards projects that best illustrate how consulting teams add value to the clients’ organizations and society at-large

Figure 7.1-7: PwC’s Management Consulting has been recognized for its quality relative to our competitors.

Key measures of **operational performance of our work processes and support processes** are:

- EMP: Risk and Quality: (Figs 7.1-2, 7.1-3, 7.1-4)
- Pursuit (Figs 7.1-8, 7.1-9): Contracting (Fig. 7.1-10), JBR (Fig. 7.1-11)
- PC&D (Figs. 7.3-2, 7.3-26); Recruiting (Figs. 7.1-12, 7.3-9, 7.3-11), L&D (Figs. 7.3-1, 7.3-24, 7.3-25), ARC (Figs. 7.1-13, 7.1-14)

Operational performance and efficiency results are presented in Fig. 7.1-16, Fig. 7.1-17, and Fig. 7.1-18, and results for **sharing and promoting innovative ideas** are shown in Figs. 7.1-19 and 7.1-20.

For Pursuit, we examine increases in numbers of contracts and our win rate to gauge effectiveness (Fig. 7.1-8). Figure 7.1-9 is business sensitive and has been redacted.

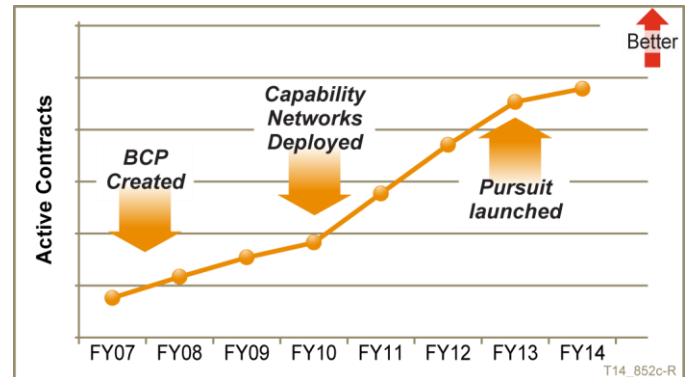


Figure 7.1-8: Implementation of Business Capture Process and the subsequent transition to Pursuit have contributed to increases in PS’s total contracts.

Demand Management helps improve the effectiveness and efficiency of our Recruiting support process, as it ensures we

first identify available internal resources before investing in external recruiting and hiring (Fig. 7.1-12).

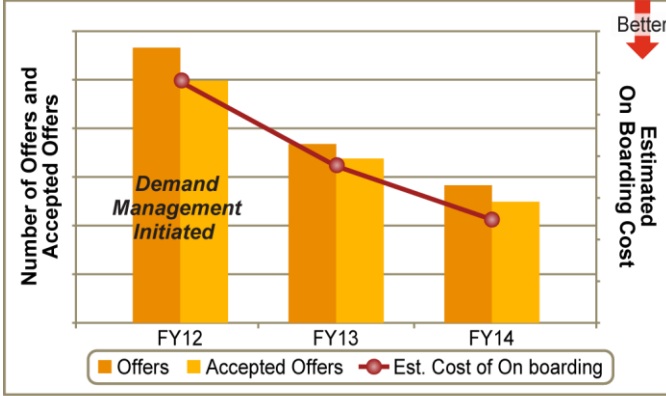


Figure 7.1-12: Implementation of Demand Management has greatly improved our ability to manage capacity using existing resources, requiring fewer external hires and reducing onboarding costs.

In FY14, PS streamlined our ARC process to improve effectiveness and efficiency. The new process allows our people to spend more time focused on our clients and reduces costs (Figs. 7.1-13, 7.1-14).

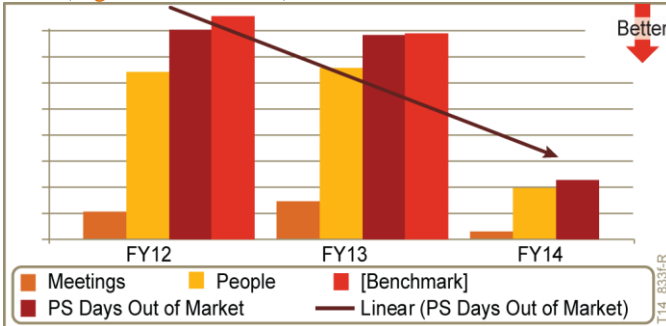


Figure 7.1-13: Reducing the amount of time and resources dedicated to ARC panels improved process efficiency, reduced costs, and allowed staff to remain focused on client delivery.

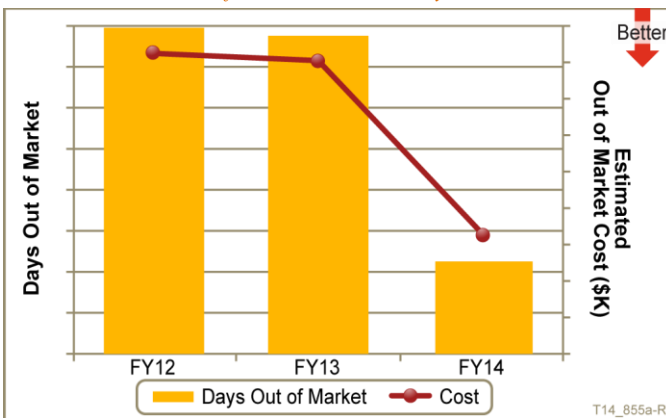


Figure 7.1-14: Streamlining our ARC process reduced costs and injected over 100 days back into client-facing activities.

Other key measures of **operational performance and efficiency** include reduction of costs per employee and maintaining a productive workforce by managing utilization. Figs. 7.1-15, 7.1-16 and 7.1-17 contain sensitive data and have been redacted.

The PS Solutions Expo is a highly visible mechanism for **sharing and promoting innovative ideas**. As shown in Figs. 7.1-18 and 7.1-19, the Expo continues to be highly effective in promoting innovation and organizational learning.

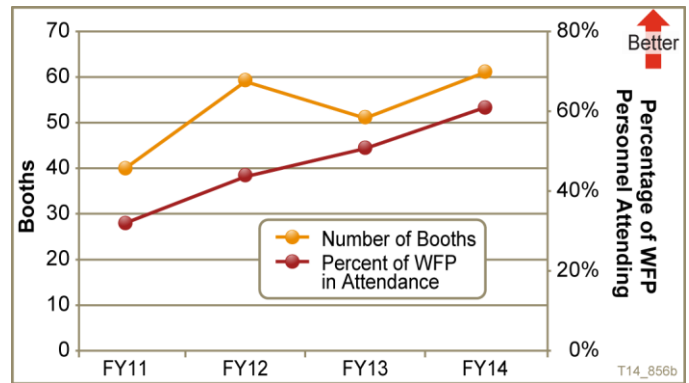


Figure 7.1-18: Our Solutions Expo is an extremely popular event, as evidenced by a 52% increase in booths and over 110% increase in attendance since FY11.

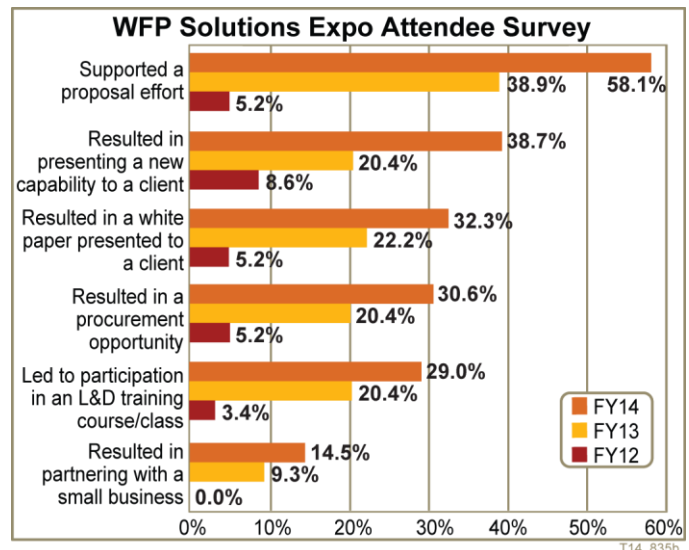


Figure 7.1-19: The Solutions Expo continues to drive innovation across PS by enhancing proposal efforts and expanding the innovative solutions we offer to clients, among other key benefits.

