



How to benefit from the Community challenge

KPMG Knowledge Advisory Services

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Communities that count: adding value through communities

Take one network, add a mixture of people, connect, shake (but do not stir), and there you have the perfect (virtual) community that creates collaborations that count and turns (shared) knowledge into value.

If only it were that simple...

Communities provide rich collaborative environments for their members, organisations, customers and other stakeholders. They establish connections with each other that persist over time and help create lasting value. But communities are not ends in themselves. Connecting people does not automatically lead to the creation of a vibrant, knowledge-sharing community. Trying to impose boundaries on a community can turn them into enclaves –or “gated communities”– protected from the rest of the organisation (and the outside world). These types of communities are often intolerant of outsiders and diversity and are therefore slow to respond to drivers of change.

A community develops “shared assets” that are of considerable value, yet often these are not tangible. The way that such a capability –to produce shared assets– translates into benefits remains ill-understood. To assess the potential benefits that communities bring to your organisation, we use the Community Benefit Matrix.

A (virtual) community is an ICT-enabled network of people with a common (professional) discipline or interest that enables its members to share information and knowledge and to work effectively, universally, inexpensively and on their own terms. With communities an organisation can gather information and knowledge stored in the hearts and minds of its employees, run projects 24 hours and 7 days, and bind employees and customers.

	Tangible	Intangible
Quantifiable	<p>An improvement where benefit is clearly identified and measurable</p> <p>Financial</p> <ul style="list-style-type: none"> ◆ Reduced costs in "undermanaged areas" ◆ Create company memory – best practices and lessons learned - on identified key knowledge areas <p>Operational</p> <ul style="list-style-type: none"> ◆ Reduced rework and duplication ◆ Reduced time needed to put an idea into practice <p>Personal</p> <ul style="list-style-type: none"> ◆ Able to update personal competency profile consistent with requirements 	<p>An improvement which has a measurable benefit</p> <ul style="list-style-type: none"> ◆ Create image of world leader in new ways of working - attracting and retaining the best talent available ◆ Improved time to market ◆ Improved personal and team satisfaction ◆ Create strong (inter)national presence ◆ Reuse of knowledge
Unquantifiable	<p>An improvement where benefit is clearly identified but difficult to measure</p> <ul style="list-style-type: none"> ◆ Improve quality, exchange and accessibility of knowledge ◆ Improve likelihood of implementing joint objectives ◆ Create a common language ◆ Able to improve company-wide competencies ◆ Able to work independently anytime, anywhere, any how 	<p>An improvement which is difficult to measure</p> <ul style="list-style-type: none"> ◆ Leverage company IQ for co-creating future products and services ◆ Build shared assets and create commitment ◆ Develop greater absorptive capacity to deal with ad-hoc problems and challenges ◆ Implement a motivating and challenging entrepreneurial work environment for employees ◆ Able to create and deploy (new) knowledge to deliver value.

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Figure 1: The community benefit matrix

Our experience has taught us that communities in operation lead to various organisation-wide benefits as shows in the aforementioned matrix. This is due to smarter use of (corporate) knowledge:

- Capturing a **company memory**; and
- Developing a **company IQ**.

The people within the organisation form a living repository that captures lessons learned and best practices and that makes them accessible for future reference and use. When this company memory –best practices and lessons learned– becomes part of an organisation’s way of working, it supports and drives the ambition to ‘create the most from the best.’ However, creating this knowledge advantage –turning knowledge into value– means nothing unless an organisation also has an **action advantage**. This means it can execute actions based on that knowledge better than its competitors. To out-think your competitor is not enough. The ability of an organisation to develop a company IQ –that is the overall capability of an organisation to connect the captured "actionable" knowledge to the right people and vice versa– is important. Implementing communities often reveal the potential that is hidden within the organisation.

