

## Chapter X

# Building Customer Communities of Practice for Business Value: Success Factors Profiled from Saba Software and Other Case Studies

Brook Manville  
Saba Software, USA

### ABSTRACT

*Most discussions of Communities of Practice (CoP) place them in the context of a primarily internal-to-the-organization approach to managing knowledge. The construct, however, has application across the entire value chain of an organization, including the domain of a company's customers. This article explores the strategic value of building Customer Communities of Practice (CCoPs), learning networks among customers of a company whose win-win value proposition helps customers gain valuable insights from other peers while also providing the sponsoring company with a means to further innovation, loyalty and deeper insights into the markets they serve. The analysis suggests three types of CCoPs, including business*

*to consumer, business to business, and communities of channel distributors. Case studies of each are presented and an especially extensive treatment is offered of the second type based on the author's experience of building a CCoP for his own software company. The discussion concludes with several lessons learned and practical guidelines for building successful CCoPs in any industry.*

## INTRODUCTION

When Communities of Practice (CoPs) captured the attention of business leaders during the 1990s, the predominant application was to foster and support learning networks of practitioners within the traditional boundaries of an organization. Though most founding fathers of the CoP concept envisioned communities as cross-boundary constructs (e.g., Wenger, 1998; Brown & Solomon-Gray, 1995; Brown, 2000; AQPC, 2000; Wenger, McDermott & Snyder, 2002), enthusiasm for largely internal Knowledge Management (KM) programs during those years branded CoPs as part of the great unseen and informal network of learning to be tapped within every enterprise. Today that assumption still largely prevails and indeed many organizations are moving to develop internal knowledge communities as part of their overall learning and KM approach.

This chapter argues that, in addition to more common internal versions of CoPs, there are opportunities for creating a comparable system of relationships, motivations and learning processes of these networks among customers of an enterprise (e.g., Lesser, Fontaine & Mundel, 2002). Indeed, approaches, techniques and design principles of these Customer Communities of Practice (CCoPs) are emerging among pioneering experiments that can guide their development in other companies. The chapter further argues that development of CCoPs is both timely and strategic for the benefits they can confer for increasing customer loyalty, innovation and the deepening of market understanding for a sponsoring company. At the same time, customers who participate in CCoPs can benefit from professional growth and knowledge about organizational improvement within their own companies. At their best, CCoPs are win-win networks that help both the sponsoring company and the members who join in such a community.

However, CCoPs do not spontaneously emerge, nor can they be developed without due attention to the fundamentals of CoP architecture (developed from Wenger, McDermott & Snyder, 2002, p. 23): *context, knowledge domain, people, practices and governance*. Analysis of some recent case studies and especially the experience of my company, Saba Software, will highlight relevant themes for success applicable to other situations.

Our discussion is organized around these questions:

- What are CCoPs? How do they differ from other CoPs?
- What business or organizational value do they potentially promise? What is the business context that makes them strategically valuable now?
- What can be learned from practice? Case studies of CCoPs and a detailed examination of CCoPs at Saba Software.
- What are the success factors for building successful CCoPs and what pitfalls to be avoided?

## What are CCoPs?

As always, definitions can be all-important and at the same time controversial. The recent definition of Wenger, McDermott and Snyder (2002, p. 4) of a CoP is a good starting point:

*“A group that shares common concerns, problems, or passion and who deepen their knowledge and expertise by interacting on some ongoing basis.”*

Adapting it to the customer context, we can say that CCoPs are groups of customers of a particular company who interact on some ongoing basis for those same reasons. The customer identity of this kind of CoP implies a shared relationship with a provider of goods or services whose offerings are part of the group's common concerns; but as subsequent examples will show, common experience with a company's products or services may be only the pretext, or only part of the reason, that the CCoP forms. At the same time, as long as we identify the CCoP as a customer group, some fundamental tie to the core provider of goods or services that define the customer relationship remains a core element of this form of CoP. As such, there is always some element of a commercial relationship between providers and users, if not to the fore, at least in the background of the network.

Purists may object that as soon as any kind of commercial relationship becomes part of a community, it cannot truly be a community. However, there are already plenty of CoPs which function at least partly as marketplaces rather than purely altruistic learning exchanges. Perhaps more importantly, as experience shows, companies can take advantage of the social and organizational dynamics of CoP type relationships in ways that benefit all participating members. CCoPs need not be the exploited tool of the provider organization; indeed, if one sets out to build a CCoP for only that purpose, it will almost certainly fail - or devolve into something less.