PS uses our Knowledge Gateway as a mechanism for **sharing innovative ideas** and promoting organizational learning. We were recognized as one of the top 10 world’s “Most Admired Knowledge Enterprises” in the 2013 Global MAKE study conducted by Teleos in association with the KNOW Network. PwC is now in the Global MAKE ‘Hall of Fame’ as one of only 24 organizations to have been a finalist in each of the past five studies (Fig. 7.3-21).

7.1.b.(2) Emergency Preparedness

PS measures the **effectiveness of our Emergency Preparedness** through our disaster preparedness procedure tests (Fig. 7.1-20), emergency kit audits, facility risk assessments (Fig.7.1-21), and our Business Continuity Checklist (Fig. 7.1-22).

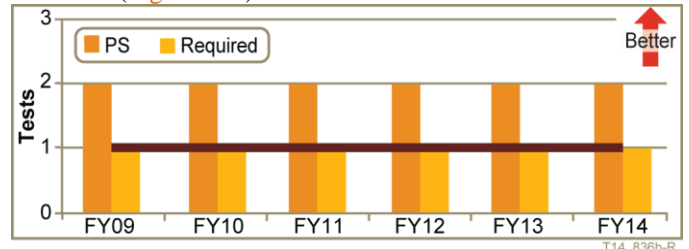


Figure 7.1-20: PS significantly exceeds the benchmark for testing disaster preparedness procedures.

PS conducts annual audits of emergency safety kits in work spaces, including kitchens, cubicles, and offices. PS has maintained a score of 100% every year since FY09.

Fig. 7.1-21 contains business sensitive data and has been redacted.

PS’s BCP includes a checklist of emergency preparedness activities, with which we maintain compliance to ensure preparedness (Fig. 7.1-22).

Business Continuity Checklist		Status
BCP Emergency Preparedness Checklist		FY07-FY14
1. Update Contact Information		100%
2. Review the Office Risk Profile and Risk & Business Impact Analysis worksheet		100%
3. Review and update the Recovery Plan and Recovery Requirements		100%
4. Complete the Local Crisis Management Team Preparation Checklist		100%
5. Confirm Fire Wardens for another six months		100%
6. Review emergency procedures with Building Management		100%
7. Distribute local plan to Local Crisis Management Team		100%
8. Conduct a drill and/or awareness exercise with Local Crisis Management Team		100%
Local Crisis Management Team Preparation		
1. Communicate event and evacuation procedures to partners and staff		100%
2. Ensure local technology and building systems are prepared for power down cycle		100%
3. Prepare the Local Crisis Management Team for unexpected natural disasters, such as earthquakes and tornadoes		100%
4. Ensure communication preparedness of Local Crisis Management Teams		100%

Figure 7.1-22: For the past eight years, PS has maintained 100% compliance with all items in the Business Continuity Checklist.

Figs. 7.1-23 and 7.1-24 contain sensitive data and have been redacted.

7.1.c Supply Chain Management Results

Key measures of our teaming partners include utilization of (Figs. 7.1-25, 7.1-26) and engagement with (Fig. 7.1-27) small businesses. Small businesses are a key element of our supply chain, as they help our clients meet Small Business Administration goals, contribute to enhanced diversity and help **enhance our performance**. Our clients use contracting schedules to limit competition and streamline the contracting process. PS has consistently significantly exceeded our small business goals for each of our key contracting schedules: GSA Mission Oriented Business Integrated Services (MOBIS) and GSA IT-70 (Figs. 7.1-25, 7.1-26).

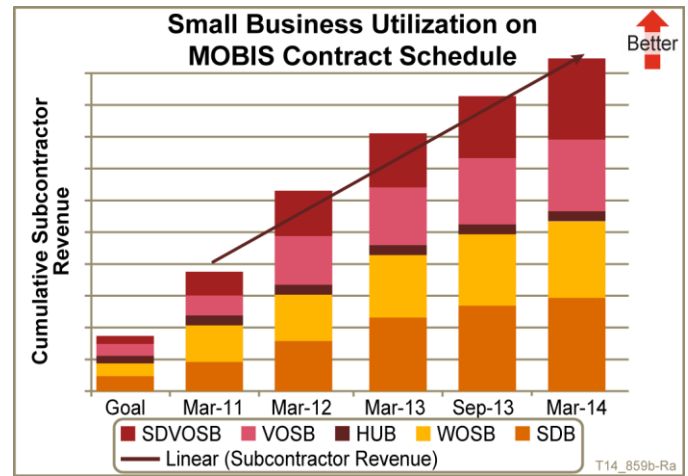


Figure 7.1-25: We have significantly exceeded our teaming goals for all small business types on our GSA MOBIS Schedule.

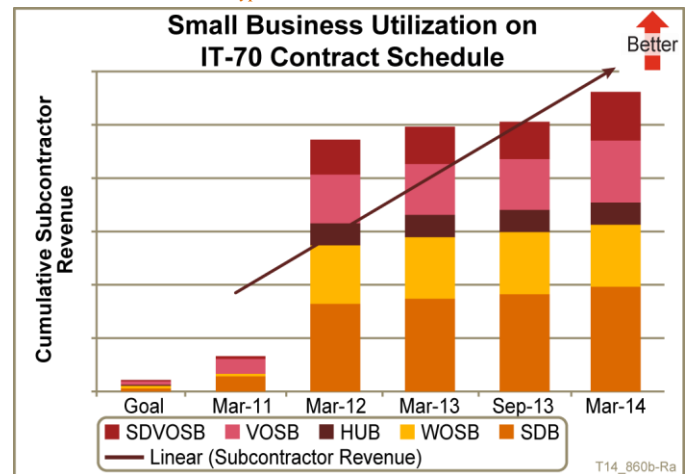


Figure 7.1-26: PS is committed to supporting small businesses, and we continue to exceed small business teaming goals on the GSA IT-70 Schedule.

In FY14, PS initiated a series of Small Business Outreach events designed to provide feedback to teaming partners and enhance relationships with our strategic partners. With two events held to date, PS has seen an increase in the interest in these events, as shown in Fig. 7.1-27.

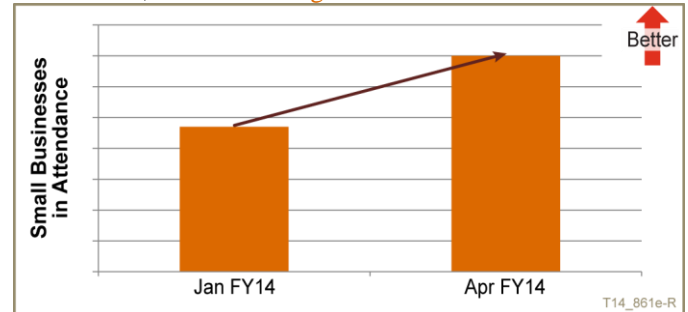


Figure 7.1-27: Attendance improved between our first and second small business outreach events.

As shown in Fig. 7.1-28, PS has received feedback that the small businesses who attended our outreach events will attend future events, allowing PS to deepen relationships.

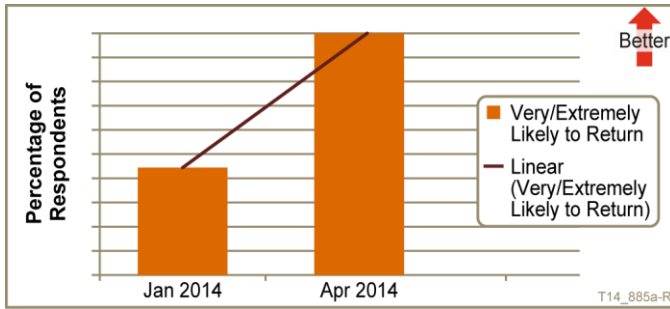


Figure 7.1-28: PS's Small Business Events are effective in engaging our teaming partners.

