Strategy Focused CoP Using BSC Method And Building Lifecycle For Strategy Focused CoP

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Abstract

The various research on Communities of practices (CoP) for propagation of softer type knowledge in new Knowledge Management (KM) strategy having been performed for past couple of years. CoP is one of effective process innovation tool for diffusion of knowledge. Based on CoP's voluntary and spontaneous characteristic, it performs a function of delivering softer type knowledge of workers to the other colleagues of organization.
But one step further to CoP's function of propagation of internal knowledge, research on function of CoP's contribution in enterprise strategy are insufficient yet. This paper presents enterprise CoP should be managed and aligned to strategic objectives of enterprise, and also, suggests the methodology for CoPs to maintain a lifecycle as a tool to contribute in strategic goal attainment. Although CoPs are voluntary and spontaneous informal organization, it can display a contribution as tool for KM strategy when it is aligned to strategy properly and form efficient lifecycle.

Keywords:

Communities of Practices, CoP, Knowledge Management

Introduction

In the 21st century, Large and established companies trying to continually evolve their organization by engaging in various forms of innovation. So, how corporations can success innovation in a speedy manner is the greatest issue for innovative companies. [20] It is accepted as truism that KM is one of the key pillars underpinning organizational innovation strategy. [14]
Various streams of KM research have emerged so far. But early research focused on understanding the differences among data, information, knowledge, and the effects these

differences have on KM. [33] And latest research viewed knowledge as a source of competence and as a competitive resource. [12] One possible trend and solution to these human capital management challenges is to apply KM principles, techniques, and methods. KM is the process of creating value from an organization's intangible assets within workers. [14]
Some of the existing KM studies have addressed the needs to encourage individuals to share knowledge./53/, /54/ But one of the major weaknesses in the existing KM approaches is the tendency to focus too much on either technological or cognitive issues. [30] The solutions for KM should be flexible. As such, they enable management to refine the organization's KM goals and processes without drastic changes to the technological underpinnings. From this perspective, KM can be viewed as a dynamic process.[30]
Therefore, the realization of knowledge as embedded and constructed from and through social relationships and interactions [29], [24], [3] has led some KM researchers to focus on the importance of communal resource [34] and the notion of evolving communities within organizational boundaries. [30] Then dynamic KM strategy might have advantages because of the fact that communities of knowledge are comprised of affiliates subject to changing demands and conditions of work. [34], [30]
CoP is not a new idea. [1] After introduced by many scholars including Lave and Wenger at late 1990's. CoP was the first knowledge-based social structures and it develops a unique perspective on their topic as well as a body of common knowledge, practices, and approaches. And also develops personal relationships and established ways of interacting. So, the importance of CoP has been acknowledged in a number of earlier works: sense-making [37], CoP [17], [25], [5] storytelling [25] knowing in practice, and communities of knowing. [4], [30]
Wenger, McDermott & Snyder (2002) define CoP is 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 [1]

and other researcher defined CoP as a groups of people working together towards achieving specific goals through the creation, sharing, harvesting and leveraging of knowledge. [21] In the other way, CoP are groups of people who share a concern or passion for something they do or learn how to do it better as they interact regularly. [2], [16], [26], [36] And CoP can be located locally or can be virtual in nature.[26], [21]

In innovative KM strategy of enterprise, Intellectual asset residing in CoPs leads to behavioral changes, which in turn leads to positive influence on organization benefit. [18] So, The incorporation of CoPs into the organizational KM agenda is often the result of a progressive understanding of the significant social aspects to sharing and utilizing knowledge, particularly with regard to the value of its tacit dimension in improving knowledge work. [23], [27]

The goal of many KM strategies is to develop a global knowledge community where knowledge is shared and utilized across various CoP in the organization. [30] KM is a strategic activity. So it starts with strategy and ends with strategy. It connects strategy to performance through knowledge. [8] Thus, cultivating CoP in strategic areas is a practical way to manage knowledge as an asset, just as systematically as companies manage other critical assets [1]. Another important element in CoP is that community members can resonate shared values aimed at achieving business goals. [20] And also simultaneously emphasizes storage and distribution of explicit and tacit knowledge, enhances member interaction and knowledge sharing, enables organization learning, and finally induces innovation to maximize the value of KM. [18]