Many companies, particularly those in the technology industry, have established user groups or customer advisory boards, which are arguably a precursor

to CCoPs. However, most of these are not true communities, focusing little, or not at all, on cross-member learning or collective development of a domain of knowledge. Instead they are (in the worst case) merely marketing PR - customer representatives brought together periodically to provide references for sales support or the illusion of collaborative product development, nourished by golf outings and fancy dinners. Less cynically, they are advisory groups which provide periodic input to a company's product/service development, but whose activities yield no collective betterment of the membership.

A fundamental distinction between these false communities and true CCoPs is the structure and operating relationship between sponsor and participants. Do they operate primarily as spokes to the hub of the sponsoring company or more as a multi-lateral network of equals committed to advancing the state of the knowledge domain - working with, as opposed to for, the sponsoring company? In some cases, CCoPs may even work independently of the company that is the core provider of goods and services that defines the domain of the group. That said, there are expanding examples of user groups that are being run, or run themselves, as true CoPs, cases of which we will look at in greater detail later.

Some analysts and commentators of CCoPs have endeavoured to segment different kinds of CCoPs. In an interview with Diane Hessian (CEO of Communispace, Inc), November 15, 2002, Hessian identifies three basic forms of CCoPs:

- 1) *Type 1: Business to Consumer*, in which a company creates a CCoP to test and develop new products for retail markets
- 2) *Type 2: Business to Business*, in which a company creates a CCoP among wholesale users of its products/services, to foster new product development and increase loyalty
- 3) *Type 3: Channel Communities*, in which a company fosters CCoPs among resellers or distributors of its products and services, for similar reasons

This segmentation may have some value for understanding audience, knowledge domain and approaches to group development. At the end of the day, however, they share some common features - specifically a blend of commerce and learning, around a defined domain, in which both sponsoring company and participant members all benefit from the development of professional relationships, knowledge exchange and professional growth.

## **What is the Business Value of CCoPs?**

CCoPs represent potentially valuable forums in which a company's goods and services, or the supporting processes thereof, are discussed, analysed, criticized and (potentially) improved. They represent a unique listening post and live laboratory generally freed from the constraints and biases of traditional sales

situations or the one-on-one transactional relationship between vendor and buyer. The social dynamic and processes of multiple users of the same product or service coming together, discussing those products/services (or ideas for new ones) outside of a commercial negotiation offers a unique and potentially insightful exchange of business intelligence. Because CCoPs also foster inter- (and also intra-) company relationships, they can also create different and deeper bonds between company and customers. They also provide a larger umbrella of learning that surrounds membership in the customer community. This umbrella can both encourage new customers to join and helps the sponsoring company add more value to all customers in the future. CCoPs can also seed demand for a company's product and services in new companies as members of the customer community take on new jobs or roles in other organizations, while still leveraging the knowledge and relationships of the core community.

Several customers of Saba Software (my own company) for example, are today building communities among their own customers with role-based learning programs, with the expectation that the professional growth and expertise of practitioners will drive more demand in the future as they move to other jobs. As one executive explained:

*“We know the buyers and users of our storage products are very professionally mobile; if we can build a generation of users certified in our technology, they will drive more demand for our products when they move onto their next and bigger job”.*

The evolution of customer communities is tracking trends in today's global economy and leading-edge organizations. At the most basic level, customer communities represent yet another instalment of the ongoing development of the knowledge revolution, which Drucker and many others framed a generation ago (e.g., Drucker, 1993; Davenport & Prusak, 1998). For a long time, this revolution was seen as fundamentally an internal matter of leveraging the skills and experience of knowledge workers, but organization after organization has come to realize that a vast complement of knowledge and understanding can also be tapped from one's own customers. User groups, focus groups and advisory bodies, of course, reflected the earliest manifestations of that understanding, but CCoPs, because of the greater intimacy and win-win potential that they represent, are an obvious next step of evolution.

