

Knowledge & Innovation Network

Communities of Practice (CoP) Benchmarking Report

Using CoPs to improve individual and organisational performance

Summary Findings

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Knowledge & Innovation Network

The Knowledge & Innovation Network (KIN) is part of the IKON Research Group (<http://users.wbs.ac.uk/group/ikon>) at Warwick Business School (www.wbs.ac.uk).

KIN is an inter-organisational network of practitioners, researchers and world leading experts collaborating on the strategic, behavioural and organisational aspects of knowledge management and innovation.

For more information visit our website: www.ki-network.org

Statement of Purpose

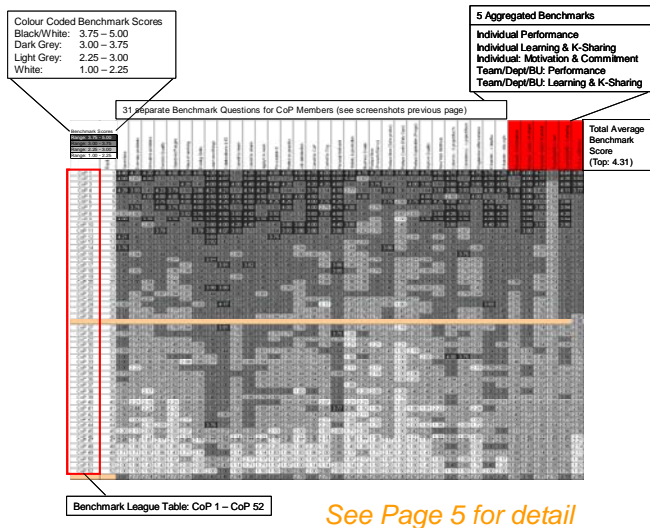
This report is intended to:

- help Chief Knowledge Officers (CKO's), Communities of Practice (CoP) Co-ordinators and others make strategy and investment decisions regarding CoP programmes
- provide CKO's and CoP Co-ordinators with evidence to help senior management understand how CoPs can create tangible organisational performance improvement

A full 70-page version of this report is available from: dawn.coton@wbs.ac.uk .

Executive Summary – Quick Reference

The visuals and bullet points below provide a quick reference summary of the work done:



CoP Benchmarking Table

- 52 CoP's surveyed
- Measured CoP's impact on:
 - Individual
 - Performance
 - Learning & Knowledge Sharing
 - Motivation & Commitment
 - Organisational (Team/Department/BU)
 - Performance
 - Learning & Knowledge Sharing
- CoP League Table created
 - Top Performing CoP scored 4.30/5.00
 - Bottom Performing CoP scored 1.81/5.00

Gaining Value from CoPs

- Examples of value gained from high performing CoPs around:

- Winning Work
- Customer Satisfaction
- Saving Time/Money
- Attracting and Retaining Talent

- Examples include:

- Winning \$600m contract
- Reducing costs by \$13-15m
- Retaining company experts
- Attracting new hires



- (1) Provide funding for face-to-face events
- (2) Ensure CoP addresses business issues
- (3) Provide CoP leader training
- (4) Ensure CoP leaders given time for role
- (5) Ensure high levels of sponsor expectation
- (6) Engage members in developing practice
- (7) Improve the usefulness of Tools provided
- (8) Ensure there are clearly stated goals
- (9) Promote CoPs to solve daily challenges

Where to Invest in CoPs

- Focussed on CoPs impact on Individual and Organisational Performance
- Nine key factors identified to increase CoP impact on Performance

Executive Summary

Communities of Practice (CoPs) have become increasingly recognised as an important mechanism to reduce time to solve problems, improve quality of decision-making, deepen organisational expertise and increase organisational learning. Arguably they are now the primary mechanism for moving knowledge and learning across traditional organisational boundaries. This has no doubt arisen from a growing need for today's organisations to better equip themselves for the fast changing global environment they operate in.

Much has been written about CoP technology, the role CoPs play in learning and the importance of leadership and trust in maintaining healthy communities. Less has been written about the impact of CoPs on performance. What has been done is largely based on qualitative case studies. Case studies provide rich examples, but do not offer a quantitative evidence base to identify CoP factors that increase individual and organisational performance. As a result, CoP Programme Co-ordinators and Chief Knowledge Officers are still looking for 'hard evidence' to link CoPs and individual and organisational performance.