Literature Review on CoP

According to Wenger, McDermott & Snyder (2002), CoP has a unique combination of three fundamental elements. The first one is a domain of knowledge, which defines a set of issues. The second one is a community of people who care about this domain. And last, the shared practice that they are developing to be effective in their domain. [1], [38] According to Wenger, McDermott & Snyder (2002), CoP are as diverse as the situations. [1], [38] The value often changes over the life of the CoP. Early value frequently comes from focusing on the current problems and needs of community members. As the community grows, developing a systematic body of knowledge that can be easily accessed becomes more important. [9]

The importance of CoP comes from the fact that knowledge cannot be easily learned from its context. In all types of knowledge activities, even where technology is very helpful, knowledge contributors as well as seekers require a community or group of peoples to share common conversation, experimentation, and experiences with other people who do what they do and have practical experience. When inside the CoP, members are contextually bound by a shared interest in knowledge sharing, and applying common practices. Yet a challenge encountered in KM initiatives is to bridge these CoP to enable sharing across,

not just within, communities. When CoP prefers tacit knowledge, the operation key point is to create collective learning fields, providing experts to exchange, interact, and opportunities for shifting practices. This kind of CoP raises the capability and facilitates innovation through the cross-domain exchange. [18]

Enterprise workers may have different rolls and backgrounds, but all workers work together towards the business goal(s), using their knowledge, skills and abilities. They mainly do their jobs to execute their role based on workflow in organization but workers needs additional softer type or informal knowledge to do work better. To do this, workers are focus on exchanging knowledge and information together. The organization can achieve the specific goals and objectives by this. [21] Global enterprises, such as IBM, 3M, Xerox, Cisco, and Dell, meet transformation needs by operating CoP in emerging economies, have taken CoP as a new central role in the value chain. [6], [7] The CoP in enterprise, the informal structure requires specific managerial efforts to develop them and integrate them into the organization to that their full power can be leveraged. [10]

Strategic importance of CoP

CoP does not merely manage knowledge assets; Wenger, McDermott & Snyder (2002) describe multiple and complex ways that they create value, both for their members and for organization or enterprise. Such as Short term and long term value, Tangible and intangible value, Strategy implementing and strategy making value, Connecting professional development and corporate strategy. [1], [38] Thus CoPs are not just informal knowledge sharing organizations but also can drive strategy, generate new lines of business, solve problems, promote the spread of best practices, develop people's professional skills, and help companies recruit and retain talent. [10]

Figure 1 – Strategic Importance of Cop as a Enterprise Resource

Wenger, McDermott & Snyder (2002) indicate that it is not CoP themselves that are new but the need for organizations to become more intentional and systematic about managing knowledge, and therefore to give these age-old structures a new, central role in business. [1], [38]

So, this paper suggests the combination of CoPs importance as a strategic resource and alignment of all resources on strategy like Figure 1.

CoP can provide values for enterprise through their ability to implement existing strategies as well as develop new ones. On the one hand, CoP can contribute to the development of frontline practitioners who understand the

products, are aware of market trends, know what it takes to beat the competition, and are able to implement new business strategies. On the other hand, when highly developed, influential CoP can keep abreast of market opportunities as well as their own practice development they can inform or enact new strategic initiatives.[1] Therefore, Enterprise Leaders should maintain close links with CoP leaders or members to share strategic perspectives, consider directions that the community should be aiming for and reporting on the details of community activities. [20] Companies will require a management that can, from a multiple variety of viewpoints, use networked personals to synthesize superior knowledge that is held and spread out both inside and outside the organization. [20] CoP posses a vast base of knowledge ranging from theoretical concepts to practical experiences. So they are the key engines for acceleration in an organization. Socially, CoP is the fabrics of knowing as members of CoP acquire communal identity around a shared passion, relationships, roles and ways of intermingling common knowledge, practices and approaches. [29], [30]

If knowledge is a strategic asset, then it has to be managed like any organizational asset. It is too important to be left to chance. [8]

There is various functions of organizations in enterprise and the divers functions and organizations should be aligned to strategy of enterprise to achieve business goal. [28] this is shown at figure 2.