## **CCoPs and Market Trends for Solutions and Co-Creation**

Two other related trends in today's economy are similarly paving the way for development of CCoPs - the increasing demands of customers less for simple transactional purchase of products and more instead for integrated solutions and/or applications, e.g., “don't just sell me the engine, help me save costs in designing

our car around it”, or “don’t just sell me the software, make it work with all the other systems and tools I need to drive more revenue in my sales force” (Sharma, Lucier & Molloy, 2002).

Complementary to this pull for solution and application is the understanding of companies that they can create more value, faster - and higher barriers to entry - if they move beyond the traditional over the wall design of products to actually co-creating them with those who will invest in them - the customers (Prahalad & Ramaswamy, 2002). Once one acknowledges the need for co-creation and/or solution-delivery, it becomes clear why creating and nurturing a community of user customers can provide such benefits. A company that can create and sustain customer communities related to its products, services and overall strategy can expect to drive higher revenue, deeper customer loyalty (and thus future revenue), more innovation and deeper sustainable advantage in terms of higher switching costs. That said, the essential thing to understand - and the real value of CCoPs for those belonging to one - is that the bonds of community membership are as much about the participants learning and benefiting from the experience and problem-solving with one another as they are about the business value derived by the sponsoring company.

## **CASE STUDIES OF CCoPs**

### **Accelerating Innovation with a Type 1 CCoP**

Given the marketplace and economic trends, there is, not surprisingly, an expanding universe of examples of CCoPs. One of the better-documented cases of a Type 1 (Business to Consumer) CCoP is provided by Hallmark greeting cards. Originally, these were formed to gather and test new ideas for greeting cards and were sponsored by gifts, coupons and other material incentives for members to participate, similar to a focus group. Over time, however, the Hallmark consumer groups evolved into true communities in which members began to participate based on learning and helping one another.

That transition was facilitated by creating community segments that Hallmark initially used to pinpoint tastes and preferences (e.g., grandparents, mothers with children, Hispanics). The commonality of each constituency soon evolved into a basis for collateral learning (e.g., mothers trading tips about childcare, managing kids, homework, etc.). Hallmark, aided by the Communispace tools and facilitators that supported the groups, soon realized that the more continuous conversations and relationships within the group - acting as a CCoP and not just a focus group - had much greater value. With a minimum of support and ongoing facilitation, the groups became self-sustaining and ultimately generated several new product ideas, which have led to measurable commercial value (revenue-generating products). Another Communispace client, a major consumer goods manufacturer, embarked on a similar program and found that

the initial rewards for participation were soon leapfrogged by community members' interest in getting to know one another and exchanging household tips. The company reported several new product ideas generated by their CCoPs, at much lower cost than traditional market research.

### **Aligning Distributors and Increasing End-Customer Value with a Type 3 CCoP**

An example of the Type 3 CCoP (Channel Customers) was documented by Hubert Saint-Onge and Debra Wallace, who led the development of a virtual strategic capability network among insurance agents who are resellers of insurance products of the Canadian financial services company Clarica (Saint-Onge & Wallace, 2003, pp. 116). In this type of CCoP, the customer community stands as a best-practice sharing and learning network whose capabilities grow for the purpose of (a) helping members of the channel be more successful in serving their customer needs and thus also tying the channel more tightly to the sponsoring company, and (b) driving more value indirectly to the ultimate consumers of the company's products and services by increasing the capability of those who sell to them.

### **Accelerating Market Development, Innovation and Customer Loyalty with Type 2 CCoP**

Because of my personal experience building CCoPs at Saba Software, this case study offers an opportunity for some more detailed commentary, both about what and how to. Saba Software is a mid-size provider of technology platforms for managing human capital, training and performance in large organizations. Saba was founded in 1997, went public in 2000 and is today a \$50 million company acknowledged to be the leader in its market space. Type 2 CCoPs (Business to Business) have been a key element of Saba's strategy from its earliest days. The business value derived from their development has been confirmed both by the company's leadership and by the over sixty customer organizations that have participated in the networks.

#### *Business Value*

For Saba, the CCoPs have contributed directly to new product development with measurable financial return; they have also been an invaluable vehicle for helping the company develop its strategy, offerings and positioning against competitors. And finally, the communities have been a key differentiator helping to drive company loyalty and customer satisfaction; the meetings of the CCoPs are both a forum in which many customer problems are resolved in real time and one in which Saba's commitment to customer success is demonstrated and reinforced. In a recent management planning session, the leadership of the

company ranked our CCoPs as among the top ten strategic assets of the organization.

