eBRF 2006 "Research Forum to Understand Business in Knowledge Society"

Community of Practice And Organizational Design

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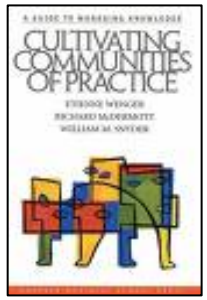
Agenda

- **Academic Review,**
- **Study Background & Methodological Approach,**
- **Findings & Recommendations**

- "Communities of practice (CoP) are groups of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis".



- Why participating in a CoP?

- ✓ Promote collaboration,
- ✓ Capture "know-how",
- ✓ Share lessons learned,
- ✓ Solve problems,
- ✓ Save time and money,
- ✓ Stimulate innovation and creativity,

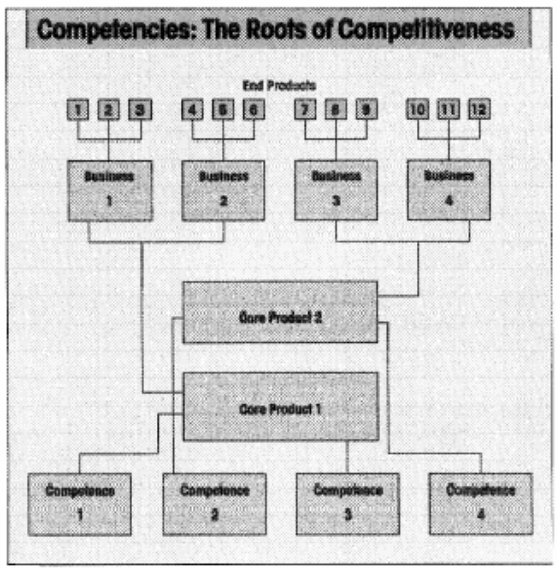
Organizational Performance

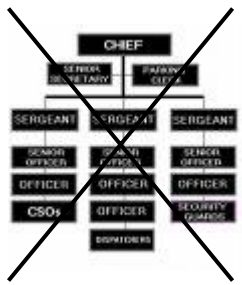
- Core competencies live in CoP

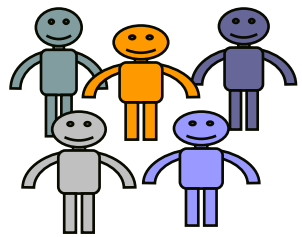
> "Companies do much of their most important work through CoPs. Most companies make the mistake of defining competencies as discrete technologies. But a real-world competence is built as much on implicit know-how and relationships as on tangible products and tools. You can't divorce competencies from the social fabric that supports them."
> ***John Seely Brown.***

- CoP: The new building block of corporate structures

Hamel & Prahalad (1990)







- CoP are one of the most powerful organizational structures available to connect people, access expertise, facilitate learning and create business value. But CoPs are often fickle, and present paradoxical challenges in their design and management.

- Because a CoP stems from informal processes, designing a CoP is very different from traditional organizational design approaches.

- The goal of community design is to bring out the community's own internal direction, character, and energy (*aliveness*).

- Designing a CoP means reflecting on the way community members carry out their activities, that is the way practice evolves.

- A major French banking company,
- A new business strategy: "*Our goal is to improve the effectiveness of our processes and become the only financial services provider our customers ever need".*

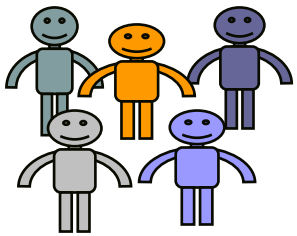
- Measures of Success:

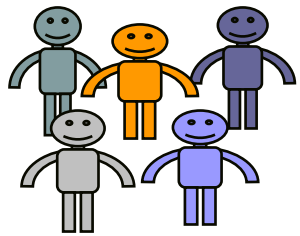
  - ✓ Revenue growth
  - ✓ Time-to-market,
  - ✓ Customer loyalty,
  - ✓ Productivity,
  - ✓ Market share,

