

White Paper

Want to manage tacit knowledge?

Communities of practice offer a versatile solution

Shawn Callahan
shawn@anecdote.com.au

Introduction

This paper offers some tips for fostering informal communities to manage tacit knowledge in a rapidly changing business environment. Recent business developments have increased the difficulties in managing this important type of knowledge.

- ‘Baby-boomers’ are retiring—and years of ‘know how’ are walking out the door.
- Clients are demanding more answers to increasingly complex questions—and they want those answers *now*.
- Companies cannot afford to make inadvertent mistakes, and they must therefore capitalise on the ingenious solutions that remain hidden in every quiet corner of their organisations.

These business problems have created a significant challenge for companies today: How can organisations create a work environment that enables knowledgeable people to learn, adapt, and respond effectively to novel circumstances?

A common (but misinformed) strategy is to extract and record what people know—and then store it in a database. The problem is that much of this ‘know how’ is not amenable to this treatment. It cannot be captured or converted easily. Much of it is unspoken and unrecorded. So how do we manage this unspoken (or tacit) knowledge? *Communities of practice* offer an effective and versatile solution.

This paper therefore provides guidance on how to identify and foster such communities of practice in your organisation. It explains why communities of practice are effective in managing tacit knowledge, describes how to ‘map’ communities, and provides suggestions for garnering management support. Finally, the paper describes three common traps to avoid.

The nature of tacit knowledge

Organisations recognise that knowledge provides the only sustainable market differentiator. And there is

a growing awareness that *tacit knowledge* makes up a substantial proportion of this vital knowledge—perhaps as much as 80%. The imperative to manage tacit knowledge more effectively has become more pressing in recent times—as experienced ‘baby-boomers’ retire, as clients increasingly present novel problems (for which ‘cookbook answers’ are both inappropriate and unavailable), and as market cycles accelerate and response times are reduced. These dramatic changes mean that we do not have the time or resources to document what we know—even if it were possible to do so.

“We do not have the time or resources to document what we know—even if it were possible to do so.”

Tacit knowledge is *personal knowledge*. It is difficult to discern and difficult to express. Examples include ‘intuition’, ‘hunches’, ‘heuristics’, and ‘inherent talent’. It enables people to have ‘gut feelings’ that something is wrong or missing. It is knowing how to ride a bike, how to recognise the smell of coffee, how to develop lasting client relationships, when to buy and sell, and which new venture is likely to work. It is not ‘book knowledge’; rather, it is knowledge developed through experience.

“Tacit knowledge is personal knowledge ... difficult to discern and difficult to express.”

According to Boisot, there are three types of tacit knowledge to consider:¹

- things that are not said because *everyone* understands them and takes them for granted;
- things that are not said because *nobody* fully understands them; and
- things that are not said because, although *some people* understand them, they cannot costlessly articulate them.

It is possible to adopt individual strategies to manage each type of tacit knowledge. Narrative, for example, is useful for discovering the things that

are taken for granted. Techniques for developing intuition can be employed to enhance the things that nobody fully understands. Organisations might

“A comprehensive strategy involves the identification and nurturing of communities of practice.”

decide that certain critical (but complicated) knowledge should be more generally known.

Although such individual strategies can be useful, this paper presents a *comprehensive*

strategy that addresses the management of all three types of tacit knowledge. This comprehensive strategy involves the identification and nurturing of communities of practice.

What is a community of practice?

The key features of a community of practice are encapsulated and communicated in the following anecdote.

Peter was not only the organisation's most gifted policy analyst, but also one of those guys who just 'knew' how to get things done around the place. Regardless of the job at hand, Peter would successfully navigate the organisation's labyrinth of requests, approvals, office politics, and hierarchy. He knew when something was missing; he knew when the picture just did not 'seem right'. And like many other 'baby-boomers', Peter was retiring—next week to his rural vineyard.

Fortunately for us, Peter was an active member of our 'policy-analysis brigade'. This was the name we had given to our informal group that met in the boardroom on the third Thursday of every month. It had begun as a small group of people who took 'time out' to learn the finer points of good policy development; it ended up as a forum for testing a whole range of ideas. More importantly, we worked out ways in which we could work together in a variety

of settings. This is where the real learning occurs—on the job, with real problems.

