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Examine the community approach to organizational knowledge.

Introduction

As the gross domestic product of developed nations becomes comprised of knowledge and knowledge-intensive products, many corporations are seeing their bases of competitive advantage shift. Historically, competitive advantage for a large corporation has been rooted in technology ownership, manufacturing scale, channel relationships, brand, and other path-dependent positioning. In the days before the knowledge economy had emerged in full blossom, it was rare to hear executives say, "Our people are our competitive advantage." Today, outside of select exceptions, the common view of competitive advantage includes a strong emphasis on talent.

The community approach to organizational knowledge is really an approach to organizational *learning*. In other words, it is a strategy to develop and enhance the firm's key asset of talent (at the individual-skill and group-capability levels) as well as generate supplementary assets such as knowledge stores. Ideally, then, after the community attains appropriate scale, the notional rate of value contributed by the community approach – in the way of best-practice transfer, problem-solving, new lines of business, and the like (Wenger and Snyder 2000) - should exceed any loss of investment from talent attrition.

We will focus here on what Etienne Wenger and John Seely Brown call the "community of practice." Though the term was coined by Wenger in the 1990's, it has taken time to make its way into management parlance. Part of the reason for the slow diffusion is the lack of an obvious and compelling business case for communities of practice, combined with a disjoint with the mechanistic controlling metaphors that dominated much of the twentieth-century management literature. This is still a relatively untrammeled field in management and examples of wildly successful designed communities of practice are still few and far between (though emergent communities of practice are somewhat less uncommon (Fox 2000)).

We will argue that there is indeed a compelling business case for communities of practice, though the strength of the business case is contingent upon the strategic context of the firm. While communities can be a prong or element of strategy, they cannot be the whole of a firm's strategy. However, when there is strategic alignment, the business case can be rewarding enough to place communities of practice on par with other key strategic initiatives that have executive support. While we agree with Wenger's stated belief that "learning cannot be designed," we also subscribe to his notion that it can be "designed for." In this light, we will also discuss the challenges faced by firms seeking to foster communities of practice as part of their strategic arsenal, and offer some prescriptions for aspiring designers. Finally, we will discuss two case studies and explore the lessons they might offer on "designing for" learning.

What do we mean by a 'community of practice'?

We will start with a brief discussion of what we mean when we refer to a 'community of practice.' We will borrow from Wenger and Cox to produce the following working definition:

> A community of practice is a 'group that coheres' through a 'shared understanding of what their community is about,' interacting regularly through 'voluntary, informal, authentic' relationships and thereby '[deepening] their knowledge and expertise' (Wenger 2000: 229; Cox 2005: 531; Wenger 1998; Wenger, McDermott and Snyder 2002).

The voluntary nature of relationships and the ongoing learning derived are critical elements in this definition. It is important to note that this characterization purposefully avoids limiting a 'community of practice' to one co-located, encapsulated in a single corporation, or committed closely to a joint enterprise. Though the language above does borrow from Wenger's 1998 book, the ethos is more closely aligned to his later co-authored 2002 work, where he redefined the term more loosely as "groups of people who share a concern, a set of problems or passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis" (Wenger, McDermott & Snyder 2002). We take a broad view of the term 'practice' here, adopting the stance that the combination described in the definition above, with its emphasis on learning, will necessarily imply some shared 'doing' even if such doing is administering to the community itself and therefore a degree removed from the shared rationale.

This definition also is less restrictive than, say, one that demands characteristics that are *typical* of communities of practice (but not necessary in our view), such as a 'shared repertoire' of resources, documents and norms (Wenger 2000: 229), creative purpose (Cox 2005), or noncanonical standing (Brown & Duguid 1991).

The value of a community approach

Assessing the value of the community approach from a management perspective has historically been a stumbling block to focused adoption. As Duguid (2005) has noted, skepticism around the reality of tacit knowledge as an irreducible and distinct form of knowledge has led to a corollary skepticism about the real value of communities of practice. If one did believe that all knowledge could be reduced to the explicit, then the incremental cost associated with this 'social endeavor' (Duguid 2005: 2) seems somewhat inexplicable. However, if one does acquiesce to the wealth of social science literature on tacit knowledge (Polanyi 1966, Cook and Brown 1999, et al), as we do, then the business case is far more convincing.