This is exactly what KIN's study set out to do: provide hard evidence by benchmarking the impact of CoPs on performance. We measured this impact by asking community members the extent to which participating in a CoP improved their own individual performance, as well as that of their organisation (i.e. team, department or business unit).

This report contains many specific examples of how CoPs have improved performance. Examples range from helping to win work worth \$600m to knowledge from a CoP reducing the cost of a specific process by \$13-15m. However, to have a consistent measure across CoPs, organisations and industries, we based our analysis on community members' assessment of their community's impact on both individual and organisational performance. We also measured the extent to which CoPs increased individual and organisational learning and knowledge sharing, as well as personal motivation and commitment.

Our findings are based on what we believe to be the biggest *CoP Benchmarking Survey* ever undertaken. We received 1286 responses from CoP members in 52 CoPs across 10 organisations. We rated the impact of CoPs on a 1-5 scale. A huge variance was found between participating CoPs' impact on performance. The highest performing CoP scored 4.31 out of 5.00. The lowest scored 1.81 out of 5.00.

Our preliminary analysis identifies nine factors that increase communities' impact on performance at both individual and organisational levels. These ten factors provide direction on where organisations and CoP leaders should be investing time and money:

- (1) Provide significant funding for face-to-face events
- (2) Ensure community activities address business issues
- (3) Provide CoP leader training
- (4) Ensure CoP leaders are given sufficient time for their role
- (5) Ensure high levels of sponsor expectation
- (6) Engage members in developing good practice
- (7) Improve the usefulness of Tools provided
- (8) Ensure there are clearly stated goals
- (9) Promote CoPs ability to help employee's solve daily work challenges

Our experience with previous anecdotal research suggested these factors are the sorts of things that help sustain communities. However, previously we had no objective data to demonstrate a correlation between them and the impact communities have on individual and organisational performance.

Some of these factors, such as the importance of funding face-to-face events or providing training for leaders/facilitators, have been truisms for communities for some time. However, many organisations still do not provide this support. Our research clearly demonstrates that improving execution of these factors supports improved performance. Conversely, for those who don't, performance suffers.

While this data allows us to make better recommendations than ever before on where to invest to get the most value from communities of practice, we have to suggest a word of caution. Given the wide variability in community performance, our preliminary sample of 52 communities provides a basis to clearly identify the impact of some of these factors. However, it is too small to make conclusive assertions about all the key factors. While we are confident the factors we identified as key predictors of performance will remain in a larger sample, other factors may emerge as stronger predictors of performance.

For those key factors that do stand out as strong predictors of performance, we are confident that investment in these areas will help ensure an immediate improvement in the contribution of CoPs to individual and organisational performance. These key factors are:

- (1) Provide significant funding for face-to-face events
- (2) Ensure community activities address business issues
- (3) Provide CoP leader training
- (4) Ensure high levels of sponsor expectation

In addition to these findings, the study has created a tool to benchmark the impact that CoPs have on individual and organisational performance. This is a major step forward in helping CoP Programme Co-ordinators and Chief Knowledge Officers to engage senior management in the role CoPs can play in organisational performance improvement.

This paves the way for evidence based investment decisions to be made. However, to more rigorously identify all key CoP factors that drive performance and provide CKO's and CoP Program Co-ordinators with *more specific detail on the 'how to' improve CoP execution to improve organisational performance*, we'd like to do more.

We'd like to increase the sample for Phase 2 to around 150 CoPs, include CoP Co-ordinators, develop industry specific benchmarks and better understand differences between different 'types' of CoPs.

If you find the preliminary results contained in this report useful, would like to know more or would like to be involved in the next phase, please contact douglas.archibald@wbs.ac.uk.

Value from CoPs

The following pages offer some examples of how high performing communities in our survey have helped individuals and organisations to:

- ❑ Win work
- ❑ Keep customers happy
- ❑ Save time
- ❑ Save money
- ❑ Attract and retain talent

You might find them useful in engaging senior management ...

Winning Work & Improving Customer Satisfaction

A surprisingly large number of examples were given on how CoPs have either directly or indirectly contributed to winning new customers, winning specific pieces of work and helping to ensure high levels service for existing customers:

“The CoP has contributed directly to over \$600M in new work this year.”