Differentiating communities from other ways of working

One of the problems facing managers is that many of today's current concepts seem to be used for approximately the same idea. There is no real clear understanding of why communities are so different from the concepts of groups and teams that have been around for most of the Industrial Economy. Nor is the concept of networks that is now emerging, understood. If we look at this superficially, we see how inter-related everything is. People can belong to all of them – simultaneously! Although these four ways of working mean different things, they often get “lumped together by sloppy thinking” (Information Outlook, 2001). Let us take an example.

*Peter is a financial expert. The department where he works consist of tax experts and financial experts. He belongs to the **group** of people formed on basis of their financial expertise. Colleagues often phone him (through an informal **network**) for information and knowledge about financial issues. Currently he is the leader of a multidisciplinary **team**, working for a client to restructure their finances. He has put a lot of effort to his team composition. He recently joined a **community** on fine wines, as he is considering investing part of his capital in wines instead of stock.*

As shown in figure 2, a community shares characteristics with each of these three groupings –yet it is a totally unique and specific entity. More than anything else, a community is a way of communicating with other people who share the same interests, objectives, and purposes. People are not ordered to join, but rather do so of their own volition. A community emerges and stays alive until it is no longer useful, of interest, or required. It is there because it allows people to communicate with each other. For most people, a community becomes something of a home base, where they know they will meet others and interact with them.

	GROUP	TEAM	NETWORK	COMMUNITY
What is the purpose?	To deliver a specific product or service	To accomplish a specified task	To create and maintain a set of relationships of unlike minds that can act accordingly	To discover value in day-to-day exchanges of information and knowledge
What are the boundaries?	Strict	Permeable	Flexible	Mutually adjusting
How does it develop?	Through an agenda of problems that need to be solved	Through a work plan where everybody contributes and the objectives are checked throughout the project	The network will expand a contract according to changes in the environment	On its own, by constantly negotiating its “space”. New topics are freely introduced.
Who belongs?	Members follow reporting hierarchy	Members assigned by senior management	Members join by “word of mouth”	Members join themselves
Leadership style?	Autocratic	Benevolent	Disposable	Laissez-faire
What makes it sticky?	Acceptability for results	Responsibility for and commitment to defined common goals	Focus on accountability of members to other members rather than the whole network being accountable to some higher authority	Through trust, with fun & good vibrations, by passion & commitment.
What makes it tricky?	Groupthink	Failure to recognize and reward team efforts	Loss of control over parts of the business	It can become so wrapped up in doing their own things
Why does it last?	Until the next reorganization	Until the project is completed	Until the network does not renew itself	Until it has served its purpose

Figure 2: Differences among ways of working

Source: Lekanne Deprez & Tissen, 2002

Determining your community challenge

In communities people start to resonate with each other, which often result in good vibrations –such as fun, trust and energy– personal benefits and business benefits (as shown in figure 1). Is the community concept feasible in your organisation? The KPMG’s Community challenge gives you a profound foundation for (further) deployment of communities in your organisation. This community challenge reveals:

- Your organisation’s readiness for successfully implementing and maintaining active communities. Organisations explore the opportunities and value communities offer for the organisation and the pitfalls to be avoided when working virtually; or
- Your organisation’s process maturity in maintaining and exploiting communities. Organisations explore what they are doing well and understand how they can improve the level of their communities’ performance.

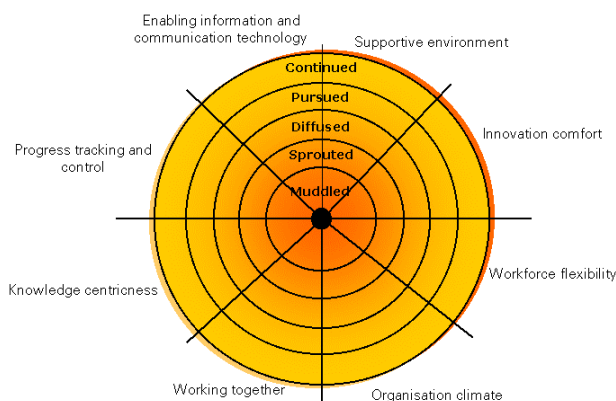


Figure 3: KPMG’s Community challenge assessment model

We assess the state of the community practice in your organisation by determining the maturity processes as muddled (starting up), sprouted, diffused, pursued or continued (still going on and stand firm). An action plan which includes an analysis and a short list of most appropriate community supported IT-applications is developed jointly to make the next step towards your community challenge.