Peter was a great mentor for the other members of the group. He was generous with his time and knew what questions to ask. Even more importantly, he knew when to ask them. Although we will miss his acid wit, we will not be left in a hole—because we have learnt from each other. Almost by accident, we have built resilience into our workplace—resilience that will help us to cope when people come and go. This type of group is called a 'community of practice'.

Managing tacit knowledge through communities of practice

So how does a strategy of supporting communities of practice help organisations to manage their tacit knowledge more effectively?

First, these groups enrich the context around their area of interest. They enhance the artefacts (such as documents and tools) that already exist; and they create new artefacts. These artefacts (old and new) take on enhanced meaning for the group and, as they do, more knowledge becomes unspoken—more tacit knowledge is created.

“... enhancing the artefacts that already exist; and creating new artefacts.”

Secondly, the increasing interaction among members of the group, together with the enriched context described above, enables members to respond quickly to unusual and unpredictable requests. This is because the community of practice has been in the habit of posing (and exploring) novel questions.

Thirdly, the existence of a community of practice means that there is a deeper and wider pool of expertise from which to draw. Through the active processes of the community, tacit knowledge is shared—thus ensuring that it is not 'locked up' in one individual.

Fourthly, members of the community develop an intuitive understanding of how to tackle issues in their field of expertise. They develop this intuitive knowledge by undertaking tasks, reflecting, asking questions of one another, and listening to the stories of other community members.

Finally, and most importantly, new members of the community are effectively ‘given permission’

“... asking questions of one another, and listening to the stories of others.”
to associate with the more experienced and more senior members of the organisation. This is what it means to be part of a community.

These groups are focused on improving their practice—how they do their work. They are therefore constantly striving to develop new tools and techniques. Consequently, community members know which knowledge can be sensibly codified and which knowledge should be shared using other means—such as simply listening to the stories of others, helping each other out on the job, or identifying a mentor to assist with a personal career.

These informal groups already exist in organisations. The challenges for those responsible

“... constantly striving to develop new tools and techniques.”
for harnessing an organisation’s tacit knowledge are to identify and nurture these groups. Indeed, an adroit manager will go further—he or she will also

create the conditions that facilitate the emergence of new communities of practice.

Fostering communities of practice

It is difficult to build a community of practice from scratch. In fact, the construction metaphor of ‘building’ a community is inappropriate. Rather, it is important to ‘foster’ communities—and the first step is to find the communities that already exist in your organisation.

Identifying communities

There are many places to search for evidence of existing communities. Like David Attenborough, the job entails tracking the telltale signs that will lead you to your quarry.

In the modern corporation, computer systems are a good place to start. You can begin by asking the system administrator whether email groups have been set up or whether specific collaboration spaces have been established. Both of these tracks can lead directly to existing communities. In addition, if you have an online meeting-room booking system, check whether regular meetings have been scheduled.

You can also include community mapping as an exercise within a wider knowledge-mapping project. An effective technique involves augmenting the Cynefin knowledge-mapping technique at the point where anecdotes are being collected.² At the end of an anecdote circle, ask the participants to brainstorm four types of communities: (i) committees and formal communities; (ii) expert communities; (iii) informal or shadow communities; and (iv) communities that emerge only in a crisis. This exercise generates a long list of potential communities to investigate.

Experience has also shown that the following approach is effective. Provide a technological platform that supports community activities. Then advertise its existence, provide some information on how to use it, and see who comes. In one instance we had worked hard to establish three communities of practice while, on the periphery, a group of simulation modellers had discovered the collaboration platform that we had established—and they promptly made use of its functionality. We became aware of this community for the first time when we discovered them online. It should be noted, however, that the business case for the collaborative infrastructure had already been established before it was implemented and subsequently discovered by the modellers.

There are also activities and events during which cohorts can develop—and such a cohort can become the basis of a new community of practice. Training events, induction courses, and management retreats can all provide the essential first ingredients for a community of practice—social networks and a

“Cohorts can develop—and such a cohort can become the basis of a new community of practice.”

topic of interest. When an important event is scheduled, the chances that a community of practice emerges can be enhanced by getting people ‘connected’ before the event.

Collaboration software with facilitated online discussions can achieve this initial connection, and the discussions can be continued after the event. If there is enough energy and passion for the topic, a new community of practice can emerge.