“The knowledge and expertise within the community has helped the company to secure both new work and repeat work e.g. it played its part in securing 5 year work programmes with Client X and Client Y”



“Anecdotally, our Community has demonstrated impact in providing needed documentation to win new business.”

“This so far has impressed in Country A and Country B - Market penetration.”

“Connects differing areas of the business pursuing the same business opportunity. “



“Comments from various areas of the business have indicated much improved levels of customer satisfaction around delivery of specific projects, largely attributable to standard internal processes and increased skills.”

“It takes the concept of teamwork to another level - not just the local project team, but the rest of the community within the organisation. It breaks down the "hero" culture and improves confidence in front of the customer.”

This provides clear evidence on how high performing CoPs are directly contributing to winning new pieces of work, increasing market penetration and retaining key customers.

Saving Time and Money

The previous section showed the role CoPs can play in winning work and keeping customers happy through ensuring a high standard of quality. However, CoP's also help save time and money by re-using knowledge and preventing re-invention of the wheel ...



"The ABC CoP was used as a platform to gather information on Co X operating experiences on ABC and to assure application of new technology and novel approaches to ABC. Outcome was an astounding success - shaving \$13-15million from topsides costs."

"The network has delivered over 10 million back to the company since last two years."

"Cost Reduction and reduced lost production opportunities. No figures due confidentiality."

"CoP core team has helped shutdown teams plan and execute successful shutdowns where in the past they have had difficulty meeting their targets and their commitment to management."

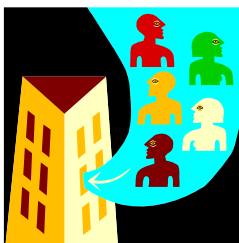
"Improving the competence of users ... they normally get information back within half an hour when they ask for help, which is fantastic."



"Provides a successful query resolution service with 80% of questioners assisted within a working day with 4 minutes as the fastest response to date."

Attracting and Retaining Staff

In an environment when most organisations are working hard to 'win the war for talent' and to hold on to their existing knowledge and expertise, CoPs can play a key role. Arguably at present organisations are not doing enough to take advantage of this opportunity ...



"Young consultants get more quickly up to speed and become more motivated."

"Our groups there have seen a significant benefit in the recruiting area - other firms DO NOT have a group similar to ours and it is becoming a benefit to us."

"Feedback confirmed that the [CoP] involvement has been the reason for staff retention for some of the staff in the community."

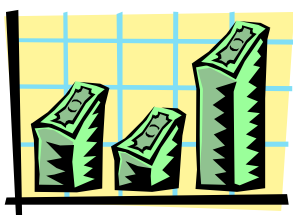
"They [CoPs] are a major reason I am still at my company"



Some CoPs support many key issues and aspects of performance e.g., winning new work, saving people time looking for information, retaining key staff. Indeed, single CoPs can be seen to create value in many different ways at once. In this regard, even investments such as \$250,000 per year seem very small in comparison to the tangible value they create ...



- 1) Provides a successful query resolution service with 80% of questioners assisted within a working day with 4 minutes as the fastest response to date.
- 2) Connects differing areas of the business pursuing same business opportunity.



- 1) Anecdotally, our Community has demonstrated impact in providing needed documentation to win new business;
- 2) We have used the CoP as an innovative means of creating a major and industry leading research report on the topic.



- 1) Helped in securing several new schemes
- 2) Projects influenced by more of our global experts
- 3) Papers and conference attendance proves the technological lead of the firm
- 4) Feedback confirmed that the [CoP] involvement has been the reason for staff retention for some of the staff in the community

... and this does not even begin to calculate the intangible values around human, social and intellectual capital the CoPs play a crucial role in maintaining.

Comment on taking the value/measurement piece forward

In order to provide CoP Co-ordinators and Chief Knowledge Officers with even more ammunition to take to senior management, in Phase 2 we look to do more to understand:

- How leaders and Co-ordinators measure health of CoPs
- How leaders and co-ordinators track actual value created by CoPs
- Which organisations provide sophisticated and reliable ways of tracking value form CoPs?
- How we can (e.g. through storytelling) provide more compelling examples of the value created (directly and indirectly) from CoP activities

If you are interested in taking part in Phase 2 please contact: douglas.archibald@wbs.ac.uk

So what do you need to be doing to ensure that your CoPs are contributing to individual and organisational performance in this way?