7.2 Customer-Focused Outcomes:

7.2.a Customer-Focused Results

7.2.a.(1) Customer Satisfaction

PS uses the CPAR, CES, and analysis of wins and losses to evaluate **client satisfaction**. Our success in exceeding clients' expectations and driving consistent satisfaction has been validated by third-parties (Fig. 7.3-22).

CPAR. The Federal Government reports its satisfaction with contractor services via CPARs. CPAR ratings are: Unsatisfactory, Marginal, Satisfactory, Very Good, and Exceptional. These ratings are used to evaluate contractors across six categories: Quality of Products or Service; Schedule; Cost Control; Business Relations; Management of Key Personnel; and Utilization of Small Businesses.

Figures 7.2-1, 7.2-2, 7.2-3 contain business sensitive data and have been redacted.

CES. PS distributes the CES to our clients quarterly. The CES produces a Net Promoter Score (NPS) (3.1.a.(1)), which measures client loyalty. NPSs indicate whether the client promotes, is neutral to, or is a detractor of PS. PS compares our NPSs across Sectors and with other role model organizations that publish NPS results (Fig. 7.2-4).

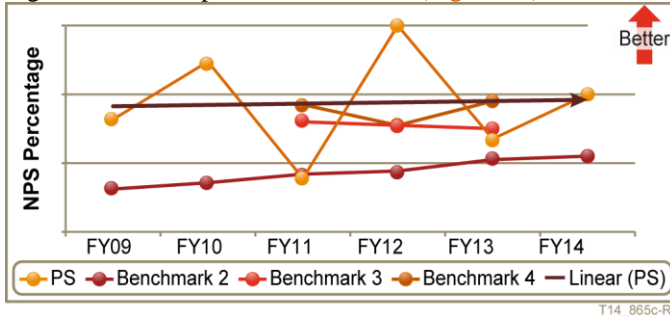


Figure 7.2-4: PS has maintained high NPS scores, often outranking key leaders in other industries.

Figures 7.2-5 and 7.2-6 are business sensitive and were redacted.

Win/Loss Data. PS tracks and analyzes proposal win/loss data (3.1.a.(2)). This data allows PS Senior Leaders to assess patterns and areas for improvement that can be used on subsequent proposals (Fig. 7.2-7).

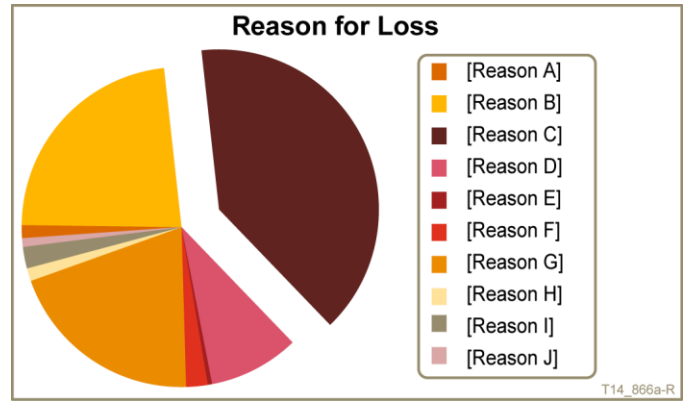


Figure 7.2-7: PS determined key reasons for losses through analysis of Iris data.

Figure 7.2-8 is business sensitive and was redacted.

PS examines reasons for winning work to gain insights into client satisfaction, competitors, and quality. Fig. 7.2-9 presents our reasons for wins.

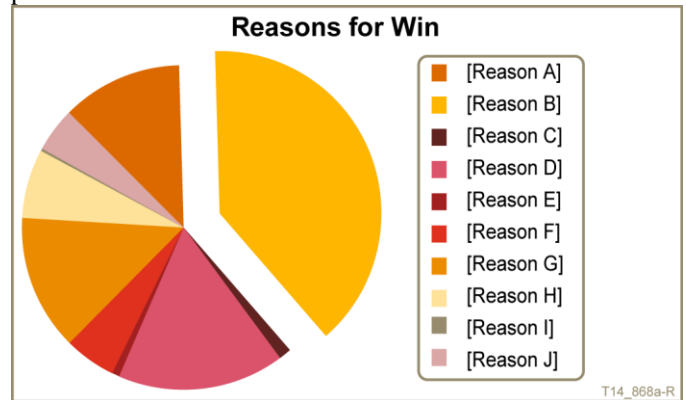


Figure 7.2-9: In FY14, we identified key reasons for winning.

7.2.a.(2) Customer Engagement

PS uses various methods to measure **client engagement**. The majority of our staff members work side-by-side with clients at their offices, engaging them daily.

PS's use of EMP to support our clients has contributed to continued growth with our clients even during a time when budget pressure is high and competition is fierce. Compliance with EMP has also led to positive client feedback (Figs. 7.2-4, 7.2-5, and 7.2-6).

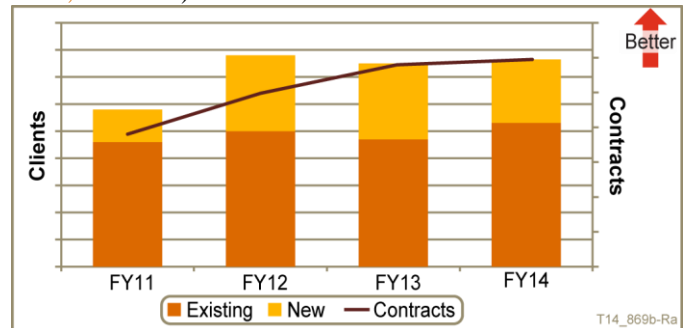


Figure 7.2-10: PS has steadily increased the number of contracts.

Fig. 7.2-11 contains business sensitive data and has been redacted.

PS works with PwC to use social media as an indicator of client engagement and to provide information on our brand to attract potential clients. PS works with PwC to push information about our solutions to clients using Twitter, Facebook, and LinkedIn (Fig. 7.2-12).

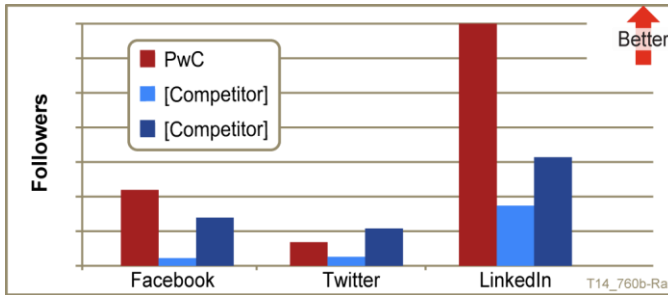


Figure 7.2-12: PwC maintains a healthy social media following.

7.3 Workforce-Focused Outcomes:

7.3.a Workforce Results

7.3.a.(1) Workforce Capability and Capacity

PS measures **capability** by tracking certifications (Fig. 7.3-1), high performance (Fig. 7.3-2), Learning and Development (Figs. 7-3.24, 7.3-24), and Competency Structure involvement (Figs. 7.3-3, 7.3-4).

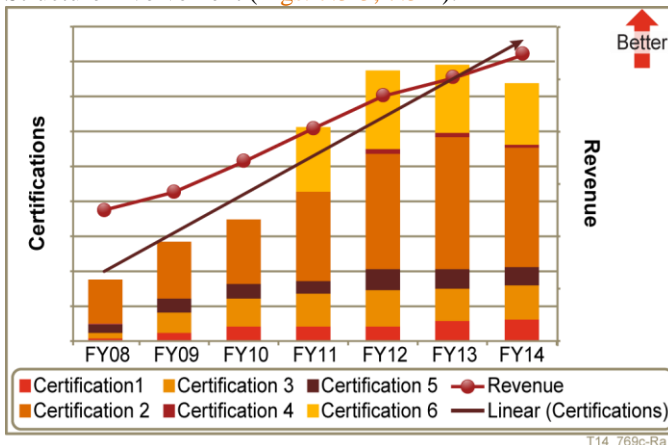


Figure 7.3-1: PS's total number of staff certifications has increased since FY08

We use PC&D to develop and improve the performance of our workforce, and we measure performance via ARC.