Figure 2 – Strategic Alignment of Enterprise Resources

Because CoPs are one of the informal organizations inside of enterprise so CoP should be aligned well with enterprise strategy also. There is also a definition in viewpoint of strategic alignment of CoP. CoP is a group of self-governing people whose practice is aligned with strategic imperatives and are challenged to create shareholder value by increasing capabilities and improving their practice. [8] The enterprise KM strategies for management performance emphasis that learning, work itself, performance, and business goal is all closely related. So the encouragement of learning and self-development of workers are indirectly presented as a business performance. There is also an increasing number of studies linking the concept of CoP with organizations' strategic importance.

[39], [32], [30]

Acknowledging that CoPs affects performance is important because of their potential to overcome the inherent problems of a slow-moving traditional hierarchy in a fast-moving knowledge economy. Associated with the CoPs, there was a research on functions of CoPs in business strategies. The four strategic benefit is Induce Innovation Learning, Promote Responsiveness, Increase Core Competency, and Enhance Working Efficiency. [18]

The communities themselves are becoming recognized as valuable organizational assets. [11] So, Successful and sustainable communities have focused, well-defined purposes that are directly tied to the sponsoring organization's mission. Purposes should be defined in terms of the benefits to the community's stakeholders and the specific needs that the community will be organized to meet. Purposes can be categorized into the following four areas of activity. [31]

But in the viewpoint of original characteristics of CoP such as spontaneous and voluntary, the managerial control should be minimized as possible. So this two viewpoint must mixed properly to promote two opposite functions of CoP. Dialectical Leadership suggest a adequate solution for this conflict like figure3. [20]
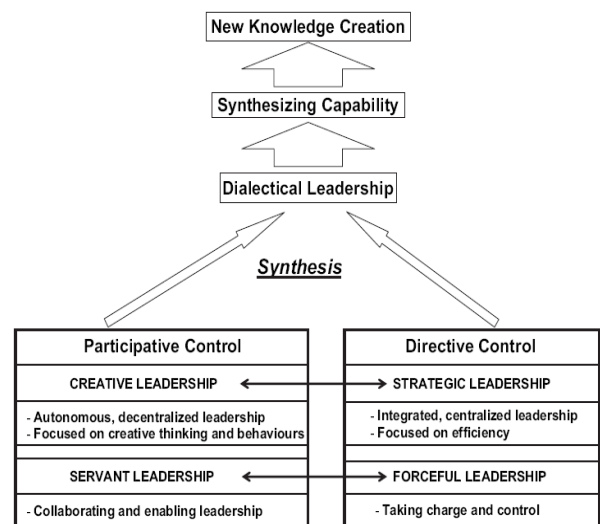

Figure 3 – Dialectical Leadership

Strategic alignment of CoP

Based on the concept of that all the resources of enterprise should be aligned to the business objective and goal. To do so, many enterprise managers use the Balanced Score Card (BSC) to align activities of all organization and workers. The practical methodology for BSC may be useful for strategic alignment of CoP. Not all the BSC method but only the performance drive tree of BSC will be used to derive enterprise CoP theme and discussion issues.

In CoP, there is always one or more themes for CoP members to focusing on and themes of CoP is always changes according to the technical environment and members are focusing and discussing on several practical

issues of themes in CoP. When themes of CoP is properly controlled and suggested for strategic alignment.
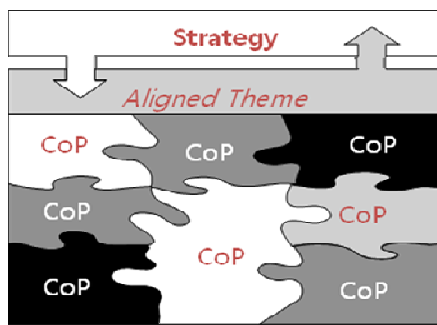