Three case studies

The following case studies provide some examples of how the community challenge has been applied in practice. The cases are based on actual client situations.

Case study: A multinational Chemical Company (ChemCo*)

In 1998, KPMG and ChemCo jointly initiated a project entitled “Creating Communities, A Membership Approach to Enhancing Business Value”. The primary

* All names of the companies are fictitious, although the cases are real.

objective of the project was to implement communities worldwide within a Global Knowledge Management Framework to turn company knowledge into value.

Within this project, KPMG acted as a Centre of Excellence and provided a project team supporting the Director Knowledge Sharing of the chemical company. We have jointly set up a global knowledge management framework for introducing new working methods. One of the key levers for establishing new ways of working was the introduction and implementation of virtual communities.

The benefits offered by the project were:

- Based on the experience of the pilot project to deploy the community concept on a worldwide scale.
- Creation of short-term value by sharing and transferring local business solutions to other plants and countries.
- Improvement of the reliability of a key process by one percent at each company's site through implementing a Community of Purpose.
- Realisation of \$15 million ROI within ChemCo.
- Increase of overall business performance.

KPMG supported:

- The definition of the community design principles.
- The development of a community creation manual (hard copy and digital).
- The implementation of the Centre of Excellence and the training of the members.
- The process of stimulating the exchange of lessons learned and best practises (corporate memory) within the organisation.

Case study: A Brewery (BrewBiz*)

In 1999, KPMG supported BrewBiz with the building of a community to support the participants of the internal Knowledge Network Conference. In this conference a diverse group of employees were invited to share and create their views and expectations of knowledge management.

KPMG jointly developed the program and acted as process managers to build and maintain this community.

The objectives of this project were:

- To create awareness of the potential business value that knowledge management offers BrewBiz, its Operating Companies, and its people.
- To create a sense of excitement around business opportunities during the Knowledge Network Conference.

KPMG supported:

- The implementation of a Community of Interest focusing on the challenges of applying Knowledge Management (impact on organisational structure, rewards, culture, etcetera) within BrewBiz.

Case study: A global investment firm (Invest*)

In 2001, KPMG deployed KClient –a web-based ‘space’ accessible via the Internet to both the client organisation and to KPMG professionals– to jointly work with a team. The client team members were dispersed over four locations – Australia, New Zealand, United Kingdom and United States. KClient was especially useful because of the communication difficulties posed by widely divergent time zones, and the delays encountered in trying to send large presentation documents through email.

KPMG built an enterprise-wide infrastructure, intranet and Internet site to resolve the lack of a common infrastructure to communicate and collaborate.

The objectives of this project were:

- To create cross-functional, cross-border collaboration and business development.
- To support the communication of the client service team.
- To improve service delivery, shared document exchange and repository with client.
- To strengthen client relationship through access to KPMG expertise and professional reference.

KPMG selected KClient from a shortlist of collaboration tools because:

- It was faster to deploy and less expensive to implement
- It was supported by technical and functional expertise within KPMG.

References

- Lekanne Deprez, F. & Tissen, R., *ZeroSpace. Moving towards a time when organisations mean nothing*, Berrett-Koehler San Francisco (forthcoming 2002).
- Information Outlook, *A word to the wise: Don't dismiss social capital*, 2001.

Information

If you have a community challenge or want to know more about it, contact us first and we will jointly look at how Knowledge Advisory Services can help you with your specific needs. Please contact:

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