Utilization is also an indicator of workforce contribution to enhancing our performance, and PS's utilization is at an all-time high (Fig. 7.1-17).

PS established six Capability Networks (CN) in FY09 to support, grow, and track workforce capabilities (5.1.a.(1)) (Fig. 7.3-3).

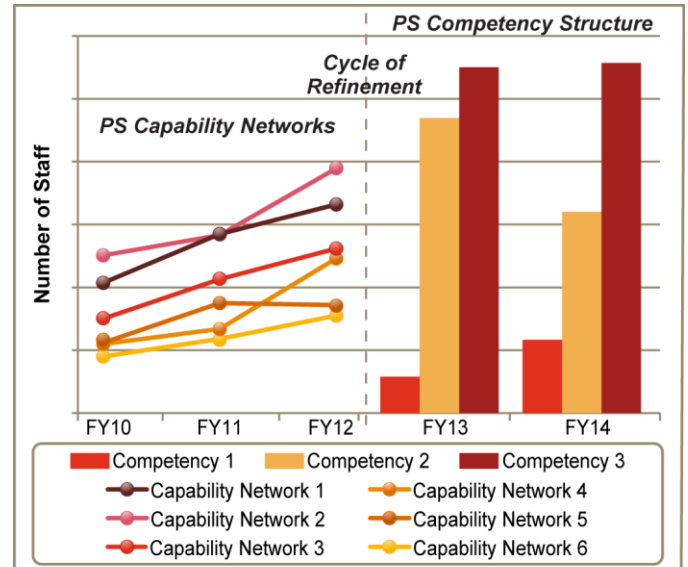


Figure 7.3-3: After transitioning from Capability Networks, in FY13 PS achieved 100% participation in the Competency Structure.

Figure 7.3-4 contains business sensitive data and has been redacted.

PS measures capacity by examining staffing levels (Fig. 7.3-5), utilization (Figs. 7.1-17, 7.3-6, 7.5-13), and retention (Figs. 7.3-8, 7.3-12), and using demand management (Fig. 7.1-12) and recruiting (Figs. 7.1-12, 7.3-9, 7.3-11) to address capacity needs.

We have consistently increased headcount at each staff level since our inception, focusing specifically on the Associate and Senior Associate levels (Fig. 7.3-5) to drive profitability and promote organic growth.

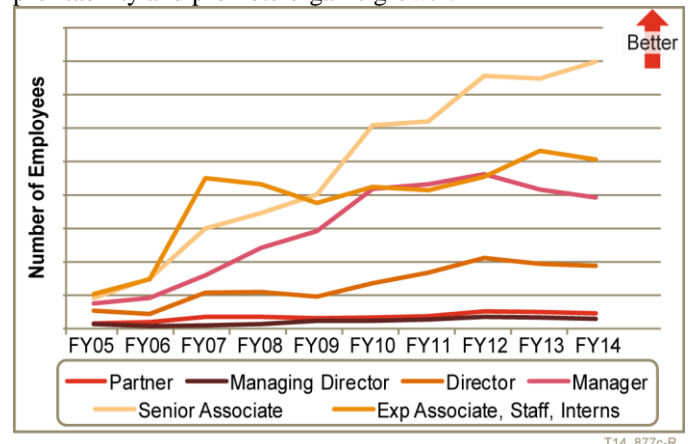


Figure 7.3-5: PS has grown our staff since FY05 while maintaining management to staff ratios that enable close R&Q monitoring.

Utilization measures workforce productivity and capacity. Low utilization may indicate that staff has capacity to take on more work, whereas greater utilization may indicate staff is overloaded with the corresponding need to increase headcount.

Retention is a key component of effectively managing capacity, and PS strives to retain our highly qualified staff. PS's turnover rate has declined every year since FY09, and remains much lower than our key competitors. Fig. 7.3-8 contains business sensitive data and has been redacted.

After analyzing measures of capacity, if additional staff members are needed, we use demand management and

recruiting or turn to teaming partners. PS’s success in attracting the best talent in the marketplace results from the climate, engagement, and development factors described in sections 7.3.a (2-4).

In FY14, PS had great success with our recruiting efforts, highlighting our position as an employer of choice (Fig. 7.3-9).

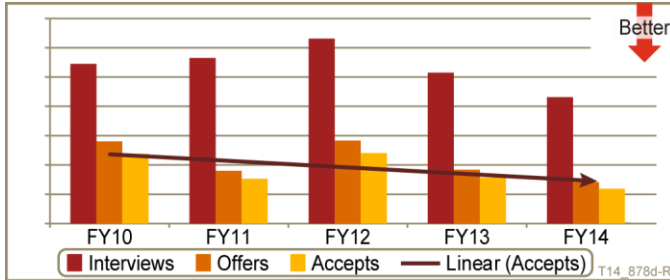


Figure 7.3-9: PS’s recruiting and hiring process is very selective to ensure the staff members we hire are a fit within our culture and to maximize retention.

We continue to implement programs designed to retain our top performers, and our turnover rate of top and outstanding performers within PS is very low (Fig. 7.3-12). This low turnover of our best performers is a reflection of our ability to select and retain candidates.

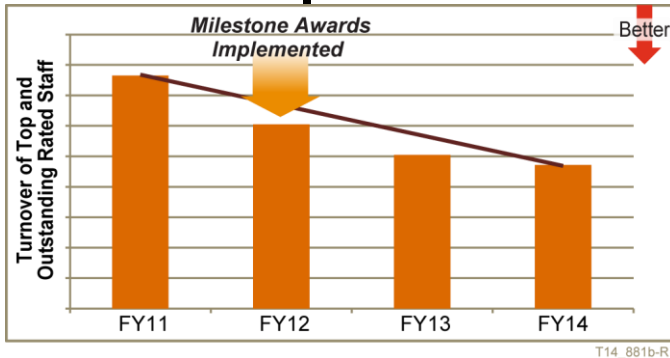


Figure 7.3-12: PS has consistently reduced turnover of top performers every year over the past four years; we offer key rewards and recognition programs, such as the milestone awards to support retention.

If we need additional **capacity** or unique **capabilities** that we do not possess and do not wish to cultivate in house, we use our JBR process to obtain teaming partners who supplement and complement our capabilities (7.1.c).

7.3.a.(2) Workforce Climate

PS manages workforce health by offering competitive benefits such as our Well-Being Rewards Program which offers up to 230 points for health behaviors and other key benefits designed to improve **workforce health**. Fig. 7.3-13 contains business sensitive data and has been redacted.

PS offers competitive **workforce benefits** packages (Fig. 5.1-4). One of the benefits we offer is monetary awards outside of regular benefits and compensation in the form of “We Reward Great Performance” (WRGP) spot bonuses. WRGP awards recognize staff members’ outstanding contributions. These rewards, with totals shown Fig. 7.3-14, are distributed by Sector Leaders to staff throughout the year.

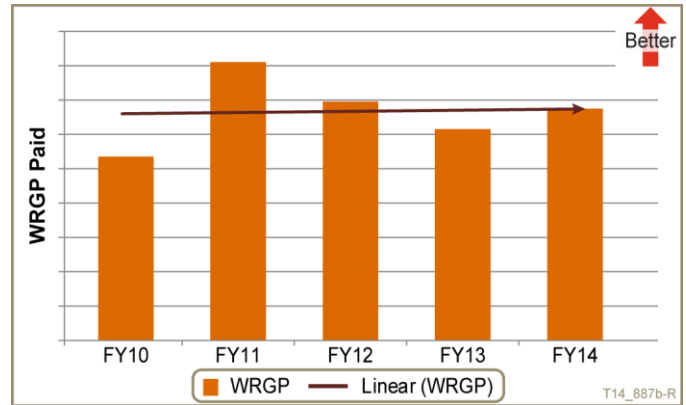


Figure 7.3-14: Our total WRGP awards have increased, demonstrating our continued commitment to rewarding our workforce even through difficult market conditions.