When we examine the four types of knowledge in Cook and Brown's (1999) epistemology – explicit-individual, tacit-individual, explicit-group, tacit-group – we find that 'knowledge which is possessed alone tends to be a weak source of competitive advantage, with the main exception of explicit-group knowledge…[that] enjoys legal protections' (Pham 2010). Indeed, it is knowledge-oriented *capabilities* that are the most promising sources of competitive advantage, that is, the ability to access, create, share, manage and use knowledge (Pham 2010). In particular, it is the capabilities that surround *tacit knowledge* that are the most attractive as sustainable sources of advantage, in part because tacit knowledge tends to be 'sticky' rather than 'leak' out of organizations (Brown & Duguid 2001) and also because tacit knowledge in its uncodified nature is more difficult to manage than explicit knowledge.

Wenger and Snyder (2000) suggested that communities of practice help companies in the following ways: 'promote the spread of best practices' (access and share knowledge), 'generate new lines of business' (create knowledge), 'solve problems' (use and create knowledge), 'develop people's professional skills' (manage and create knowledge), 'drive strategy' (use knowledge), and 'help companies recruit and retain talent' (access and manage knowledge). While there is an obvious explicit component to these knowledge activities, which could be performed without the facilitation of a community of practice, it is the tacit dimension requiring the social context that plays a more significant role. For instance, creative problem-solving in dealing with complex business issues requires more in the way of "know-how" than "know-what." Similarly, the ability to generate new lines of business cannot be learned from reading a text document. Codified knowledge offers only limited application in performing the activities described above.

Learning is an inherently social activity (Brown & Duguid 2000). Communities of practice work because 'the key to acquiring tacit knowledge is experience. Without some form of shared experience, it is extremely difficult for one person to project her-or himself into another individual's thinking process' (Nonaka and Takeuchi 1995). This shared experience can take the form of actual group practice or the empathy generated through story-telling and 'war stories' (Brown & Duguid 1991). If communities of practice can generate even a moderate improvement in performing the activities above, which embody some of the core processes in an organization, it is not hard to imagine how such an investment might be as lucrative as any other strategic initiative in a firm's portfolio.

We do not mean to imply, however, that communities of practice present an attractive investment for all companies or that every possible community presents an attractive investment for a given company. As mentioned previously, a firm's approach to communities of practice must be situated in its strategic context. There are certain characteristics that tend to make communities of practice more lucrative. For instance, a firm that performs 'complex knowledge-based production' is more likely to appreciate the 'high levels of diffuse cooperation resting on a strong foundation of trust' (Heckscher & Adler 2006) that are typical of communities of practice. Companies within fast-moving and highly competitive industries will likely value the environmental responsiveness they can muster with access to external knowledge (in the case of cross-enterprise communities) and accelerated strategy-execution capability internally. Firms with a high proportion of knowledge workers are likely to see increased retention due to the learning-through-rich-practice ("Survey" 2009) derived from these communities. They may also see greater productivity from these expensive employees as well. Professional service firms operating in the custom solutions space, that is, not codified and 'out-of-the-box,' will experience greater returns from the knowledge creation and knowledge sharing that occurs within communities. Similarly, manufacturing service divisions with an emphasis on problem-solving, such as Brown and Duguid's copy technicians (2000), will be able to capture returns through more efficient knowledge sharing. Any firm that has a business model based on one-on-one apprenticeship for talent development will benefit from the scaling of knowledge sharing embodied in a true community of practice. Finally, firms with pre-existing emergent communities of practice will probably find the return on investment from formal support of these communities to be higher, given that they have an increased likelihood of success and lower cost of support.

Inversely, there are firm characteristics that are likely to limit the effectiveness of communities of practice. These characteristics, as laid out by Cox (2005), include frequent reorganization, a high proportion of temporary or part-time staff, 'tight management,' individualized work, very competitive environments, projects under tight time constraints, spatially fragmented work, and heavily mediated activities. Existing communities that are more homogenous will not garner as much benefit from the diversity and productive friction that motivate learning (Wenger & Snyder 2002, Hagel & Brown 2005, Wenger, McDermott and Snyder 2002). Firms with these qualities will need to assess whether investments in communities of practice make good business sense with these dampening effects counterbalancing the potential benefits.