Customers have also acknowledged the business value of these communities for them. They are often cited as a key purchase differentiator in independent customer satisfaction surveys and members of the community in other diagnostic surveys have echoed repeatedly the value derived from collaborative problem solving, best practice sharing and benchmarking and professional development derived from participating in the networks. As one executive joked:

*“ ... these meetings are some of the best professional therapy I’ve ever had!”*

### *Developing CCoPs at Saba: A Historical Perspective*

These communities did not invent themselves, nor were they created quickly. However, they were seen as an early critical dimension of our company’s strategy. From the first, the founders of the company pursued a strategy of not just building software but also creating an ecosystem of partners and customers whose collective knowledge and learning would both accelerate the development of the overall market, deepen our own product innovation and also increase differentiation from competitors. Stated in other words, CCoPs were founded to both build a new set of opportunities and, at the same time, distinguish the Saba brand as not just about a certain set of products, but also about relationships, knowledge and momentum-building professional development among an extended community of stakeholders. The stated goal was to increase the pace of market development and build a leadership position for Saba and its customers within it.

The first steps were to create an advisory board of key customers, companies that had early on bet on Saba’s technology and worked with the company to refine its features and functionality. Because the software was targeted to automate and transform a broad range of previously manual processes and also to provide new capabilities, the working relationship between Saba and these customers (initially training directors or HR executives) was intense and necessarily co-dependent. As Saba was endeavouring to create a new market, these customers were also endeavouring to create new ways of working in their organizations. Like it or not, company and customers were all joined at the hip: their success depended on Saba and vice versa. Each side was yoked together in the business of organizational transformation.

That understanding set the context for Saba working with its customers not as a bilateral advisory group, but much more valuably as a multi-lateral learning community. From the earliest days, it was recognized that all participating customers had something to learn from Saba and from each other; Saba in turn

had lots to learn from each of them and from the exchanges among them. Those conversations inevitably had the effect of surfacing invaluable tacit knowledge about human capital processes; that is, insights, understandings and perspectives known but not necessarily documented. As the first user group formed, it soon became clear that the social and professional dynamics were in place to make it a true learning community - a forum for exchange, learning and growth for all participants.

### *Protocols and Working Practices of the CCoP*

As Saba leaders in this program, my colleagues and I also understood that for that kind of community to evolve, a context would have to be established that would encourage such a development. Working with the core members of the group - and doing so in a participative and democratic way - we identified protocols and working practices that helped foster the kind of community culture that would be truly win-win for all concerned.

Firstly, it was acknowledged that all participants (including Saba) shared a common domain - how to best use Saba software in the context of certain common business roles and objectives (e.g., managing training and learning in a corporate context). With that stated, members were recruited who were both actively engaged with those practices and who also had the interest and need to reflect upon practice for greater learning and improved performance in their organization. Secondly, ground rules were established that the work of this community was to be non-commercial and multi-lateral; that it could not become just a sales or marketing forum for Saba, though Saba could obviously benefit from participation in other ways. Thirdly, participants worked together to set a climate of openness and sharing, coupled with largely self-governing decision-making (see Manville & Ober, 2003): customer members elected their own officers, developed working and learning agendas, schedules and operating arrangements with Saba as a non-voting participant. Fourthly, the community kept a focus on real work and real benefit for participation - an objective to ensure that there was value for participation and that discussions and working sessions were practical and workplace-oriented, not theory.

### *Adding Structure and Formality*

Over time this group evolved to a larger and more structured community - naming itself the global customer advisory board (GCAB) - which elected its own members and officers, developed and pursued a formal learning agenda and also pursued a series of ad hoc working projects (e.g., how to integrate third party content into the system; how to pursue a change program and govern the learning function in a decentralized organization). Some of these were aimed to educate Saba about future needs and requirements; others instead intended company-to-

company sharing of best practices or techniques related to managed learning. Saba colleagues and I worked increasingly closely with this board and the project teams, building learning relationships and also doing all we could to continue to support the cross-member exchange as well as the transfer of best practice and insights into our own Research and Development (R&D) group. Through specific communications vehicles (newsletters, website, conference calls) and occasional face-to-face meetings that explicitly combined real work with a little light-hearted fun (evening out at a baseball game, trip to sponsoring company's manufacturing plant for a visitor tour, etc.) we helped the group develop a sense of community that was social as well as professional - but always prioritising the latter as the real focus of our meetings.