PS conducts business within our own offices or in our client’s office space, and therefore operates with low **safety and security** risks. **PS has maintained a zero on-the-job accident rate since our inception.** PS’s facilities in McLean, VA and Washington, DC are guarded 24 hours per day, 365 days per year, and secured by identity management mechanisms (5.1.b.(1)).

7.3.a.(3) Workforce Engagement

PS measures **workforce engagement and satisfaction** through employee referrals, “boomerang” hires, and GPS.

Of the candidates that accept offers from PS, many are from employee referrals (Fig. 7.3-15). This shows PS personnel are engaged and willing to endorse us as a recommended employer.

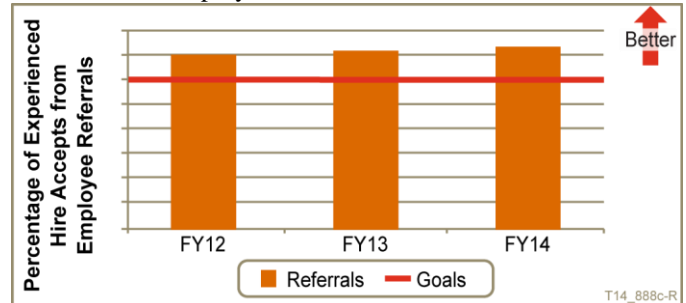


Figure 7.3-15: The numbers of acceptances generated by referrals continues to increase every year, demonstrating continued employee satisfaction.

PS also consistently has a high number of “boomerangs” – interns who return for employment and employees who leave and subsequently return to PS after working for our competitors, teaming partners, other industries, or clients. PS’s re-hire rates for boomerang employees have increased over the last four years indicating employee engagement (Fig. 7.3-16).

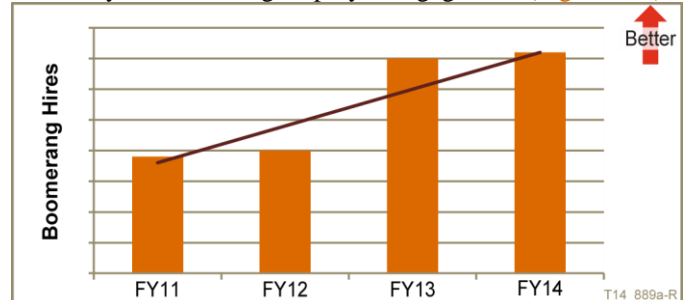


Figure 7.3-16: PS is an employer of choice, as evidenced by steadily increasing numbers of “boomerang” employees.

PwC receives significant accolades each year for commitment to the workforce. In the last four years, PwC has received positive recognition from major business publications and national organizations (Fig. 7.3-20). PS mirrors these underlying practices.

National Recognition of our Workforce Environment		
Publication	Recognition	Ref.
Training Magazine	Top Training Programs: #1 2008 through 2010. Inducted into Training Top 10 Hall of Fame in 2011 (now in the Hall of Fame, PwC is ineligible for winning in future)	7.3-24 - 7.3-25
Business Week	Top 50 Places for Internships: #5 in 2009 and #1 in 2013	7.3-16
Consulting Magazine	Best Firms to Work for over the past six years (2009 – 2013)	7.3-15 – 7.3-19
DiversityInc.	Ranked in top 10 for the past seven years (2008-2014): <ul style="list-style-type: none"> Recruitment: #3 in 2014 Employee Resource Groups: #1 in 2014 Mentoring: #3 in 2014 	7.3-8, 7.3-10, 7.3-23
GI Jobs	Top 100 Military Friendly Employers: 2011 – 2014	7.3-21
Universum Global	Top 10 of 100 Companies Ideal Employer Ranking for the past 6 years (2009-2014)	7.3-15 – 7.3-19
Global MAKE Study	Top 15 Winner of “Most Admired Knowledge Enterprises” for the past five years (2009 – 2013) PwC is now one of 24 organizations in the Global MAKE Hall of Fame	7.1-18, 7.1-19
Working Mothers	<ul style="list-style-type: none"> Top 100 Best Companies for Working Mothers for the past nine years (2005 – 2013) Working Mothers Top Companies for Multicultural Women for the past nine years (2005 – 2013) 	7.3-21
Fortune	Ranked in 100 Best Companies to work for over the past 10 years (2005-2014)	7.3-22
Awards		
MBNQA	PS -- Best Practice Recognition in 2012 for Workforce Focus	7.3
Brandon Hall Awards	PwC has earned seven Gold Brandon Hall Awards for Excellence in Learning since 2008, far outpacing our competitors.	7.3-24 - 7.3-25
Alfred P. Sloan Award	Recipient of 2011 and 2013 Alfred P. Sloan Award for Excellence in Workplace Flexibility	7.3.a.(2), 7.3.a.(3)
Employer Support of the Guard and Reserve (ESGR)	Recipient of Seven Seals Award	7.3-21
Human Rights Campaign	100% Rating in the Human Rights Campaign (HRC) Corporate Equality Index 2006-2014 for advancement in promoting equality for LGBT employees	7.3-21
Vault.com	Named the Most Prestigious Accounting Firm in 2014, and was top four out of 50 from 2010-2013	7.5

Figure 7.3-20: PwC has received considerable third party recognition over the past ten years; as a top performing business unit, PS contributes to these honors.

PwC has been ranked near the top of DiversityInc Magazine’s Top 50 Companies in the US for the past six years (Fig. 7.3-21).

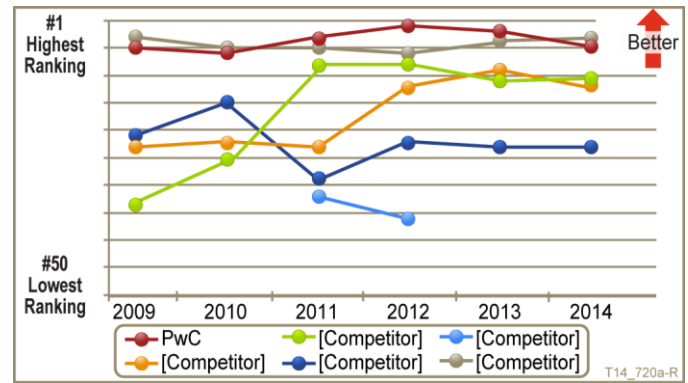


Figure 7.3-21: PwC has consistently outranked key competitors over the past six years in DiversityInc’s rating of top companies for supporting diversity.

PwC has also been recognized by Fortune Magazine as one of the “Top 100 Companies to Work For” for the last ten years (Fig. 7.3-22).

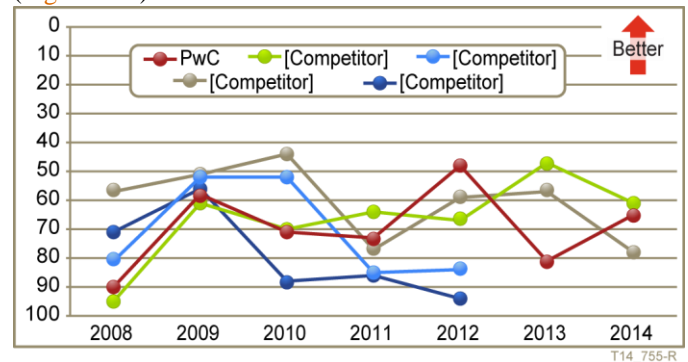


Figure 7.3-22: PwC continues to improve our rating on Fortune Magazine’s Top 100 Companies to work for, and we currently outrank key competitors.

7.3.a.(4) Workforce Development

PS’s key measures of **workforce and leader development** are coaching effectiveness, training, certifications, and promotion rates.

PS measures coaching effectiveness through GPS results, which are business sensitive and Fig. 7.3-23 was redacted.

All staff members are required to CPE credits and PS invests heavily in L&D. PS employees spent more than **268,000 hours in training since FY11** (Fig. 7.3-24).