Key challenges of a community approach

As Wenger (1999) noted over a decade ago, "Those who can understand the informal yet structured, experiential yet social character of learning – and can translate their insight into designs in the service of learning – will be the architects of tomorrow." Despite this, community designers – a term which we use here as a role rather than a job – still struggle to create high-performing communities of practice. Even worse, the effectiveness of existing communities of practice can be eroded or even ruined by formal support. While designing learning is impossible, designing for learning seems hardly easier.

It is easy to place the greatest proportion of the blame on the community designers themselves. Often, they are not constituents of the planned community of practice or members of the existing emergent community. They may lack the empathy to 'provide support that corresponds to the real needs of the community rather than just the abstract expectations of the corporation' (Brown 1991). Designers may have a closer affinity for senior management and the common mechanistic desire for organizational control, resulting in an over-structured group that lacks the necessary informal, authentic and trust-based relationships of an effective community. Such designers will often develop a structure based on how the community 'should' think and behave, from a senior management perspective, rather than how they do.

Rather than lay blame, however, it might be more useful to discuss the three main challenges of a community of practice as we see it. These challenges, what we will call *open engagement*, *functioning informality*, and *resilience*, encompass most of the warnings and proscriptions described in the literature. Each represents a specific tension and balance that must be struck in order for a community of practice to operate effectively. Though we frame these positively as objectives, their attainment can be a monumental task.

Open engagement is arguably the hardest of these objectives to achieve. It is also the most important of the three in the sense that the other two become moot if open engagement is not achieved. What we mean by the term is the active and free-flowing participation of members for the achievement of community learning. Participants in a voluntary environment demand ongoing value for their time. With time as a scarce commodity in an attention economy (Davenport & Beck 2001), proposed communities of practice often never gain enough traction to offer significant value to members. It is the classic 'chicken-and-egg' problem of getting to critical mass in a network environment where the value lies in engagement but engagement is dictated by value offered. Some companies operating under the implicit premises of scientific management will attempt to force participation through dictum. Depending on the carrots and sticks attached to these decrees, these firms may be successful in producing some degree of participation but rarely the informal relationships that facilitate fast-moving and unfettered flows of tacit knowledge. On the whole, control tends to produce self-censorship and inhibit, often dramatically, the productive friction that generates capability-building (Wenger & Snyder 2002, Hagel & Brown 2005). Given the social context of communities, often it is the relationships themselves that can offer the initial incentives for participation, e.g. opportunities to network with senior executives and other connections of high perceived value, loyalty to existing relationships among the member group. These types of early incentives are not always available or strong enough to promote active participation, for instance, when the group is geographically dispersed with few ties. Even when these incentives are effective, they may still not be sufficient to induce ongoing engagement if the community does not reach critical mass.

Functioning informality can be described as the tension between the formality required to ensure the administrative activities that are needed for the ongoing functioning of the community get done, and the informality demanded of a voluntary community based on authentic relationships. Here, community designers may have much to add in recommending best practices for governance, as long as they can resist the temptation to over-structure the group. Highly informal groups may lack the basic rudiments of roles and responsibilities, which tends to dampen community effectiveness unless individuals take initiative and perform requisite duties without being assigned. Designers must keep in mind, however, that 'communities of practice…are informal – they organize themselves, meaning they set their own agendas and establish their own leadership…membership in a community of practice is self-selected' (Wenger & Snyder 2000). Hierarchy inhibits the informal, trust-based relationships that characterize the community of practice.

Resilience is the ability to manage potentially disruptive influences to the community of practice, such as the departure of key members, renewal of the community's *raison d'être*, a corporate reorganization, or loss of support and resources. Founding members, for instance, holding critical knowledge or responsibilities can have a disproportionate influence over the community. Their disengagement from the group may result in a weakening and potential dissipation of community ties – and therefore the motivation for participation. The community of practice is more resilient when social capital is more evenly distributed and some basic rules are in place for succession management. Similarly, the response to other forms of disruption tends to be more effective if the web of social relationships is robust and not susceptible to the failure of a few key nodes. Support within the larger organization should also be widely dispersed and not heavily concentrated in one or two individuals. Such support, by and large, will be contingent on the broader perceived value of the community in question. Some basic governance in the way of rules and procedures can also be helpful in facilitating decision-making in times of crisis, even if these rules are never codified. They can be as simple as 'major decisions affecting the community will be decided through a simple majority vote.'