Getting support from management and members

Reluctant managers

Many managers do not perceive the tangible business benefits that will come from supporting communities of practice. Even managers who have embraced the concepts of ‘teams’ and ‘teamwork’ can have difficulty in perceiving the benefits of communities of practice.

“Communities of practice can appear to be nebulous to managers who are accustomed to more immediate and direct benefits.”

Such communities of practice can appear to be nebulous to managers who are accustomed to more immediate and direct benefits.

Wenger and colleagues have provided a useful table of business benefits that accrue from communities of practice.³ These include *short-term benefits* (such as improved business outcomes, improved quality of decision-making and innovative perspectives on long-standing problems) and *long-term benefits* (such as increased retention of talent and the ability to foresee technological developments).

Arguments such as these can be useful. But the two most powerful techniques to persuade reluctant managers to invest in communities are:

- stories of success from similar organisations that already foster communities of practice; and
- making a link between project work and communities of practice (using the metaphor of ‘the arrow and the cloud’).

Each of these is explored below.

Stories of success

Stories about how other organisations have implemented communities of practice have a significant impact in influencing decision-makers to adopt the strategy. Robert Cialdini calls this ‘social proof’.⁴

“Social proof is most likely to be effective when there is considerable uncertainty.”

Social proof describes the human tendency to do what everyone else is doing.

If a person walks into a meeting room in which everyone is standing up, the new arrival is likely to remain standing. Social proof is a shortcut to knowing what to do when people do not have all the facts. The principle of social proof is most likely to be effective when there is considerable uncertainty, and when those being imitated are similar to ourselves.

The first ingredient in developing a compelling case for communities of practice is the effective use of stories as ‘social proof’. Stories are powerful. Telling stories about people, organisations, and work is a natural way for people to transfer what they know in the workplace.

“Facts are certainly important, but stories provide the emotion required to *make* a decision.”

Facts are certainly important, but stories provide the emotion required to *make* a decision.

I was talking about the ‘power of story’ to a client who worked in the defence forces.

The client was prompted to recount an interesting incident. His division had proposed a new force structure to the chief of the army. The recommendations were the product of extensive analysis and were supported by an impressive array of facts and figures. The general and his advisors were considering the proposal in his office. The recommendation seemed to make sense to him, but he was uneasy about something that he could not ‘put his finger on’. A colonel, who had recently returned from East Timor, happened to pass by his door. The general invited him in to give his opinion on the proposal. The colonel then regaled the group with a story that demonstrated how the recommended force structure would have made a significant improvement in field operations in East Timor. With that story, the general turned to the rest of the group and said bluntly: ‘Make it happen’.

A handful of stories about the effective use of communities of practice from organisations that most resemble your own will be an invaluable tool in building your business case.

“Why aren’t we doing this?” There are many case studies and examples from companies such as IBM, GE, the US Army, and legal firms, among many others. Whenever an opportunity arises, tell these stories. Your own organisation will soon begin to ask: ‘Why aren’t we doing this?’.

Arrow and cloud

The second ingredient is to make a link between project work and communities of practice. It is common to hear people lament: ‘But my people are so busy just getting the job done. We don’t have time to sit around and chat about these things.’ This attitude certainly makes it difficult to get a community off the ground from scratch. However, in our experience, if you can describe how this new organisational entity will

enhance current projects, commitment from middle managers increases significantly.

Middle managers are under great pressure to ‘get the job done’, and if they believe that an initiative for a community of practice is merely a distraction, they will mount a great deal of passive resistance. After six months of effort you will wonder why nothing has happened. It is a good idea to introduce the simple idea of ‘the arrow and the cloud’ to describe how teams provide direction for communities and how communities can support teams (see Figure 1, below).

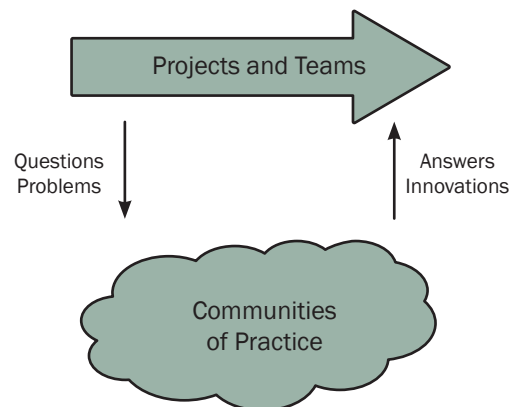


Figure 1 Arrow and cloud

The *arrow* represents projects that must be completed by a specific date and that must deliver a specific outcome. A successful project has a clear direction and definite deadlines to meet.