Figure 4 - Strategy Aligned CoPs

It can be lead to knowledge sharing or creation and creative activities of CoP members. Although CoP has spontaneous and voluntary original characteristics, it surely has enough reasonability that the enterprise CoP should be aligned to strategy according to dialectical leadership. So, this paper suggesting a framework to derive strategically aligned enterprise CoP theme using methodology of performance drive tree of BSC.
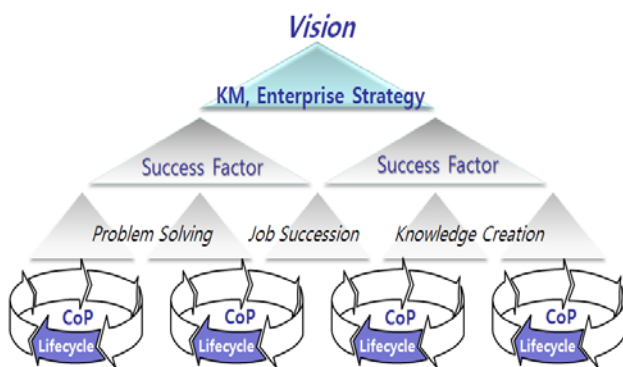

Figure 5 – Enterprise Strategy Aligned Recursive Cop Lifecycle

The performance drive tree of BSC shows proper workflow to derive theme for enterprise CoP. the workers or organizations can find the critical success factors from the vision of enterprise and enterprise strategy. And there should be some problems or technical or non technical knowledge to achieve that critical success factor. The enterprise CoP can get the CoP theme driven from the various success factors based on business strategy.

To derive strategically aligned themes for CoP. this paper suggested a framework like Figure 6. in Figure 6, there is various success factors derived from enterprise strategy and some issues or theme for CoP which is extracted from strategy aligned success factors. CoP members and leaders can select one or more themes to discuss in this theme pool. And then CoP activity can be aligned to business objectives through this sequential behavior. To select theme for CoP, CoP members and leaders can uses analytical method, such as AHP, Delphi, etc.

By this type of strategic hierarchical activity CoP can

contribute to achieving business goal and they help drive another strategy and increasingly contribute to company's strategic direction such as starting new lines of business, solving problems quickly, transfer best practices, develop professional skills, help companies recruit and retain talent. [10] Figure 5 shows enterprise CoP has recursive lifecycle And by this recursive lifecycle CoP can contribute business objective by the way of problem solving, job succession and knowledge creation. This will be discussed in next chapter more detail.
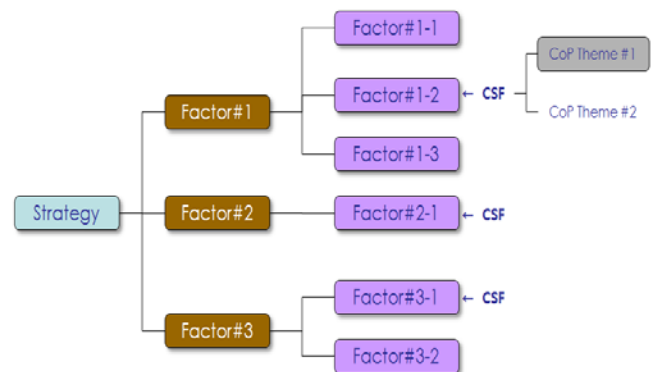

Figure 6 – Performance Drive Tree For Cop Theme

Lifecycle suggestion for Enterprise CoP

There was typical lifecycle suggestion for CoP introduced by Wenger, E., McDermott, R. A., & Snyder, W. (2002) [38] and this lifecycle shows five stages of CoP lifecycle. The first stage Potential is about finding people with similar interests, establishing contacts, and building informal relations. The second stage Coalescing is where identity is formed and the values are discussed. The third stage Active is where CoP becomes highly dynamic and comes into its own by engaging in a high level of activity. The fourth stage is Dispersed where at first members of the periphery and then core members themselves lose interest in the topic. At last, the fifth stage Memorable is the collection of memorabilia. Here the CoP is dispersed, however tales and anecdotes live on for a while.[15]