- ✓ Professional market,
- ✓ “Contracts & Guarantees” (business-unit)
- ✓ “Loans & Servicing” department in charge with the study and the development of the loan applications for the professional customers.
- ✓ Back-office people, full-time employees (31< <54)
- ✓ A “professionally-oriented community” (young)
- ✓ Two sub-groups within the community
- ✓ Two work organizations : task-based and business-based
- ✓ “Oxygen”: a groupware tool with a document management system

Loan & Servicing Department

One Community *sponsor*
Two Community coordinators
23 employees
Two sub-groups





Sub- group n°1
Task-Oriented, Experts
Age: 40+

Sub- group n°2
Customer-Oriented, Generalists
Age: 31- 40

- ✓ Commercial mortgage loans
- ✓ Goodwill collateral
- ✓ Commercial mortgage backed securities
- ✓ …

- ✓ Customer portfolio 1
- ✓ Customer portfolio 2
- ✓ Customer portfolio 3
- ✓ …

- The objectives of the project were as follows:

✓ to identify the business know-how impacted by the new strategic plan in order to prepare the new process-oriented organization,

✓ to analyze business know-how to appreciate their criticality,

✓ to set up devices of safeguarding and transfer of the knowledge the most critical.

- A qualitative case study design,
- 26 in-depth interviews,
- The "Structuring Characteristics" of the CoP:

↳ Dubé, L., Bourhis, A., Jacob, R, "*Towards a typology of virtual communities of practice*", Cahiers du GReSI N° 03-13, HEC Montreal, 2003.

↳ Dubé, L., Bourhis, A., & Jacob, R, "*The Impact of Structural Characteristics on the Launching of Intentionally Formed Virtual Communities of Practice*" Journal of Organizational Change Management, Vol. 18 No. 2, 2005.

- The knowledge domains analysis:

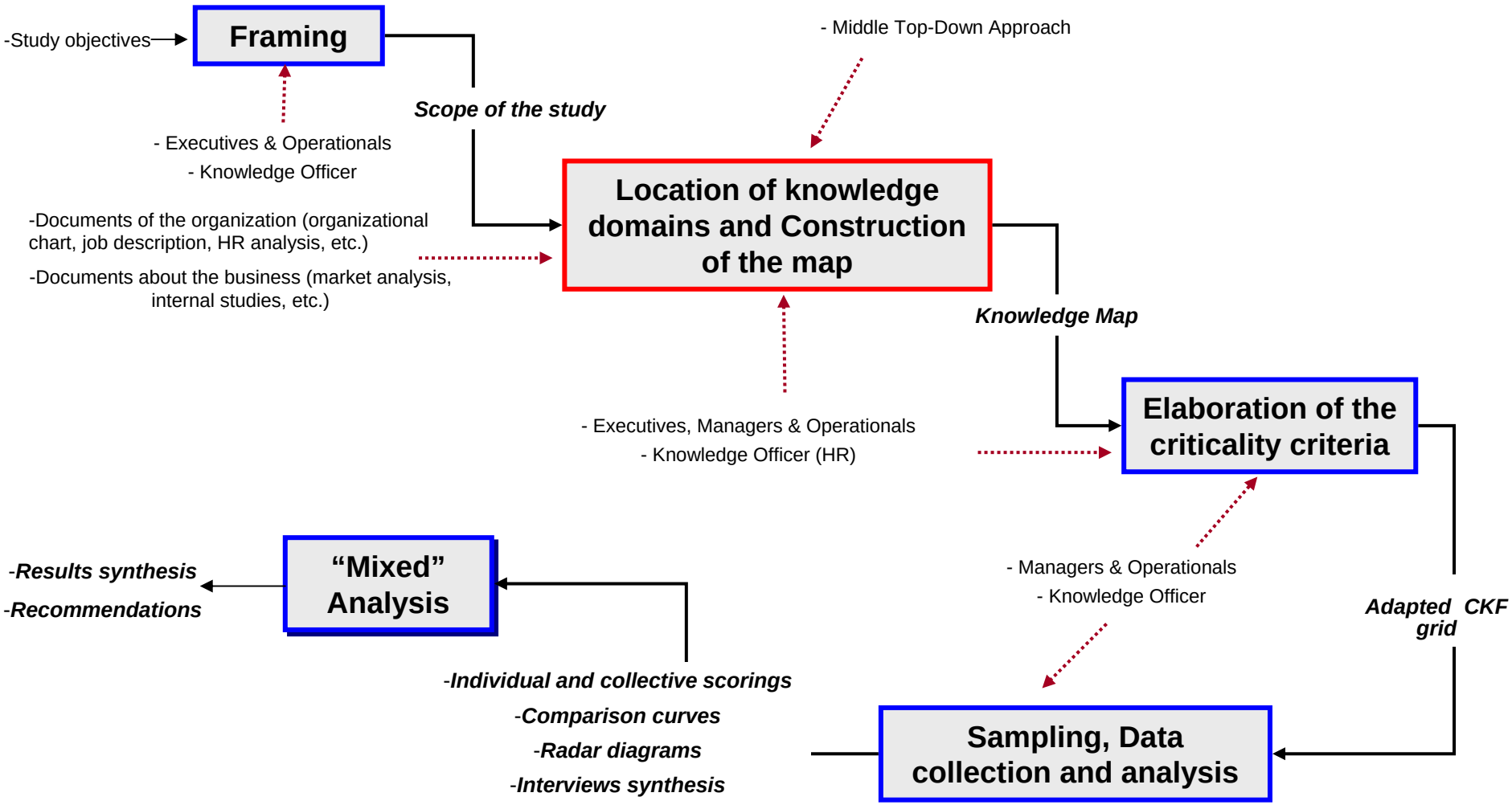
↳ Ermine. J-L, Boughzala. I, Tounkara. T, "*Using Cartography to Facilitate Inter-Generation Knowledge Transfer: The M3C Methodology*", ICICKM 2005, Dubai.

↳ Ermine, J-L., Boughzala, I., "*Trends in Enterprise Knowledge Management*", iSTE Publishing Company, 2005.