These face-to-face meetings of the GCAB were in fact, by design, hosted not at Saba but at one of the members' business locations, with participants taking turns to provide the sponsorship in terms of meeting rooms, facilities, etc. In addition to providing a more neutral and customer-centric setting for the meeting, the hosting of the event also gave the sponsoring company the chance to invite various managers and other contributors to the meeting, which offered them the opportunity for their own networking and professional growth. Saba normally provided some subsidy for a group dinner or similar, but each company paid its own expenses to travel to the location, reflecting the expectations of both making a contribution to the community's work and symbolizing value given for value received instead of being on a Saba junket. Meetings at the different company locations were administratively managed by the sponsoring company, with the senior member executive of that company also playing some kind of leadership role in the proceedings. Saba's role in these meetings was limited to light facilitation, helping to structure the discussion, document decisions and plan for future projects and meetings. In all cases, however, the meeting was convened for and by the customers and not Saba; in many cases, the group took the discussion in very different directions than had first been planned.

All of the Saba CCoPs came to combine at least some face-to-face meetings with virtual teleconferences or exchanges using such tools as virtual classrooms. The general philosophy that evolved generally held that periodic in-person meetings were necessary to build trust and relationships, as well as foster more detailed problem solving together. Interim virtual meetings, inevitably shorter and less costly, were efficient ways to work on a well-defined project (such as meeting planning, or collecting requirements for a new product), but could not themselves sustain the culture of a community dedicated to professional growth and development. Those sub-communities (regional communities, see below) that minimized their face-to-face meetings tended to be overall less productive and less valuable for all members (by their own admission) than those that met for regular in-person events. (For some general discussion about the

role of face-to-face interaction versus virtual exchanges in building communities, see Nohria, N. and Eccles, R.C. (1992) or Rheingold (1993)).

### *Second Generation Sub-Communities*

After about a year, awareness and interest in user communities began to rise in other Saba customer organizations. Since it was not possible to add easily any further members to GCAB and since the interests among at least some of the members were beginning to diverge, Saba took the step of decentralizing and segmenting. We began to institute a next generation of smaller, more local and/or specialized networks to complement the central GCAB. In design, the local communities were intended to draw from some of the same people on the GCAB, but they also potentially included members of other organizations and/or other members of the same organization who by function or seniority might not be appropriate for GCAB.

The meetings of these sub-communities were designed to be more informal and in cases of face-to-face gatherings, would require less travel. Thus, members of the Eastern regional user group were mostly located near New York or New Jersey; the Midwestern group tended to cluster near Chicago and Minneapolis; the Western group got its start with a critical mass of companies in or near Silicon Valley. The work of these smaller communities tended to be similar to that of GCAB, but involved either more technical and hands-on knowledge sharing, or clustered around a more focused industry experience, e.g., among technology companies in the western region or pharmaceutical companies in the East. At the time of this writing, there are now five vital regional user communities; three in the United States, one in Asia Pacific and one in Europe.

At about the same time, another opportunity for community learning cropped up in the form of special interest groups or networks. Some of these emerged from the discussions of GCAB or regional groups (e.g., FDA - regulated interest group, an outgrowth of the pharmaceutical companies in the East), others arose naturally as Saba customers interested in certain requirements reached out to one another in their eagerness to develop their businesses on the basis of benchmarking and best practice sharing (e.g., companies in the for-profit learning business).

In developing both the regional and special interest groups, all of the same principles of GCAB applied (self-governance, focus on the practical, etc.). In every case, Saba played a facilitative and infrastructural role and let the participating companies set the agenda and processes for their work. At the same time, Saba took care to keep these communities linked to its business and products, to ensure that the feedback and learning implied in their discussions would benefit its future strategy and that Saba could in turn be responsive to questions and requirements of customer members.

To increase the coverage and stewardship of the communities, Saba regional account managers (part of the Customer Support organization) took on

the role of community facilitators. Through mutual consent, the program of all the groups' meetings also included periodic visits by key Saba executives and facilitators did all they could to develop a climate of ongoing and open exchange between customers and Saba leaders - but again, as a complement to customer-to-customer learning and dialogue.