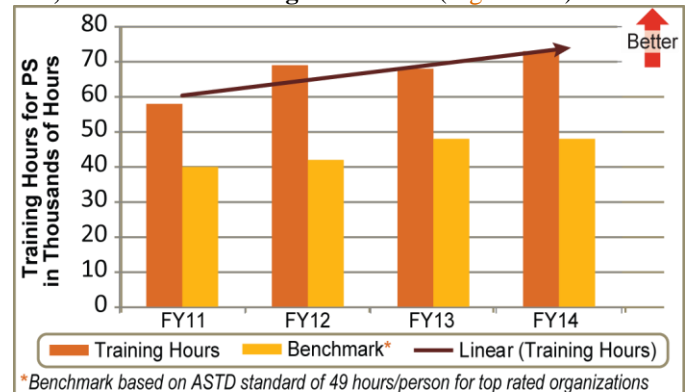


Figure 7.3-24: PS is committed to supporting employee professional development through training. PS personnel have taken nearly 25,000 more hours of training than the industry benchmark for top rated organizations.

PS invests in PPM training and certifications (CAPM/PMP). PS’s investment in project management classes to prepare our PPM professionals for the certification exams

has led to an increase in our staff taking the class and their passing the exam (Fig. 7-3.25).

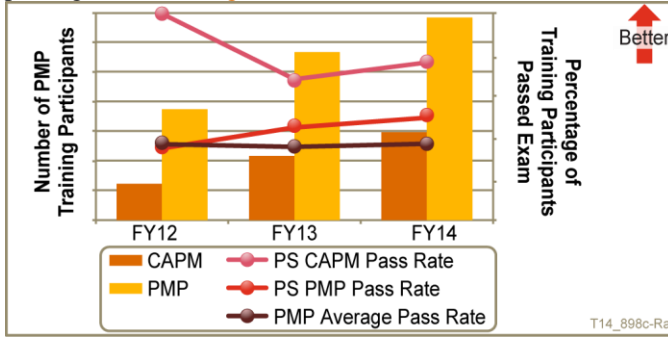


Figure 7.3-25: By offering additional training and resources, PS has improved pass rates for PMP, a key certification for our workforce.

In addition to L&D, promotions are an indicator of our workforce development (Fig. 7.3-26).

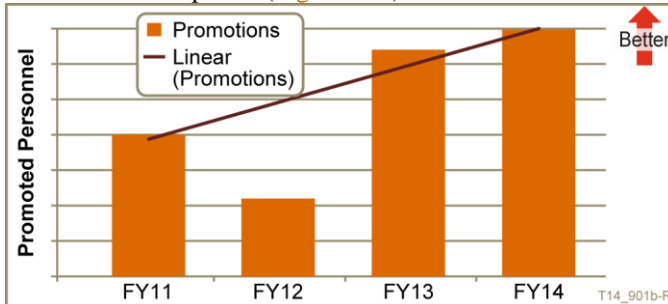


Figure 7.3-26: PS drives a high performance culture by providing multiple professional development opportunities, resulting in increasing numbers of employees who are ready for promotion to the next staff level

7.4 Leadership and Governance Results:

7.4.a Leadership, Governance, and Societal Responsibility Results

7.4.a.(1) Leadership

Third-Party Recognition of our Leadership	
Publication	Recognition
MBNQA	Best Practice Recognition for Leadership 2012

Figure 7.4-1: In 2012, PS received Best Practice Recognition for Leadership from MBNQA, making us the only (to date) professional services firm ever to receive this recognition.

PS uses GPS scores and participation in meetings and events as indicators of Senior Leader **communication and engagement** with the workforce to deploy our VVM, encourage two-way communication, and create focus on action. GPS scores are business sensitive and Fig. 7.4-2 was redacted.

Senior Leaders are in regular communication with staff members using the methods presented in Fig. 7.4-3.

Communication	Frequency	Direction	Participants	Status
New Manager/Director Boot Camp	Annual	Two Way	Newly promoted Managers/Directors, Managing Partner	●
Solutions Expo	Annual	Two Way	All PS	●
Upward Feedback	Annual	One Way	All PS	●
PS All Hands Meetings	Semi-Annual	One Way	All PS	●
Speed Coaching	Bi-annually	Two Way	All PS	●
SAC Meetings	Monthly	Two Way	SAC and Partners	●
Sector Team All-Hands Meetings	Variable, at least monthly	One Way	All Sector Teams	●
New Hire Orientation	Bi-Weekly	Two Way	Newly hired workforce, Managing Partner	●

Communication	Frequency	Direction	Participants	Status
Gate Review Meetings	Weekly	Two Way	Partners, OGC Team, Contracts Team, Account Team members	●
Spark	Daily	Two Way	All PS	●
PwC News	Daily	One Way	All PS	●
Knowledge Gateway	Daily	Two Way	All PS	●

Figure 7.4-3: PS Partners maintain an open door policy and frequent communications with staff to seek feedback and ensure understanding of our VVM, strategy, and performance expectations.

We use GPS scores as an indicator of how well we **listen to our customers to create focus on action**. GPS scores are business sensitive and Fig. 7.4-4 was redacted.

7.4.a.(2) Governance

PwC measures PS's **fiscal accountability** through internal audits and peer reviews. Fig. 7.4-5 and 7.4-6 are business sensitive and have been redacted.

7.4.a.(3) Laws and Regulations

Examples of legal and regulatory entities and PS's compliance are included in Fig. 7.4-7. Our R&Q, OGC, E&C, and HR professionals collaborate at the PwC, Advisory and PS levels to maintain compliance with numerous regulators, only a sample of which are provided here.

Scope of Regulation	Sample Regulatory Organization*	Sample Compliance Policies and Procedures*	Compliance
All PwC	<ul style="list-style-type: none"> AICPA OSHA OFCCP PCAOB EEOC 	<ul style="list-style-type: none"> HRs Information Technology E&C Independence 	●
Federal Government	<ul style="list-style-type: none"> GAO DCAA DSS 	<ul style="list-style-type: none"> PS Contracting PS Security PS Finance 	●

* This is not intended to be a complete list. These are for illustrative purposes only to provide context to our legal and regulatory framework.

Figure 7.4-7: PS operates in a heavily regulated industry and maintains compliance with applicable laws and regulations.

7.4.a.(4) Ethics

PS's **indicators of ethical behavior** include compliance with mandatory training and responses to GPS. PS requires all personnel take new hire and annual ethics training. HR and Senior Leaders monitor compliance. Fig. 7.4-8 contains business sensitive data and has been redacted.

The GPS gauges staff perceptions on our commitment to maintaining an ethical workplace, and we have consistently received high scores on GPS questions. GPS scores are business sensitive, and Fig. 7.4-9 has been redacted.

7.4.a.(5) Society

PS focuses our contributions to **society and the community** through sponsorships, charitable donations, volunteering, and support of small businesses. PwC and PS's combined corporate giving has grown each year (Fig. 7.4-10).

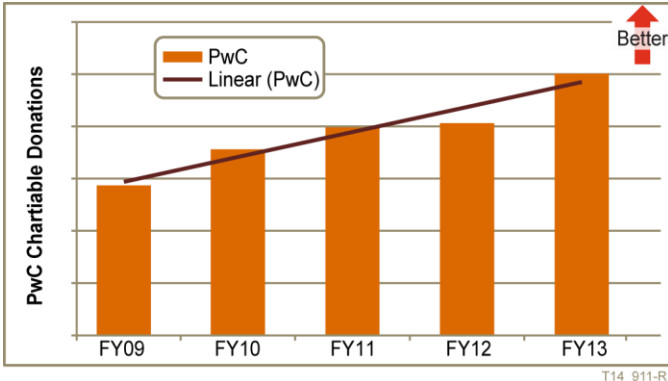


Figure 7.4-10: Since FY09, total charitable donations from PwC and its staff through firm-supported campaigns rose to over \$50 million in FY13.

In FY14, PS reported numerous volunteer hours (Fig. 7.4-11). Although a significant amount, this is likely under-estimation as many PS staff members also engage in volunteer activities after hours and on weekends.