Examining two case studies: a management consultancy and a business-school alumni group

We will briefly touch upon two examples of designed communities of practice of our experience, one from a management consultancy and another from a business school alumni group. We will highlight how the success (and failure) of communities of practice by and large lies in overcoming the three challenges of open engagement, functioning informality, and resilience.

The management consultancy in question was seeking to turn its national strategy practice into a community of practice. As a professional services firm that employs knowledge workers and uses an apprenticeship model for talent development, the consultancy appeared to be an excellent candidate for the cultivation of a community of practice. Relationships within the strategy practice tended to be strong when practitioners had prior experience working on the same team, and virtually every practitioner had worked with at least a few others (and sometimes many others) on one or more client projects. In a sense, the existing practice was already a network of practice, or a community of communities (Brown & Duguid 2001). The challenge was how to knit these geographically dispersed smaller communities together in the interests of scaling tacit and explicit knowledge-sharing.

Unfortunately, the consultancy encountered challenges in building traction in this community, a failure that might be attributed to an inability to build open engagement. In providing infrastructure, the firm originally focused more on erecting a modular technology backbone rather than bolstering the existing social web or establishing the value of the community for participants (and the larger organization). This misallocation of focus caused the large and geographically dispersed community to stumble during the critical ramp-up stage. Also, in the firm's desire to direct the agenda of the community, it instituted an overly structured set of processes for inclusion and participation that dampened active engagement. Community leaders were not informally self-selected for their competence and reputation within the community, but rather through top-down assignation. Today the intranet infrastructure tends to be more of a transaction-oriented document and media warehouse than a forum for active knowledge-sharing among the strategy practitioner community. Though a shift in thinking seems to be underway, it still remains to be seen whether the firm can salvage its original mission of enabling a community of practice.

In contrast, a group of 20 women alumni formed out of business school four years ago has been exceptionally successful in building a community of practice. Its explicit mission was to share learnings as members ascended the career ladder and faced the unique challenges of being female executives in a male-dominated environment. Members met in person every nine months in different cities, successively in Chicago, San Francisco, Boston, New York and Atlanta, for an all-day agenda that would include outside speakers, life updates, story-telling, and focused problem-solving. The size of the group and in-person meetings facilitated trust-based, informal relationships, while the relationships and knowledge-sharing offered members ongoing value for their time investment. Open engagement was thereby ensured.

Functioning informality was achieved by a rotating pair of lead roles, responsible for planning the next meeting and acting as the functional co-chairs for the group during the nine-month window between meetings. Members volunteered for specific initiatives based on time and resource availability, for instance, a brand identity initiative which resulted in the development of a professional logo and brand identity by leveraging personal contacts at a high-end brand strategy firm. Similarly, a business-school relations initiative was established to keep an open line of communication with the school's alumni relations directors, access school publications, and build external credibility for the community. To date, over half of the member group has volunteered to serve in a leadership role at some point.

This alumni 'community of practice' has proved remarkably resilient to membership changes and periodic disengagement by specific members. Because it established early some basic procedures for member addition and expulsion, it has achieved a relatively stable core group and web of high-trust social ties while leaving room for an evolving membership base. Members who miss more than two meetings in a row may be asked to leave, though allowances are made for major life events that prevent attendance. These simple processes reduced the risk that the dispersed community would disintegrate during the lengthy windows between meetings.

Conclusion

We conclude that communities of practice are well-positioned to be a crucial element in the corporate strategy of a knowledge-based firm. The business case can be quite compelling, but needs to be communicated effectively, in terms of “designing for” organizational learning and capability-building. Indeed, it seems, at the end of the day, that the greatest barrier to successful communities of practice is changing the mindset of management to a learning orientation. It is management after all that must execute on strategy and make the myriad decisions required to overcome critical challenges to achieve *open engagement*, *functioning informality* and *resilience*. Without at least an intuitive understanding of theory, community designers and management frequently fail in their pursuit of a value-added community of practice. We can think of few other areas where Kurt Levin’s oft-cited maxim ‘nothing is as practical as good theory’ is so pertinent.

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