Based on the evidence we have identified nine key factors CoPs need to focus on to improve their contribution to performance as highlighted in the examples above...

Guidelines for Good Practice

Guidelines for Good Practice

Based on evidence from the research we have identified nine practices that are associated with individual and organisational performance. While we identified other ways communities could impact individuals and organisations (e.g. increasing learning and knowledge sharing or motivation and commitment for members), the factors in the guidelines below focus on one dimension of individual and organisational impact: **increased performance**.

These factors have been validated via correlation and multiple linear regression analysis to identify the key practices we can confidently say are predictors of improved performance.

Put simply this means that improved execution in each of these areas will result in improvements in individual and organisational performance. The key factors are:

- (1) Provide significant funding for face-to-face events
- (2) Ensure community activities address business issues
- (3) Provide CoP leader training
- (4) Ensure CoP leaders are given sufficient time for their role
- (5) Ensure high levels of sponsor expectation
- (6) Engage members in developing good practice
- (7) Improve the usefulness of Tools provided
- (8) Ensure there are clearly stated goals
- (9) Promote CoPs ability to help employee's solve daily work challenges

While our quantitative benchmarking research identifies which factors are significant, our qualitative research provides supporting examples of how some organisations have derived value from CoP Activities. Some examples are provided in the 'Value from CoPs' section at the end of this report.

More detailed examples of good practices can be found in KIN's sister report 'Innovative Practices in CoPs'. For more information contact: douglas.archibald@wbs.ac.uk.

What can organisation can do to sustain communities?

Define the focus of the community

Communities that improve organisational and member performance have shifted away from general knowledge sharing toward a more specific focus. We found two areas where organisations have defined this focus.

1. Ensure community activities address business issues

CoP Leader Quote

"We have worked hard to align the network goals with the operational goals. In fact, the network's goals have to be based on operational goals. If not, resources will not be allocated to the network."

Value adding communities address specific, important business issues. Pfizer's Safety Science communities, for example, annually review accomplishments and goals with a steering team. The communities and the steering team jointly identify areas on which to

focus. The steering team provides financial support to the communities – in terms of time to devote to community activities – commensurate with those goals. The focus of communities can also be defined by cascading organisational goals through to the community. A company in the oil and gas industry ties community goals directly to organisational goals by asking communities to “report” into one of four management teams. Each team defines community goals by assessing their contribution to organisational goals for their area of the business. Expecting communities to deliver value to the organisation does not inhibit them. It energizes them.

Implication for organisations: There is likely room in your organisation for informal knowledge sharing communities. But to get the greatest value from communities for both the organisation and their members, focus some communities on important business issues. What are you doing to engage the business in how CoPs can help address business issues? Either by cascading organizational goals down to communities or setting up a goal setting process specifically for communities, charge communities with some purpose that will clearly impact the organization.

2. Ensure high levels of sponsor expectation

CoP Leader Quote

“Having a Community Performance Contract (goals) with Org X Management has assisted the Community to demonstrate its delivery on a yearly basis and therefore acceptance and support of the Community by the Management has been effortless.”

Most communities have a senior management sponsor, but often they do little to nothing to actually support the community. Our research indicates that genuine expectations for results are also energizing for communities. Communities should reflect communities’ deliverables in the level of sponsor and management expectation. When Pfizer’s safety sciences communities brought forward goals that their management steering committee thought were too meek, they asked for more aggressive goals and told the communities they would provide the support they would need. In an oil and gas company community goals were clearly tied to wider Business Unit goals and the stretch targets were agreed in collaboration with BU Sponsors.

Implication for organisations: don’t have do-nothing sponsors for communities. Articulating expectations and demonstrating support shows communities that they matter to the organisation.

Support

Organisations that get clear value from communities also follow through on supporting community development and activity. Providing support has often been touted as important to maintain the health of communities. Executing well on that support makes a significant difference in the value of communities.

3. Provide significant funding for face-to-face events

CoP Member Quote

“The community helps but so does knowing people face to face. I travel quite a lot to

different offices and the fact that I can put faces to community names increases my willingness to participate.”