### *Looking Ahead*

At the time of writing, there are now eight separate (albeit somewhat overlapping, including both regional and special interest-focused) customer-learning communities. As Saba's customer base grows and the knowledge required to pursue technology-based human capital management becomes more sophisticated, we envision the number and specialization of communities to also increase. With the business value already established from these communities - increasing innovation, market understanding, customer loyalty, etc. - the future challenge for Saba is how to derive even more benefit and make the learning from the communities more integral to the company's strategy-making process.

There are also a range of organizational and design challenges that must be considered as the CCoP program expands. Saba is now wrestling with questions such as:

- Should we continue to encourage organic growth and steady expansion of more and more communities? Are there limits to the complexity implied? Will there be diminishing returns that lessen the value of more growth in the future?
- How much should Saba endeavour to manage the communities going forward? To date the company's role has been developmental and facilitative, but will the program cross a boundary requiring a decision to play either a more active or a less active role?
- Is there a larger scale model for governance linking local and special interest communities more tightly together and/or with the GCAB that should be developed? What would that look like?

Many of these questions reflect the same future questions that will be faced by any company developing CCoPs. If CCoPs are as valuable and timely for other companies as they have been for Saba - and if the trends towards customer co-creation, collaborative development of solutions and cross-boundary knowledge networks remain firm - we should imagine CCoPs becoming a more common imperative for every organization. From a strategic perspective, the challenge will be no longer be "why build these?" or "how to build these?" but rather "how to scale them?" and "how to govern them?" as they become part of the increasingly complex ecosystems of the modern and knowledge-based organization.

## **LAUNCHING AND SUSTAINING CCoPs: SUMMARY FACTORS FOR SUCCESS AND PITFALLS TO AVOID**

In the meantime, our research and practice has revealed some common factors for success in launching and sustaining CCoPs. Similarly, the investigation has shown some all-too-familiar pitfalls to avoid. Because every situation has its own set of business and organizational challenges, we articulate these factors as a series of suggested guidelines supported with a list of relevant diagnostic questions. These can be used to identify the relevant factors for any particular case. We close this essay by documenting these, following the basic framework of CoP architecture developed from the work of Wenger, McDermott and Snyder (2002).

### **CONTEXT**

#### **Success Factors**

- Understand and clarify the business value of creating a CCoP: What would be the benefit to the sponsoring company? What would be the benefit for participants? Are the value propositions to all members clear?
- Understand the metrics of success: What would success look like? How would you measure value? How would the participants measure their value?
- Understand organizational readiness: Is there willingness on behalf of the sponsoring company to make a contribution—in time, resources and attention—to building and participating in CCoPs? Is there interest and willingness to make a commitment on the part of customers themselves?
- Establish an expectation and climate upfront of mutual learning: Though this is a given for any CoP, it is particularly important that the CCoP create an environment of mutuality and constructive exchange between the customers and the sponsoring company. Customers must not be made to feel like they are merely being farmed for their knowledge, gathered to be sold to, or that they should be operating as a collective bargaining group intent on zero-sum negotiation about product features or functionality with the sponsoring company.

#### **Pitfalls**

- Trying to launch a CCoP without the clarity of value, purpose or benefit to both the sponsoring organization and the potential members.
- Trying to launch a CCoP without the support or commitment of colleagues in the company, or the resources to support it.

- Launching a CCoP whose intent, spoken or unspoken, is overtly commercial for the sponsoring company only, or lacks the constructive mutuality of a multi-lateral learning community.

## **KNOWLEDGE DOMAIN**

### **Success Factors**

- Having a well-defined focus of issues, themes and topics that will guide the community's work. Though this will likely emerge and evolve over time, there must be at least some kind of starting hypotheses about what these are, ideally developed collaboratively by the members themselves. The work of the community must be to continually define and articulate the boundaries of their shared interests.
- Keep the focus practical and on real work. As a Community of Practice, the CCoP no less than any other learning network should maintain a focus on real work—learning and reflection based on active engagement in workplace settings. Though there is always some value in integrating theory into learning practice, nothing will kill off a CCoP faster than to turn it into an academic meeting.
- Being sensitive to competitive conflicts. Though, in this era of co-opetition, more and more companies are learning how to balance collaboration and competition, there are inevitably areas of conflict that will crop up, particularly in special interest groups, along industry lines or, in other cases, along functional lines. In building a CCoP one must be sensitive to such things, face and discuss openly potential conflicts; if there are areas that must be either kept confidential or treated as off limits, better to be explicit about that and avoid the tension and guardedness of what's left unsaid.