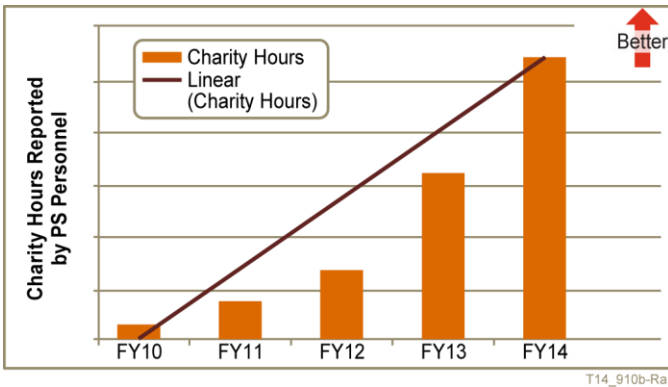


Figure 7.4-11: PS employees show their strong commitment to the community through volunteering.

Since FY11, PS employees have organized support for HeroBox, an initiative to send care packages to military units stationed in Iraq and Afghanistan. Since FY10, PS has sent over 230 care packages to deployed units from various Hero Box events throughout the year, with our largest events taking place each May. In FY13 and FY14, PS engaged PwC to support the event, expanding the number of boxes sent (Fig. 7.4-12).

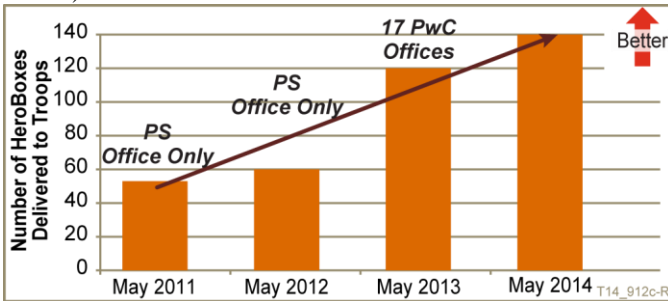


Figure 7.4-12: PS has sent over 370 Hero Boxes to service members in Iraq and Afghanistan from our annual May events.

In September 2008, PwC announced a significant carbon emissions reduction program and committed to reduce our greenhouse gas emissions 20% by 2012. At that time, the announcement was a rarity in the professional services industry. PwC achieved 20% reduction in 2011 (Fig. 7.4-13). Figure 7.4-14 was redacted.

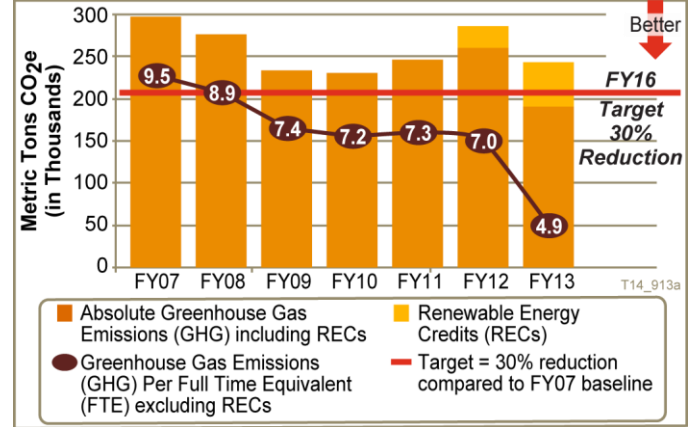


Figure 7.4-13: PS is committed to the environment and has made an impact on improving air quality by reducing our Co2 emissions by 49% since FY07.

PwC, including PS, has increased its use of virtual meetings since FY08 to decrease environmental impact (Fig. 7.4-15).

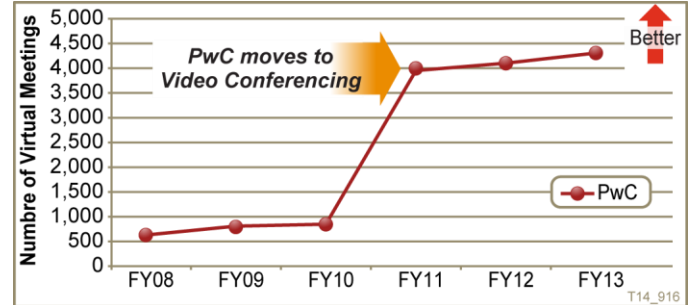


Figure 7.4-15: PwC overall, including PS, has increased our use of virtual meetings from less than 700 in FY08 to over 4,300 in FY13, contributing to reducing our carbon footprint by reducing travel.

PS also measures our commitment to society through the GPS. GPS scores are business sensitive and Fig. 7.4-16 has been redacted.

7.4.b Strategy Implementation Results

PS has **successfully implemented our organizational strategy**, leading to impressive growth and outstanding performance over the past 10 years (Fig. 7.4-17).

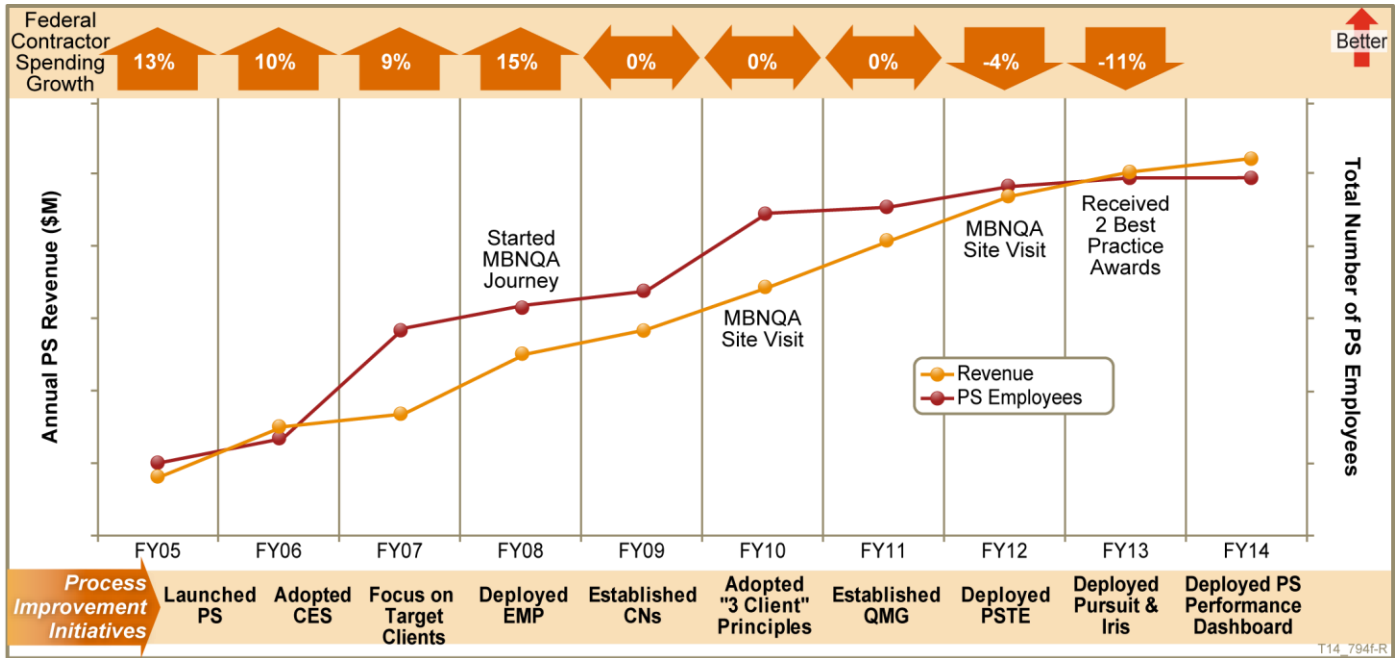


Figure 7.4-17: PS has successfully used the Baldrige criteria to improve strategy implementation and drive high performance and process improvement since FY08, resulting in impressive growth despite flat or significantly declining contractor spending over the past five years.

Results for measures of accomplishment of our organizational strategy and action plans appear in Fig. 7.4-18. PS is on target for successful execution of action plans.