We have long known that face-to-face contact is important to create the trust and rapport that communities need to develop effectively. By funding face to face events – travel mostly - organisations can enable that interaction. One company in our study asks communities to develop a proposal for their face to face workshops that included a description of the impact of community event. The process helps communities think through the value of the meeting and provides some discipline in staying focused.

Implication for organisations: Communities are not free. Facilitate real contact among members. Give them the financial support required to interact, think together and solve real problems.

4. Give community leaders sufficient time for their role

CoP Leader Quote

“It is defined to spend 10% of our time but most of time spent is my personal time such as weekends or late night hours. It is my personal desire that makes me dedicate my time.”

When community leaders try to lead in their “spare time” community leadership can easily be squeezed off their plate by other more pressing needs. Funding leaders’ time gives them a chance to execute their role. Most community leaders spend ½ to 1 day a week on the community (an average of 17% of their time). Spending this time networking, facilitating meetings, engaging sponsors and managing the community’s library or web resource, can significantly improve member’s sense of satisfaction and commitment.

Implication for organisations: Community leadership takes time. This is also a direct cost of communities. Focus on communities you are willing to make a real investment in. Time has to be put aside for leaders to perform their role if the goal is organisational performance improvement. Not all leaders will do it after work for the love of the job.

5. Provide CoP leader training

CoP Member Quote

“ The key to any successful community is to have a very active facilitator that leads the community and organises events etc.”

Leading a community is different from leading a team or being an individual contributor. We expected that leader training would correlate with grater value for members, which it does. However, it correlates even higher with increased organisational performance. One organisation in our study has intentionally high leader turnover and conducts a series of one-day leadership training workshops around the world for its newly elected community leaders. While time consuming, the trainings help community leaders understand their role – not just how to work the technology – and makes community leadership clearly distinct from team leadership. Training should include the key

activities of community leadership; networking, facilitating meetings and influencing the organisation.

Implication for organisations: Community leaders need to understand their community job. They too need to expect that community leadership will demand something of them and that they will be required to fulfil the expectations managers and members have of them as leaders.

6. Use simple, useful IT tools

CoP Member Quote

“The number of tools is not as important as the quality and useability of the tools used. A few powerful tools combined with appropriate training enables our CoP to function very efficiently and effectively.”

Most communities do not need very complex tools. Make sure tools for communication, collaboration and document management are useful. High performing CoPs don't use more sophisticated IT tools than lower performing ones. Typically high performing communities need the following functions:

- discussion forums
- document libraries
- effective search
- expertise locators
- on-demand teleconferencing

These are not exceptional functional needs. And the tools high impact communities use are generally simple and easy to use.

Implication for organisations: Simplicity is more important than fancy functions. Make community tools simple, straightforward, easy to get to from standard email, easy to send or post documents, simply one-engine search, simple to browse documents. ,

What leaders can do?

Our research shows that there are some things community leaders can do that significantly impact the value of the community.

7. Set clear goals and targets

CoP Member Quote

“This is a relatively new CoP. Having a clear measurable goal that has meaning to the community has acted as a catalyst to bring the group together. It has provided a common vocabulary and a sense of "Team.”

Clearly stated goals and target also correlate highly with the value communities create for the organisation. Community goals are typically developed in collaboration with the community sponsor or governance group and/or core community members. In one organization in the study community goals cascade down to communities through the

management structure. In another goals are set in by the core members and fed up to a steering group.

Implications for leaders: Actively engage community members in identifying goals and the outputs that will achieve them. Use these goals to keep the community focused.

8. Engage members in developing good practice

CoP Member Quote

“Through developing the tools for the network I have developed a better understanding of the planning processes involved.”

Communities that have an impact on organisational and member performance do more than share knowledge generally. They actively support member participation in developing practices. One organisation in the study hosts an annual contest on specific techniques that added value to customers. Each geographic location hosts a competition. Criteria for winning are clearly known: technical depth, business relevance, innovativeness of approach, and overall impression. Winners of the local competition participate in a regional one and winners of the regional finals compete in a global competition in which they give their presentation to the technical fellows, Vice Presidents and Senior Vice Presidents.

Implication for leaders: keep practice at the centre of the community; help community members learn specific practices from each other and/or collectively develop new ones.