As knowledge complexity increases, and cooperation in which the enterprise CoPs are belonged is grow, and the knowledge lifecycle of enterprise CoP shortens. Therefore, CoPs tends to focus on important issues which face dynamic and evolving nature of organizations.
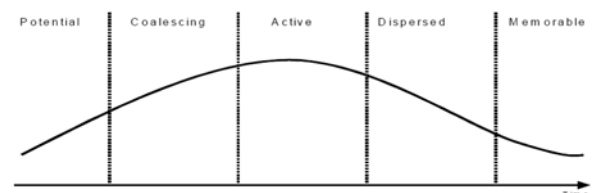

Figure 7 – Typical CoP Lifecycle

But because enterprise CoP resides in enterprise or cooperation, though the knowledge or issue lifecycle might

be shorten the life of enterprise CoP would not be disappeared by time. Only the theme or discussion issue will be change according to the business environment change and technical issue evolution. So, when we discuss about lifecycle of enterprise should not estimate it will be expire, but it evolves like an organic. This type of lifecycle for enterprise CoP is suggested as below at Figure 8.

A key element of designing for value is to encourage CoP members to be explicit about the value of the CoP throughout its lifetime. [9] And the goal of CoP is to bring out the CoP's own internal direction, character, and energy. For example, design for evolution, open a dialogue between inside and outside perspectives, invite different levels of participation, etc. Value is a key to community life, because participation in most communities is voluntary. [9]

When Enterprise CoP acknowledges business goals and objectives, enterprise CoP can contribute to business performance and increase values of itself. Enterprise CoP is originally reside in cooperation, the CoP would not be vanished it evolves through changing of issues or themes to meet the market change or business environment. The evolutionary and recursive lifecycle of enterprise CoP is suggested in figure 8.
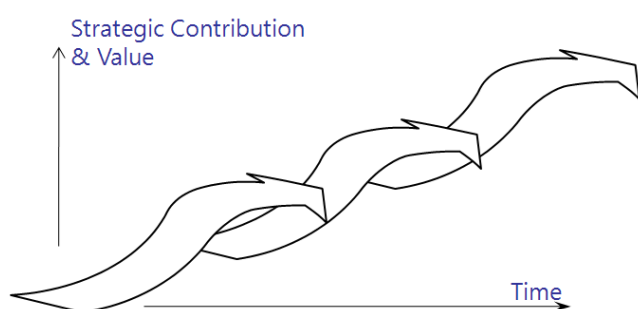

Figure 8 – Recursive and Evolutionary Lifecycle Of Enterprise CoP

Figure 8 shows the evolution of CoP. when time goes by, enterprise CoP can evolve itself and increase contribution in business performance while changing themes or issues which is aligned to success factor of business strategy

Conclusion

From late 1990's, various and rich research on CoP was performed and lots of operation and activation strategy about CoP having been suggested and developed. General CoP has characteristics of spontaneous and voluntary on issues or themes about common interests of CoP members. And it grows by participation interests of members of CoP and also having evolutionary lifecycle of five stages of growing and disappearing.

This paper, in domain of enterprise CoP, tried to find a differentiation between general CoP and enterprise CoP and also suggested a methodology to link tightly enterprise strategy and CoP. the CoP which is inside the cooperation should control its theme and issue according to the business environment change. And if the issues and theme is well

selected and suggested, the contribution of CoP will increase. To align the CoP theme and enterprise strategy well, this paper suggested a performance driver tree which is used in BSC. By using of performance driver tree, CoP is able to choose enterprise strategy aligned theme. Opposite direction of this sequence to decide the proper theme can shows how CoP can contribute in enterprise.

Also in case of enterprise CoP which is reside and organized in cooperation, CoP would have a different specification such as reduction of spontaneity and voluntariness with increasing of directional and strategic control by cooperation or governor. This characteristic of enterprise CoP is also makes needs to change or modify the lifecycle of CoP differentiated from typical one. The lifecycle of enterprise CoP would have a recursive and evolving characteristic and it increases a strategic contribution and value in cooperation by the time goes.

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