Goal	Status
Goal 1 – Drive Profitable Growth	
O1 – Grow revenue through expansion of existing accounts and penetration into new accounts. <ul style="list-style-type: none"> Increase Revenue (Figs.7.5-1, 7.5-2, 7.5-9,7.5-12) Grow Headcount (Fig.7.3-5) Grow in New Accounts (Fig.7.2-10) 	●
O2 – Manage cost structure to be more competitive. <ul style="list-style-type: none"> Increase use of SDC (Figs.7.1-16,7.2-8) Improve ACM (Fig.7.5-5) 	●
O3 – Improve productivity. <ul style="list-style-type: none"> Increase Utilization (Figs.7.1-17,7.3-6,7.3-7,7.5-13) 	●
Goal 2 – Enhance People Experience	
O1 – Retain, develop and reward high performing workforce <ul style="list-style-type: none"> Maintain Low Overall Turnover (Fig. 7.3-8) Maintain Low Turnover of Top Performers (Fig. 7.3-12) Continue to improve Coaching (Fig. 7.3-23) 	●
O2 – Provide opportunities for innovation and knowledge sharing to enhance workforce engagement and commitment <ul style="list-style-type: none"> Enhance Solutions Expo (Figs.7.1-18,7.1-19) Perform Win/Loss Debriefs (Future metric) 	●
Goal 3 – Enhance the Client Experience	
O1 – Maintain high levels of client satisfaction. <ul style="list-style-type: none"> Improve CPAR (Figs.7.1-4,7.2-1,7.2-2,7.2-3) Improve NPS (Figs. 7.2-4,7.2-5,7.2-6) 	●
O2 – Increase depth and breadth of service offerings <ul style="list-style-type: none"> Increase Certifications (Figs. 7.3-1, 7.3-25) Maintain CPE Compliance (Fig. 7.3-24) 	●
Goal 4 – Maintain Compliant and Efficient Operations	
O1 – Maintain rigorous R&Q requirements for project teams <ul style="list-style-type: none"> Maintain High RQR (Figs. 7.1-2,7.1-3) Comply with Timesheet Policy (Fig. 7.4-6) Close out Contracts (Fig.7.1-10) Maintain R&Q Training Compliance (Figs.7.4-8,) 	●

Figure 7.4-18: PS is on track to achieve Action Plan targets.

Our key measures of intelligent risks are business sensitive and Figs. 7.1-16, 7.2-8, and 7.5-11 have been redacted.

Measures of building and strengthening our core competencies are referenced in Fig. 7.4-19.

Core Competency	Measure	Figs.
Leadership	GPS Results, Leadership Communications	7.4-2, 7.4-3
Ethical Behavior	Compliance with regulations, Staff compliance, Training, GPS Results	7.4-7, 7.4-8, 7.4-9
Quality	Industry measures, RQR, CPAR, CES	7.1-2, 7.1-3, 7.1-4, 7.2-1, 7.2-2, 7.2-3, 7.2-4, 7.2-5, 7.2-6, 7.3-20
Innovative, Customized Solutions	Solutions Expo, Competency Structure	7.1-18, 7.1-19, 7.3-4

Figure 7.4-19: PS drives commitment to our core competencies by embedding measures into our key processes and evaluating staff on demonstration of core competencies during our Annual Review Process.

7.5 Financial and Market Results:

7.5.a Financial and Market Results

7.5.a.(1) Financial Performance

PS has grown significantly since FY05. PS tracks our financial performance using the following metrics:

Revenue by Sector. PS’s strong revenue growth over the past five years has been driven by success across all five Sectors as shown in Fig. 7.5-1.

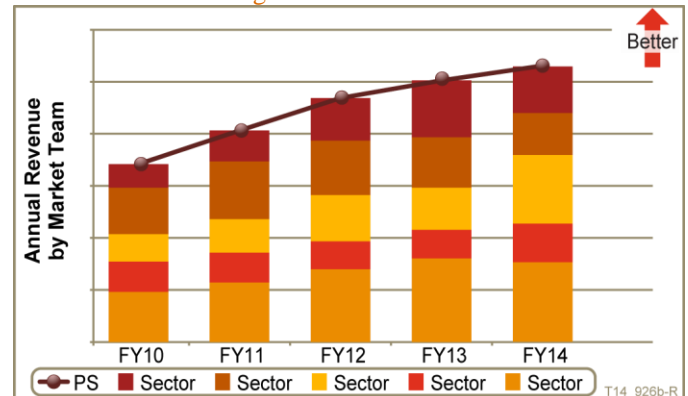


Figure 7.5-1: Each Sector has steadily increased revenue.

Actual Revenue vs. Plan. PwC establishes growth goals for PS, which we have consistently met or exceeded in previous years. Despite the enormous impact of the government shutdown and dissolution of major contracts, we are projected to exceed our FY14 forecast (Fig. 7.5-2). PS has demonstrated strong growth since FY13 and has fared better than our competitors during the Federal downturn (Fig. 7.5-18).

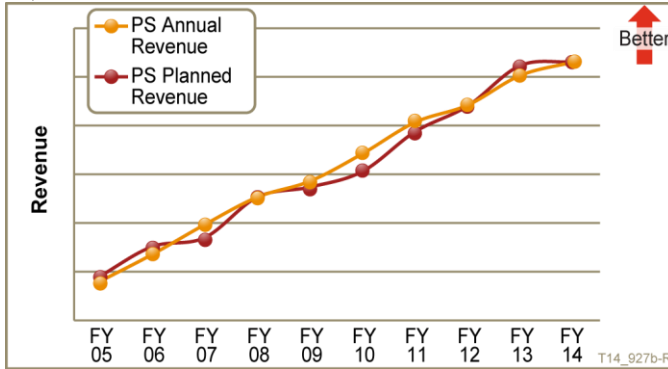


Figure 7.5-2: Despite experiencing several years of a down market and extremely competitive market conditions, PS continues to grow and exceed our targets.

Profitability measures are business sensitive, and Fig. 7.5-3, 7.5-4, 7.5-5, and 7.5-6 were redacted.

Rate per Hour (RPH). RPH measures our ability to establish competitive pricing in the marketplace, and RPH has changed over time based on market conditions. RPH is business sensitive and Figs. 7.5-7 and 7.5-8 were redacted.

Revenue per Partner. Our Partners are evaluated on the revenue each of their teams produce. Revenue per partner is a business sensitive and Fig. 7.5-9 was redacted.

Figs. 7.5-10, 7.5-11, and 7.5-12 are business sensitive and were redacted.

Asset Utilization. As a professional services organization, PS's core assets are our people. By increasing utilization in key staff levels, we increase profitability as shown in Fig. 7.5-13. Additional utilization results segmented by Sectors are shown in Fig. 7.3-7.

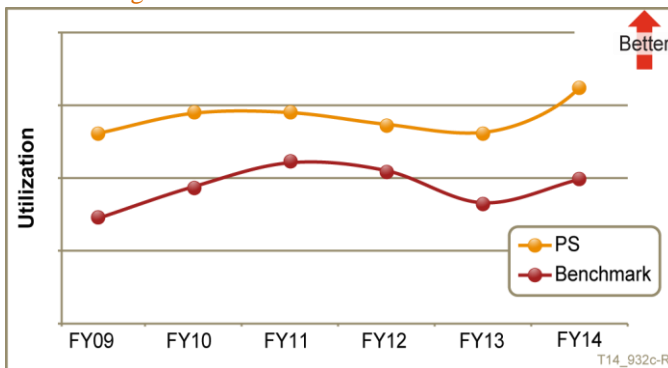


Figure 7.5-13: We continue to improve utilization, our key measure of productivity.

Cost management measures are business sensitive and Figs. 7.5-14 and 7.5-15 were redacted.

7.5.a.(2) Marketplace Performance

PS has continued to improve our position in the marketplace year over year for the past five years despite dramatic decreases in the addressable market. Fig. 7.5-16, 7.5-17, and 7.5-18 are business sensitive and have been redacted.