CASE REPORT
Jerry Ash investigates how Fluor coordinates communities of 13,000.

MASTERCLASS
Patti Anklam examines the ins and outs of network management.

NEWS UPDATE
New KM leader at KPMG US... David Gurteen says 'just do it'... plus the latest events...

THE KNOWLEDGE
Sam Marshall reveals the key to making collaboration work.
The concept of communities of practice (CoPs), as defined in the book, *Cultivating Communities of Practice*, was simple: an informal group of peers sharing ideas, insight, information and help about a topic they are deeply, sometimes passionately, interested in. Membership is mostly voluntary and, as community members share ideas and information, they deepen their knowledge of each other as they increase their knowledge of the topic and sense of connection. For company-based CoPs, the topic is frequently a discipline at the core of member's jobs, so participation is immediately practical and worthwhile for them.

These ideas evolved from three roots. The first is Jean Lave and Etienne Wenger’s early research on the back office of a big insurance company, in which peers consulted each other because they realised that collectively they had more insight.

The second was research by management academic Tom Allen showing that the technical quality of development projects in aerospace and defence was higher if the members were well networked, not just together, but with people outside the project, too.

Finally, the knowledge management (KM) movement realised that databases and collaborative tools are not enough to instigate genuine knowledge sharing. It is the relationship among people that builds the trust that makes sharing knowledge worthwhile. Many companies with successful knowledge-sharing initiatives have strong communities of practice, too.

**The old thinking**

From these insights we believed that CoPs were essentially informal, voluntary groups of peers. We thought that goals and deliverables would inhibit people’s openness and the community’s ability to help each other with everyday work problems. We believed that companies could seed communities, but that they would evolve on their own over time, finding their own emerging focus and level of activity.

Communities of practice were essentially, we thought, part of the ‘underground’ organisation, operating ‘under the radar’, below the formal structure, and marginal to official organisational authority. We concluded, as a result, that healthy communities depended on the passion of the members, active leadership and hands-off support from the corporation.

But as more and more organisations have implemented CoPs over the past dozen or so years, our understanding of the role of communities in the organisation has changed. While some of our earlier ideas have been confirmed, others, we have found, were simply wrong.

Informal groups of peers, sharing their insights and help with the blessing of management – but little more – do sometimes continue under their own momentum. But many, contrary to our original thinking, fade away. Most of the healthy communities in these companies are more like other ‘official’ organisational structures than dramatically different from them.
Three-year study
Over the past three years we have conducted an in-depth assessment of mature community-development efforts in a dozen companies across eight industries, including oil, aerospace, pharmaceuticals, consulting (in both technical and social services), engineering, high tech, and national and international development.

This assessment included interviews with community leaders and/or member surveys, too. We wanted to get more than just the high-level view.

All of the communities had been in existence for at least two years and many for five or more. Yet about one-third of the communities in most of these organisations were floundering or dead.

Clear purpose and goals
Healthy communities are important to any organisation. In a pharmaceutical company, for example, a community tries to understand the mechanism through which a compound creates certain effects on the body. In aerospace, a community of newly hired recent college graduates seek to make life easier for their twentysomething peers in a company where the average age is forty five. In a national development agency, members of the planning community help each other learn how to use a new and radically different financial-planning system.

Many healthy communities have members who are interested, sometimes passionate, about its topic. But in the organisations we researched, the most active communities are also highly valued by their organisations – and most deliver tangible and measurable value. CoPs generally work best when they have been nurtured and cherished.

Some organisations have distinguished between two types of communities: those commissioned by the organisation with an assigned purpose – ‘strategic communities’ – and those that have developed more naturally around topics important to the members.

Understandably, perhaps, most companies with informal communities have little or no formal chartering or goal-setting process. But organisations with strategic communities typically do. These processes may involve an annual review of the accomplishments and goals of all communities in a division, for example, during which the sponsors may encourage communities to set more ambitious goals.

Informal communities also benefit from goals and projects. When we first developed the concept of CoPs, we thought goals would turn communities into task teams, reducing members’ ability (and desire) to help each other and build long-term capability.