### **Pitfalls**

- Failing to articulate the boundaries of the domain, or make any effort to define areas of joint inquiry.
- Failure to avoid the easy temptation of purely academic or theoretical discussions.
- Relying on relationships and socializing as a substitute for work of the community.
- Ignoring the potential dangers of competitive conflict or trying to obscure them when they arise.

## PEOPLE

### Success Factors

- Having the right people in the room: Whether face-to-face or virtual, the meetings of the community will be successful only if those participating feel they are spending time with fellow practitioners from whom they can learn and who they feel are in some sense of the word professional peers. A customer joining a CCoP will want to feel that he or she is engaging with others of comparable knowledge, both in terms of organizational level and practical experience, and also engaging with others facing comparable challenges in their professional work.
- Having the right behaviours in the room: Along with the right people must come the right behaviours; the basic things—listening, respecting others, being constructive, being attentive, etc.—cannot be taken for granted, and indeed a good facilitator will take careful steps to ensure that the right environment is struck in the meetings of the community. Participants who are regularly disruptive or are otherwise misaligned with the CCoP interests have to be removed from the group.
- Overlapping memberships: It may be that as the CCoP grows, it will spawn the development of complementary or separate communities focused on a particular subset of the original domain of knowledge, for example. This is not necessarily to be discouraged and indeed reflects what is a natural evolution of learning knowledge development. There is no reason to try to restrict membership to only one community when participation in two or even more can benefit the individual and indeed the communities themselves.

### Pitfalls

- Not being clear—as a group—about the kind of people who would ideally become members (based on knowledge, role, etc.).
- Being afraid to deny someone from participating because “the customer is always right” or “the group has to be flexible and open towards all”.
- Trying to control membership in any or several communities that are naturally evolving around relevant domains of knowledge.

## PRACTICES

### Success Factors

- Creating and sustaining a learning agenda: developing a specific list of topics (updated periodically) that the group collectively wants to pursue and help one another grow from.

- Creating and sustaining learning infrastructure: putting in place the administration and support mechanisms to make participation smooth and productive- meeting schedules, teleconference and/or web access for meetings and communications, minutes and archives of previous meetings, etc.
- Creating and sustaining learning processes: pursuing a combination of both formal and informal discussions, presentations (e.g., case studies) combined with informal networking, socializing, etc.
- Combining virtual meetings with at least some face-to-face: Although debates rage among practitioners and commentators about whether purely virtual communities are better/stronger, worse/weaker or about the same as more traditional communities which meet face to face, our experience suggests that at least some personal interaction goes a very long way to making the customer community productive. Because the multilateral, as opposed to hub and spoke, relationships between customers and company are so important, it is all the more important that customers get to know one another and develop the kind of cross-company networks that add to the value proposition of the CCoP.

## Pitfalls

- Under-appreciating the importance of infrastructure and management: Just because it is administrative does not mean it is not important. Such things are a critical part of the glue of a CCoP, just as for any CoP.
- Not balancing the formal and informal. Any learning community, CCoP or otherwise, will be choked if it turns into a stiff classroom experience; similarly it will make little progress if it is merely a floating ‘bull session’. Combining both structured presentations and informal exchange is critical.
- Letting the sponsoring company be dominant or customers dominant in meetings. Though it is important for the sponsoring company not to overwhelm the proceedings, it must also not shrink and be a silent and passive observer. Customers expect some engagement with the sponsoring company and similarly the sponsoring company must be eager to encourage customers to participate actively and freely. All around the table (virtual or otherwise), participants must feel like they are contributing on some regular basis and are being heard as they do so.
- Resisting the opportunity to engage in at least some face-to-face meetings. In today’s budget-strapped world and dwindling amounts of disposable time, there will be inevitable calls to just “go virtual”. That’s fine to get started, but the community will likely only develop so far if there are no in-person meetings eventually. Face-to-face events can be occasional, and once held, the relationships formed can be extended for a long time in the future through interim virtual exchanges.