9. Focus on solving daily work challenges

CoP Member Quote

“I think the CoP X Forum is a great tool if you have a specific problem. You can get almost instant feedback on whether others have had similar issues.”

The extent to which community members see the community as a resource for solving everyday work challenges also correlates with high individual and organizational impact. Sometimes communities turn their meetings into a series of technical presentations. Our research clearly shows that this is not what drives members to participate. Solving everyday work problems is. Leaders should keep their community focused on genuinely useful discussions, not presentations.

To build membership leaders can also “advertise” the community as a place to bring technical problems, ideas and questions. They should encourage members to ask questions of their community in order to solve day-to-day work challenges. Collecting and telling stories about how the community has helped members adds greatly to the image of the community. One organisation in the study partnered with their marketing department to promote their CoP programme throughout the organisation resulting in a significant spike in CoP membership.

Implication for leaders: Like focusing on practices, focusing on specific work problems keeps the community grounded in real work and provides real value for members. Promote the value of the community through success stories from existing members.

Most important factors affecting performance

While the nine factors identified are all strongly associated with improved individual and organisational performance, four factors emerged from our analysis that stand out.

Each of these four factors independently contributes significantly to both individual and organisational performance. That is, increasing any one of them independently is likely in itself to improve performance. However, *increasing all four will provide a cumulative effect on individual and organisational performance.*

The table below shows the cumulative effect improving all execution of all four factors could have on performance, based on a 1-5 scale.

Factors Affecting Performance	Individual Performance Improvement	Organisational Performance Improvement
Provide significant funding for face-to-face events	0.369	0.392
Ensure community activities address business issues	0.212	0.262
Ensure high levels of sponsor expectation	0.207	0.236
Provide community leader training	0.195	0.195
Cumulative Improvement Effect	0.983	1.085

This shows the cumulative effect of improving execution of these four factors would significantly increase (by approximately 1 point out of 5) the impact their CoP has on individual and organisational performance improvement. The top ten performing CoPs in our study (i.e. those that scored greater than 3.50 out of 5.00 in terms of impact on performance) all scored highly on the above factors. Improvement in these factors would effectively move them ‘up the league table’.

What does this mean in practical terms? How might improvement be manifested?

The previous section on ‘Value from CoPs’ provides some practical, real life examples of the value gained from high performing CoPs in the following areas:

- ❑ Winning work
- ❑ Improving Customer Satisfaction
- ❑ Saving time
- ❑ Saving money
- ❑ Attracting and retaining talent

CoPs in our study that improve execution of these factors can therefore expect to see a step change in their contribution to helping the organisation win work, save money etc.

While focussing on these factors are not new suggestions, we have for the first time made a direct evidence-based link between investment in these areas and the impact we can expect a community to have on individual and organisational performance.

Since our overall sample of communities is small with additional communities added to the study, we expect we would find more factors that have a similar direct, causal relationship on individual and organisational performance.

Conclusions

The purpose of the benchmarking survey and report was to:

- help Chief Knowledge Officers (CKO's), Communities of Practice (CoP) Co-ordinators and others make strategy and investment decisions regarding CoP programmes
- provide CKO's and CoP Co-ordinators with evidence to help senior management understand how CoPs can create tangible organisational performance improvement

The contents of this report, coupled with the specific benchmarking feedback that CoPs from each of participating organisation has received, should allow you to make better strategy and investment decisions to increase the contribution your CoPs make to individual and organisational performance improvement.

It should also help you to engage senior management in the potential to leverage CoPs for performance improvement.

Based on the quantitative and qualitative evidence presented here there is clearly – in the eyes of CoP leaders and members – a significant contribution being made by many CoPs to individual and organisational performance improvement.

However, investment – both time and money – is required.

There is clearly a significant variation in the contribution the 52 different CoPs in our study are making. Those organisations and CoPs that are investing time and money are reaping the performance rewards.

The data from across all 52 CoPs has allowed us to make assertions on nine key CoP factors that predict performance. We can confidently predict that investment in four of these areas now will increase the impact CoPs have on performance improvement in the organisation.

You may have known that all along.

Now you have some evidence to back it up when you discuss with senior management.

The next step for us in Phase 2 is to develop more 'how to' detail on how to improve execution of each of these key factors.