The opposite is true. Projects, goals and deliverables give a community something specific to organise around, increasing interaction and, hence, providing greater opportunities to deepen relationships. For example, a community in a development agency has a self-generated annual goal for securing European Union (EU) funding. As community members collaborated on this goal they shared ideas, templates, insights about what is ‘hot’ at the commission, and tips on preparing successful proposals.

“We are completely responsible for our goals and that shared responsibility pulls us closer together. As a result, we have stronger relationships, more respect and trust,” said one community leader. When communities have goals they do not necessarily lose sight of their overall purpose or stewardship of their domain, but they do have a clearer way to bring that purpose into action.

Governance that ties communities to the organisation
Most organisations start community development with a basic governance structure – they simply had a corporate sponsor. This is effective when sponsors are actively engaged, providing genuine guidance, support and a channel through which the community’s voice can be heard by management. However, sponsors
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frequently do little more than officially bless communities and the communities have little tie to the organisation, other than the advice members can give each other and individually take back to their operating groups.

As communities mature, they often want resources to develop best practices, evaluate new technology, deepen their collective knowledge about an area of their domain or to create new tools. They also frequently want a louder voice in the organisation. But a single sponsor often lacks the ability, time or budget to manage this changing role.

In response, one company formed a community-governance team composed of three executive-team members, two community leaders and a community-support person. This support committee reviews community goals, provides feedback to individual communities, approves funding and decides what to bring forward to the whole executive team.

The committee is a true link between the communities and organisational governance, bringing organisational needs to the communities and providing a regular voice for them to influence the executive committee. As one committee member observed, “We are providing true governance and direction for the communities.”

In another organisation, communities are governed through a small board of managers in each part of the company’s development stream. These management boards are responsible for overall organisational improvement and the company’s strategic communities are prime vehicles for achieving those goals.

Leaders spend real time
Early on we realised that active leadership was key to getting communities started and keeping them going. Our research confirms that observation. Healthy communities have enthusiastic, active, energised leaders. Leaders of healthy communities, particularly the high performing ones, spend between ten and 25 per cent of their overall work time engaged in community activities.

Frequently, they also spend even more time getting the community started. Joyce, the leader of the Regulatory Affairs community at a pharmaceutical company, for example, spent nearly half her time on community activities when she first started her stint as leader. “The community was slogging along, so it took quite a bit of energy to get it going,” she said. That figure is now nearer the 25 per cent norm.

Like the leaders of other healthy communities, she finds it hard to distinguish community leadership from her day job. As another community leader said, “I travel anyway, so I make it a point to visit community members when I am at their site. Personal contact is key to keeping the community going.” Of the 25 per cent of time spent leading the community, Joyce spends 20 per cent facilitating meetings, ten per cent handling logistics, 40 per cent networking among members and 30 per cent networking among sponsors.

Leaders of healthy communities in other companies report similar proportions. Though leaders spend real time, it is often difficult for them to directly attribute value to that time because networking, their primary activity, is invisible. Only the individual they connect with sees the activity and then only a tiny fraction of it. This invisibility makes it difficult for organisations to truly appreciate the time community leadership takes or the value of the activity. But for those leaders whose job is interwoven with community leadership, the leader’s manager ought to appreciate and acknowledge the time spent on community leadership and let it ‘count’ in performance appraisals.

A rhythm of connection
Leaders are not the only active people in healthy communities. Healthy communities also typically have a core group of active members. Most healthy communities stay connected through regular meetings. A new-hires community, for example, has regular sports and social activities. A genetics community at a pharmaceutical company has a video-conference quarterly and a regular teleconference for core members in between. While many healthy communities can only meet face-to-face annually or less, regular tele or video conferences give the community a heartbeat frequent enough to keep members engaged.

Just as important, however, is the ongoing one-to-one connection among...
core members. The core groups in healthy communities interact frequently, typically around common projects or tasks. Eighty per cent of the core members of the EU community, for example, interact with each other weekly or more, both by telephone and e-mail, in addition to attending monthly community meetings. Through this one-on-one contact they build the trust they need to ask for help, collaborate on projects and share ideas.

