



CommunityIntelligence

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# Building a Case for Communities of Practice: what makes them an economic imperative?

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“As organizations grow in size, geographical scope, and complexity, it is increasingly apparent that sponsorship and support of communities of practice - groups whose members regularly engage in sharing and learning, based on common interests - can improve organizational performance.”<sup>1</sup>

What do communities of practice have to do with organizational performance? More and more senior leader in organizations believe, this is a question worth to explore. Here's a contribution to those explorations.

As knowledge and technologies keep differentiating, so do markets and customers who ask for integrated solutions. Not only that, but we prefer to deal with one provider of such solutions rather than to incur the additional cost of having to deal with many. That's why organizations that want to stay competitive, feel the pressure to "grow in size, geographical scope, and complexity." Doing so, they may get a better chance to respond to increasingly complex market demands, and the technological and organizational conditions required to meet them.

However, to realize that possibility, the formal hierarchies of traditional organizations have to be supplanted by self-organizing communities of practitioners engaged in the knowledge domains central to those demands. Why? Because “most fields of expertise are now too complex for any one person to master and thus collective intelligence must be brought to bear to solve important problems.”<sup>2</sup>

Nurturing and mobilizing the collective intelligence of its communities of practice, is the best chance of the modern organization to make itself available to the full power of the new generation of collaboration tools. Only then will it have the requisite variety to successfully navigate and truly thrive in increasingly complex conditions. Maybe that's why a recent report by the American Productivity and Quality Center says, “Communities of practice are the next step in the evolution of the modern, knowledge-based organization.”

If APQC is right, as we believe it is, why is it so? How did “communities of practice, this fast-growing socio-economic life form, become not only a potent source of value creation in the today's knowledge economy, but also the model for the very future of the modern organization?”

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<sup>1</sup> (Communities of Practice and Organizational Performance, in IBM Systems Journal, special issue on knowledge management)

<sup>2</sup> Learning in Communities, by Etienne Wenger & William B. Snyder

It all started with the emergence of new forces of production around the turn of the century: new sciences, new technologies, and new aspirations of large numbers of knowledge workers' regarding their work and working conditions. The latter is well reflected in the following questions:

- Does your company waste any of your time, attention, ideas, knowledge, passion, energy, or social networks?
- How respectful is your company of your time and attention, and is it focused on using them wisely and effectively?
- What is the daily/weekly/monthly return you get for investing your assets in your company?" (Work 2.0: The New Contract, by Bill Jensen)

### **A strategy for value-creation with communities**

“Communities of practice are included in the budgeting and planning process, are a legitimate way to spend time, are held accountable for producing and stewarding knowledge, and are gradually assuming a formal voice in organizations. It is not surprising that communities are central to successful knowledge management initiatives..., [they are] a channel for knowledge to cross boundaries created by workflow, functions, geography, and time.”<sup>3</sup>

Boundary-crossing is indeed at the heart of how communities create extra value, beyond the value of stewarding knowledge evolution on their domain of practice.

If supporting an organization's communities of practice is central to successful KM, then, developing a strategy for working with them and investing in their enabling infrastructures, may well be the highest-ROI investment in the organization's strategic capabilities.

Communities come in different shades and play different roles in value creation. Using the Wenger-McDermott-Snyder classification, communities can be characterized by more than one functions outlined below, but they tend to gravitate around one of the following areas of activity:

- Peer-to-peer help in problem solving
- Developing and verifying best practices
- Upgrade and distribute knowledge in daily use
- Foster unexpected ideas and innovation

Regardless of the specific measure that an organization develop or adopt to capture the value that communities create, their key value is already there, just by being a social space in which members learn collaboratively to become better practitioners.

Translating results from all domains of value creation into financials, requires different strategies that range:

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<sup>3</sup> Building and Sustaining Communities of Practice, a study by APQC

1. from developing conservative estimates by requesting several executives to assign figures to the value generated by the community, and taking the median
2. to compiling and analyzing anecdotal evidence from stories of accomplishment and their supporting data, for which there are a couple of known formulas,

and many methods in between. The importance of communities of practice to organizational performance is increasingly recognized. Ford uses them to replicate best practice throughout the business, Cap Gemini Ernst & Young use them to steward knowledge, at Daimler Chrysler their intent is to foster innovation, while at Schlumberger they help members solve everyday problems.

We've reached the point when not having a coherent strategy of actualizing the potential of communities for value creation, has become a competitive disadvantage. The sooner the leadership recognizes that fact and its implications, the better are the organization's chance to reap the benefits of being in the forefront of business innovation.

If you want to learn more about how to develop a robust strategy for creating more value with your communities of practice, don't hesitate to contact us. We would be grateful for the opportunity to help you translating the ideas presented here into measurable results for your organization.