Most organisations focus their resources on the arrow.

“A community is more interested in the learning journey than the destination.”

The *cloud* represents a community of practice. It is more interested in the learning journey than the destination. Outcomes are less clear. Although the arrow and the cloud are quite different organisational entities, one informs the other.

For example, every project invariably faces challenges and problems that *must* be overcome. If the

project team knows that a community of practice exists within the organisation, the team can pose questions to this community—which represents a network of experts and expertise. Moreover, by receiving ‘real-world’ problems from a ‘real-world’ project team, the community of practice can focus its efforts on a

“
Ideally, project-team members should also be community members, and vice versa.”

subject that is valued by the organisation. Communities of practice can inform project teams by briefing them on new thinking, models, and tools relevant to the project.

However, a balance must be struck—too much direction from project teams or other management teams can result in the a community resisting such direction, and, at worst, disbanding its activities altogether. The key to the ‘arrow’ and the ‘cloud’ working together is that each must be aware of the existence of the other—ideally, project-team members should also be community members, and vice versa.

Three traps to avoid

Although the guidance provided above appears to have a bias towards an organic, undirected, and ‘bottom-up’ technique, it is also important to incorporate other approaches if common mistakes are to be avoided. Here are some hints on avoiding three common ‘traps’.

- Although it is important to identify existing communities, a successful program must also gain support from the most senior business leader who is willing to participate. One approach is to get senior people active by inviting them to chair community review boards or practice review boards.
- Although each community will invest its own time and energy to sustain the group, a successful program requires the provision of real resources in terms of budget and time. Such a commitment of resources demonstrates to the wider organisation

(and to those participating in the group) that the community is truly valued.

- Although a community of practice is an effective organisational form for managing *tacit knowledge*, a community-of-practice initiative is more likely to be successful if it begins with the organisation providing *overt content* that can be discussed, shared, and improved.

Summary and next steps

Organisations are becoming more complex, and the pace of change is accelerating. Employees come and go more frequently. And there is a growing reliance on tacit knowledge as a competitive advantage. Faced with these realities, organisations have been forced to adapt their organisational forms to avoid having their knowledgeable employees leave with no-one capable of taking their places until new employees get ‘up to speed’. Such a loss of tacit knowledge exposes organisations to significant risks.

“
A loss of tacit knowledge exposes organisations to significant risks.”

Communities of practice offer an effective and flexible approach to the difficult task of managing tacit knowledge. This is not achieved by command and control, or by embarking on a program of converting tacit knowledge to overt knowledge that can be stored in a database. Rather, the approach proceeds by fostering the collaborative efforts that already exist in the organisation, and by providing the support that nurtures this new organisational form.

“
Fostering the collaborative efforts that already exist ... and providing the support that nurtures.”

Community mapping is an important first step in developing a program of activities. This identifies the myriad communities that already exist in the organisation. In addition, a business case for such a community should be built, and the value of

communities of practice should be communicated to senior leaders, middle managers, and potential participants in the community. With these foundations in place, a wider program can then be developed.

About the author

Shawn Callahan is managing director of Anecdote Pty Ltd, a management consulting company based in Melbourne, Australia. Shawn specialises in managing tacit knowledge using techniques derived from complexity, narrative, and knowledge management. If you have comments or questions about this paper, please contact Shawn at shawn@anecdote.com.au

Notes

1. Boisot, M. H. 1999, *Knowledge Assets: Securing Competitive Advantage in the Information Economy*, Oxford University Press, Oxford.
2. Snowden, D. 2000, *Organic Knowledge Management - Part 1. Knowledge Management*, 3: 14–17.
3. Wenger, E., McDermott, R. & Snyder, W. M. 2002, *Cultivating Communities of Practice: A Guide to Managing Knowledge*, Harvard Business School Press, Boston.
4. Cialdini, R. B. 1998, *Influence: The Psychology of Persuasion*, Perennial Currents.