**Strong sense of accomplishment**
Healthy communities are also clear that they are making progress, even if their goals are only very informally formulated. This is very different from our original thinking on communities. A community of bio-scientists looking at ‘compound effects’ feels it is making progress toward understanding the mechanism that causes it. One-third of the members of a planning community feel that the community has significantly reduced the cost of daily operations. The EU community tracks the funding it generates. It recently exceeded its goal, doubling the EU funding for its agency in a tougher funding environment. A strong sense of accomplishment greatly energises community members.

Even the most informal healthy communities will have a strong sense of accomplishment when they achieve valuable goals. The members of one company’s ‘women in business’ community feel that through active neighbourhood volunteering, they are helping their home town deal with some difficult issues, while improving the visibility of the company.

**High management expectations**
Healthy communities are far from the margins of a company and certainly not beneath the corporate radar – just the opposite. Managers in these companies expect the communities to deliver value to the organisation. In the pharmaceutical company, communities focus on key technical and scientific problems the company needs to solve. Healthy communities across the industries in this study are aware that senior managers expect them to produce value for the organisation.

**Community killers**
While management attention behaviour can encourage communities, it can just as easily inhibit it. Two main factors appear to inhibit community development more than any others:

1) **Authority**
In one community, a senior manager assumed leadership because she was logically appropriate to link the members. However, her presence made it difficult for members to discuss their real problems since that may have involved discussing mistakes and areas where they were ill-informed. Moreover the leader, with little visible opposition from the members, set the agenda for the community. Even though she was not their direct report, her status as a senior manager was enough to repress honest dialogue among the members. In healthy communities, deference to knowledge, not deference to authority, rules;

2) **Hypocrisy**
One company with many corporate-led best-practice initiatives decided to develop communities by renaming corporately-sponsored improvement groups. These groups met annually, but despite training in community leadership and encouragement to share knowledge across sites, they did little to connect between their annual meetings. Some of their success stories and best practices looked good, but were not true. They simply reflected what management wanted to hear. Hypocrisy on management’s side engendered hypocrisy among the staff. To share knowledge, community members need to feel safe and respected enough to tell the truth. Because community members often know

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**Future directions**
In this study, we found that a few organisations were using communities of practice in new ways that might be indicative of how many will use CoPs in the future.

**Workload sharing**
In a pharmaceutical company, communities whose members manage research labs trade work between the labs to take advantage of each other’s capabilities and to balance fluctuations in the workload. Even though headcount and budget are the responsibility of their divisional managers, these lab managers, who previously collaborated on harmonising procedures, have now taken on workload sharing with the knowledge of their divisional managers – but without their direct involvement. The divisional managers feel that the lab
managers are in a better position to know their immediate workload demands.

Community members have often traded tools and ideas. By trading work, this community and, perhaps, others to follow, are assuming some tasks that have traditionally been the responsibility of the corporate office.

As account managers, they are the funnel for information from many different internal experts, which they compile into an integrated development-plan for clients. As translators of information into advice, account managers sift through large quantities of information, so getting just the right focus and level of detail from internal experts is critical.

Using an improvement methodology that starts by identifying best practices and builds in insights on how to improve knowledge work, the account-management community in collaboration with a community of internal experts has developed a way to better manage its relationships with internal advisors.

Some communities in other organisations have also changed their remit from knowledge sharing to improvement, though they achieve this improvement through typical knowledge-sharing activity. Unlike traditional improvement teams, communities have a long enough life to see through the implementation of the recommendations they make and may become a primary vehicle for organisational improvement.

Developing knowledge assets
Even more dramatic is the way some communities are developing the organisation’s knowledge assets. Several communities in a large pharmaceutical community are combining data from different therapeutic areas, using sophisticated analytic tools, and drawing scientists from different backgrounds to find subtle patterns in the data that might indicate a compound effect, what the pharmaceutical industry calls ‘weak signals’.