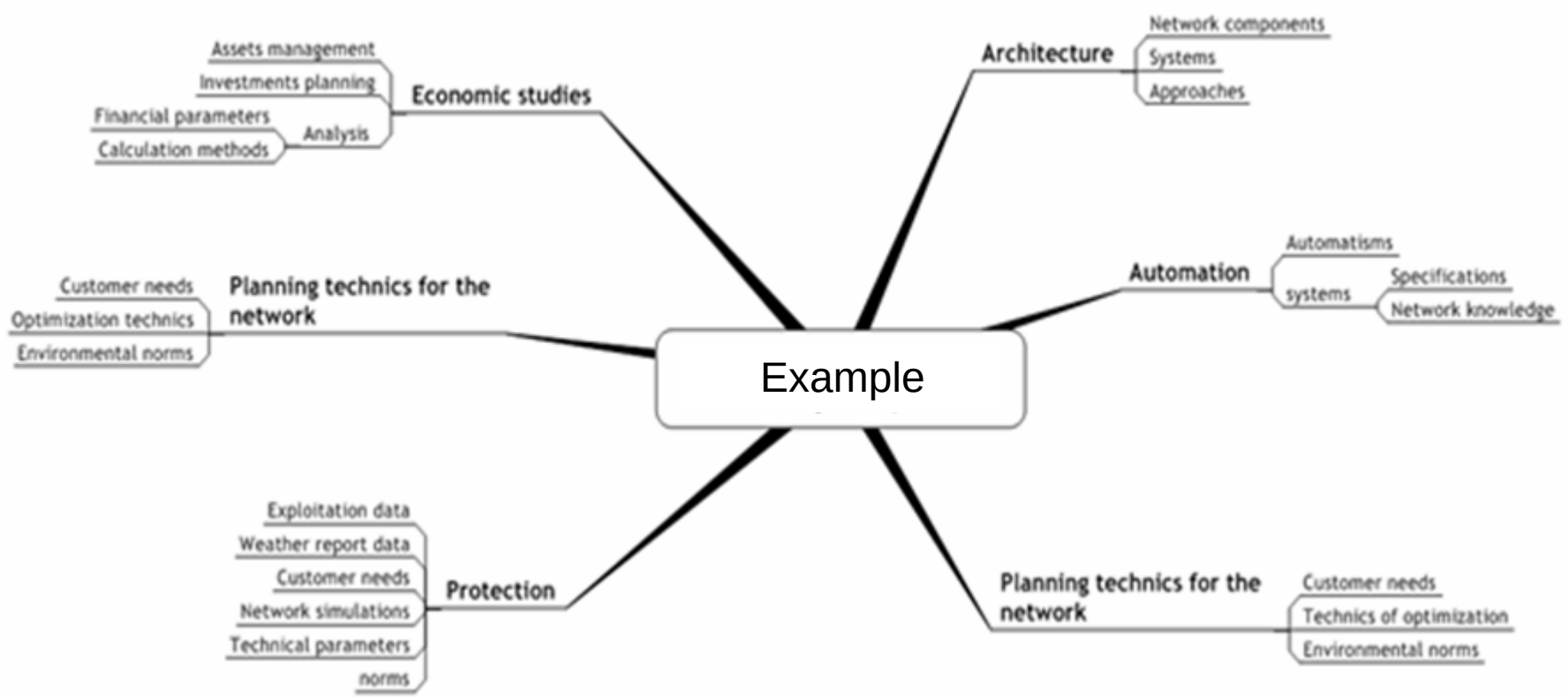
- The Structuring Characteristics" of the CoP

Demographics	Results
Orientation	Operational
Life Span	Permanent
Age	Young
Organizational context	**Results**
Creation process	Intentional
Boundary crossing	Low (same business unit)
Environment	Neutral
Organizational slack	Medium
Degree of Institutionalized formalism	Supported
Leadership	Clearly assigned
Membership	**Results**
Size	Small
Geographic dispersion	Low
Member selection process	Open
Member enrolment	Compulsory
Member's prior community experience	Extensive
Membership stability	Stable
Members' ICT literacy	Medium
Cultural diversity	Homogeneous
Topic relevance	High
Technological environment	**Results**
Degree of reliance on ICT	Medium
ICT availability	High variety

The M3C Methodology



- Example of a Knowledge Map



The Critical Knowledge Factor grid (CKF)

Thematic axes	Criteria
Scarcity	1. Number and availability of experts 2. Externalization 3. Leadership 4. Originality 5. Confidentiality
Utility	1. Corresponding to strategic objectives 2. Value creation 3. Emergence 4. Adaptability 5. Use
Difficulty to capture knowledge	1. identification of knowledge sources 2. Mobilization of networks 3. Tacit knowledge 4. Importance of tangible knowledge sources 5. Rapidity of obsolescence
Nature of knowledge	1. Depth 2. Complexity 3. Difficulty of appropriation 4. Importance of past experiences 5. Environment dependency

Theme: Nature of knowledge

Notation (1 to 4)

Criterion: Complexity

What is the extent of knowledge ?
Does the domain require an immense culture or is it specific ?

Level 1 Specific

Knowledge is specialised. Knowledge is restricted to one specific domain.

Level 2 Pluridisciplinary

Knowledge is at the junction of many domains. Its object belongs to an identified domain but it involves the intervention of many other domains.