## GOVERNANCE

### Success Factors

- Engaging the community to govern itself. In order to avoid turning the customer community into a simple or one-way advisory board, it must have a large degree of autonomy in setting its domain, people, processes and decisions. That means giving the CCoP the opportunity to choose such things on their own, elect their own officers, set their own agendas, etc. The sponsoring company can and should play a role here—but as a non-voting member at the table. This is not so much an issue of control, but of alignment—ensuring that the CCoP contributes benefit to the company in the same way that the CCoP must expect the company to contribute to it.
- Build networks of networks. As a CCoP grows and expands and new or sub-communities form, natural questions of governance will arise about the prerogatives of one community versus another. Though there is no single structural design for governing multiple communities that have interconnected or linked memberships, as a general principle, helping them develop as a “network of networks” seems to yield good results—let each new community define its own domain and practices and find ways to let decisions or perspectives developed in one be carried over and built into the agendas of other (e.g., by overlapping memberships of particular participants). One might alternately pursue a more hierarchical structure—in which sub-communities’ work rolls up to a more senior group (for example, made up of “best and biggest customers” or representatives from lots of regional or specialist groups)—or, taking a more horizontal approach, create mechanisms and processes in which relevant perspectives and decisions in each community are carried over to others, without creating an overall steering or governing authority at a higher level. In all cases, there is value to finding mechanisms to interconnect the learnings of multiple communities, working across a broad customer base of the sponsoring company.

### Pitfalls

- Trying to control CCoPs so they become nothing more than marketing channels for your company.
- Abandoning any participation in the governance of the CCoP and thus missing opportunities for aligning CCoPs for business value.
- Ignoring opportunities for achieving overall scale among multiple CCoPs by under-investing in creating connections among them.

## ACKNOWLEDGEMENTS

Thanks to Diane Hessen, Amy Keill, Bill Snyder and the editors and contributors of this volume for comments and suggested improvements on previous drafts of this article.

## REFERENCES

- American Productivity & Quality Center. (2000). *Sustaining and building Communities of Practice: Continuing success in Knowledge Management*. Houston, TX: American Quality & Productivity Center.
- Brown, J. S. (2000). *The social life of information*. Boston, MA: Harvard Business School Press.
- Brown, J. S., and Solomon-Gray, E. (1995). The people are the company. *Fast company*, November, 78-82.
- Davenport, T. H., and Prusak, L. (1998). *Working knowledge. How organizations manage what they know*. Boston, MA: Harvard Business School Press.
- Drucker, P. (1993). *Post-capitalist society*. New York: Harper Business.
- Lesser, E., Fontaine, M., and Mundel, D. (2002). *Learning from The connected customer: Enhancing customer websites with community*. White Paper. IBM Institute for Knowledge-based Organizations.
- Manville, B., and Ober, J. (2003). *A company of citizens. What the world's first democracy teaches leaders about creating great organizations*. Boston, MA: Harvard Business School Press.
- Nohria, N., and Eccles, R. C. (1992). Face to face: Making network organizations work. In N. Nohria and R. C. Eccles (Eds.), *Networks and organization: Structure, form and action*, (pp. 288-308). Boston, MA: Harvard Business School Press.
- Prahalad, C. K., and Ramaswamy, V. (2002). The co-creation connection. *Strategy and Business*, 27, (2nd Quarter), 50-61.
- Rheingold, H. (1993). *The virtual community. Homesteading on the electronic frontier*. Reading, MA: Addison-Wesley.
- Saint-Onge, H., and Wallace, D. (2003). *Leveraging Communities of Practice for strategic advantage*. Woburn, MA: Elsevier Science.
- Sharma, D., Lucier, C., and Molloy, R. (2002). From solutions to symbiosis: Blending with your customers. *Strategy and Business*, 27, (2nd Quarter), 38-48.
- Wenger, E. (1998). *Communities of Practice: Learning, meaning and identity*. Cambridge, England: Cambridge University Press.
- Wenger, E., McDermott, R., and Snyder, W. (2002). *Cultivating Communities of Practice*. Boston, MA: Harvard Business School Press.

**SECTION III:**

**COMMUNITY OF PRACTICE  
DEVELOPMENT**