Amassing large quantities of data gives them a broad enough database for the patterns to become visible and the differing backgrounds of the scientists helps them make sense of that data from different points of view. This approach to thinking is helping the company to redefine its competitive position in the market, making genuine use of its size.

A community in a technical-consulting firm realised that by organising and modularising its knowledge it could turn parts of it into a sellable commodity. The community is identifying ways to put knowledge to use in new and different ways, to genuinely treat knowledge as an asset that can be turned into a competitive advantage. Moving from knowledge sharing to finding new ways to use knowledge assets is also a major shift for a community and changes its relationship to both the knowledge asset and the organisation.

What makes a community of practice?
Healthy communities look a lot like teams. So what makes them different?
All the healthy communities we found in this study shared five characteristics:

1. Peers
   First and foremost, healthy communities are groups of peers. While members vary in their depth of knowledge, healthy communities entertain disagreement, and divergent as well as convergent thinking. For example, a community of geologists, trying to understand a difficult set of seismic data, invited a specialist in computerised tomography (CAT) scanning to join their discussion—just to jog their thinking in a new way. CAT-
Healthy communities have enthusiastic, active, energised leaders. Leaders of healthy communities, particularly the high performing ones, spend between ten and 25 per cent of their overall work time engaged in community activities.

Scan technology is close enough to seismic technology to spark a useful discussion, but different enough to bring in a new perspective;

2. Stewards of their domain
Healthy communities also see themselves as stewards of the long-term development of their domain. Goals do not make them blind to this long-term purpose;

3. Deference to knowledge
Healthy communities pay deference to knowledge, not authority. They use their knowledge-based influence both to sway members’ view and to convince operating units to adopt best practices within their domain. It is the member’s knowledge and ability to convince the group of the validity of an approach, rather than their intrinsic authority, that determines the course the community will take;

4. Make room to help members
Even when they focus on achieving a set of goals, healthy communities find room to deal with member issues as they come up. Balancing the open space for collaboration with project achievement is common in them;

5. Cross boundaries
Finally, all the healthy communities in this study cross organisational and/or geographic boundaries. Because they operate through separate structures, most communities do not compete with operating groups, which makes them ideal boundary-crossing mechanisms.

While many healthy communities today are more formal and disciplined in their approach to thinking than we originally thought communities could be, these five elements are consistent with our original understanding of CoPs.

Moving from the margins
One senior manager we interviewed said, “Communities are a nice thing to do for our people”. Some really are just that – a ‘nice thing’. But many organisations are using CoPs in ways that are much more powerful and useful. These represent, I believe, the next step in the development of communities of practice.

These healthy communities are doing work that requires collaborative thinking among people with expertise, not just information sharing. As communities move from the organisational margin to the heart, they make organised expertise and influence more legitimate within the organisation. More structured communities provide stronger forces for integrating across organisational boundaries than the informal communities we first imagined. They command greater mindshare of both their members and the organisation.

As we move into a more global economy, with less-expensive knowledge workers available in emerging markets, many organisations are likely to face increasing pressure to improve the productivity of knowledge work and to realise greater value from their knowledge assets. Communities can play a major role in meeting these challenges. With the right focus and tools, communities are a natural home for improving knowledge work and developing knowledge assets. As the stewards of knowledge, CoPs could be one of the keys to sustaining the competitiveness of knowledge-based organisations.

Richard McDermott, president of McDermott Consulting, is a leading thinker, author and consultant on the design of knowledge organisations, improving knowledge work and building communities of practice. For more than two decades, he has worked with engineering, professional service, sales and manufacturing companies to maximize the productivity of their knowledge workers. As a ‘hands on’ practitioner and community builder, Dr McDermott focuses on what it really takes to implement organisational change.

His book, Cultivating Communities of Practice, (with Etienne Wenger and Bill Snyder) was published by Harvard University Press in March 2002. His current research interests include improving knowledge-work processes, particularly global ones, and helping companies to deepen the expertise of their staff. In addition to writing and consulting, Dr McDermott has developed a comprehensive toolkit for community leaders.

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