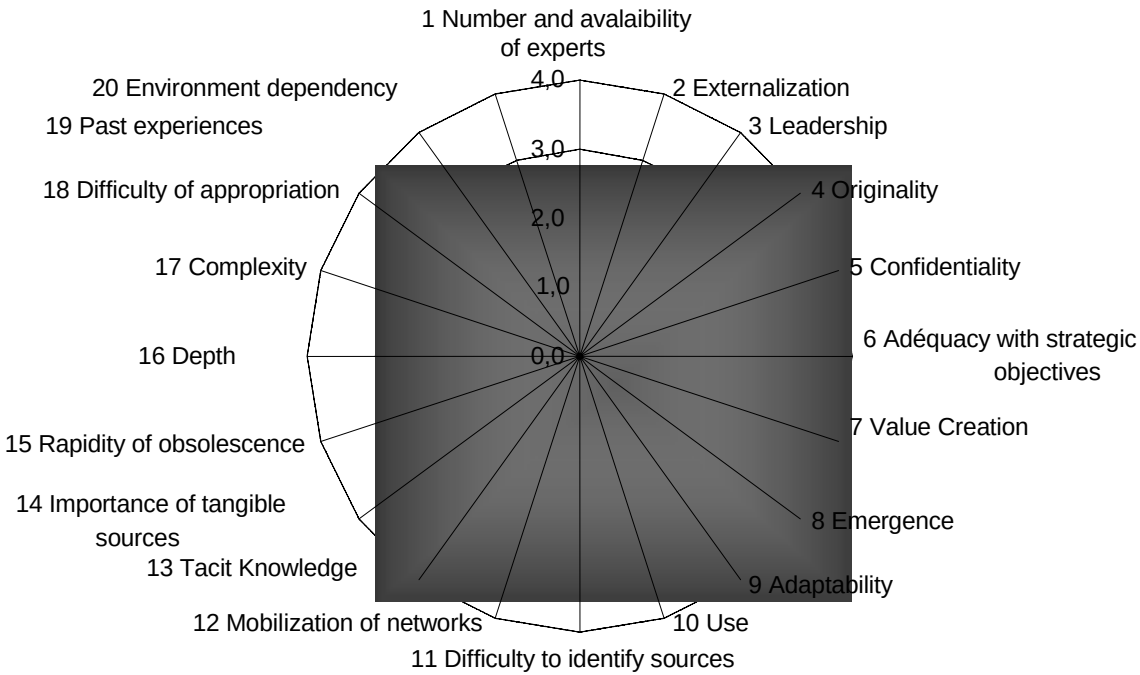
Level 3 Transdisciplinary

Knowledge deals with a new problem which does not depend precisely on a defined domain. For its resolution we need methods and tools from diversified domains.

Level 4 Generalized

Knowledge deals with a general problem in a system, an organisation, grouping many problems of various aspects which need transdisciplinarity for their resolution. We need to master many points of view.

- Analysis for a specific knowledge domain



- Task-based organization *vs* Customer-based organization : improve the community productivity or collective knowledge ?
- A customer-based organization is much more suitable for the cross-fertilization of the different knowledge domains within the community.
- This cross-fertilization process is a way to reconcile productivity growth and collective knowledge development.
- A consumer-based organization is more conducive to the development of collective know-how.

- Tutors within the community are the cornerstone of the training system. During the training sessions, tutors have to be free from their current activities

- Traditional training process should be completed by the implementation of a real e-learning solution allow.

- The status of tutor must be recognized and promoted, and the existing training system must be adapted so as to enable tutors to carry out their missions fully.

- The choice of the right organizational design is very important since it influences the knowledge transfer mode and its effectiveness both inside and outside the community.

- M3C makes it possible to supplement the traditional methods used to study the organizational design.

- Domain-oriented approach such as M3C is a way to enter the organizational design, focusing on core competencies.