

Business Advantage of Community Knowledge

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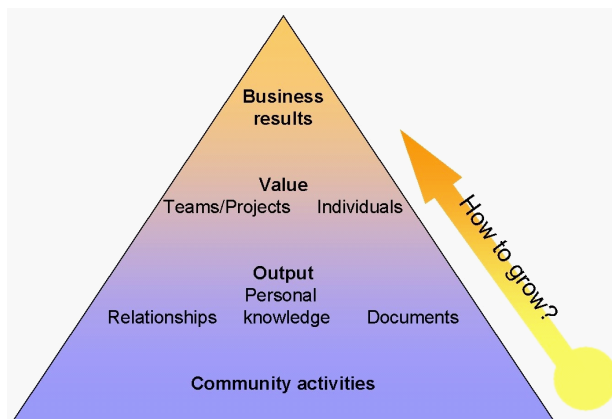
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INTRODUCTION AND PROBLEM DESCRIPTION

Many examples are known of companies that have established communities (Siemens, IBM, Shell, Unilever). Mostly, these communities have an internal function: distribution of knowledge throughout the organization. How to build and maintain communities is no longer a question for these companies. At this phase, the companies want to know if and how they can benefit more from their communities.

We use the framework of McDermott (2001) to explain how communities mature (see Figure 1). Community activities are the first step. Then, at the next level, its output and value become important. Finally, you can look at how the community adds to business results. The triangle shape of the framework shows that most results can be expected on the level of community activities and least on business results. From what we have seen in company communities until now, we can conclude that most of these communities are on the level of “activities” and “output.” Some have value for teams or individuals (“value” level), but we hardly see communities that have a clear business result. Communi-

Figure 1. Framework for measuring community results (derived from McDermott, 2001)



ties may grow to a higher level, but some companies are looking for ways to catalyze this process.

In the next section we generate ideas of how communities can support knowledge-based services. Examples and cases illustrate these.

MARKETING COMMUNITY KNOWLEDGE

Several ways exist to benefit from communities. For example, loyalty of customers that participate in a community may increase, and as a result, these customers buy more of an organization’s products. Another way is to use communities as a knowledge base for customer services. This last issue will be addressed in this article. But first, let us elaborate on these customer services.

Knowledge-Based Products and Services

Table 1 lists a number of knowledge-based products and services. Such products and services add value to the company’s core product range. Next to a description we also address the knowledge that can be used in the product and the perceived value for the customer.

Various ways exist to generate revenues with these knowledge-based products. They can be charged as any other product. Other revenue models are to include such products in service contracts (like maintenance) or as a part of a product (like help desks). In all cases, knowledge products add value to the original products and give a company competitive advantage. Some of these products and services are common to many companies, since customers demand them with products (help desk, maintenance, product information).

The Contribution of (Internal) Communities to Customer Value

A community can play an important role in knowledge-based products and services offered to customers. Ex-

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Table 1. Knowledge-based products and services

	PRODUCT / SERVICE	DESCRIPTION	CUSTOMER VALUE	EXAMPLES
After-sales services	Knowledge repository	Information database on a specific subject	Access to knowledge	Hubert Saint-Onge's toolkit, Microsoft Code Center
	Help desk	Technical assistance or other (customer) support	Access to knowledge	HP's troubleshooting support
	Maintenance/installation	Offer technical assistance	Saving time and effort	Océ
IPR	Patents	Offer patents	Access to scarce/new technology	Dow, Proctor & Gamble
	Spin-off	New business that exploits R&D results	Use a professional version of this technology/product	PARC (Xerox research)
Additional online services	Information brokerage	Knowledge repository with information from several companies	Access to generic knowledge for a certain sector	DIALOG services information
	Community space	Online space where suppliers, customers and so forth discuss and exchange information	Exchange of information, learn from others	The copier network
	Agent	Does something on behalf of the customer, like searching the Internet	Saves time if "somebody" does this work	Motor Solutions Online, Copernic meta search applications
	Portal	Supplying information and access to services	All required information in one place	National Semiconductor
People-based services	Consultancy	Advising a customer on some issue	Customer buys knowledge/experience	Oracle
	Co-design	Supporting designing	Shared responsibilities, customer buys knowledge/experience	Unisor
	Training	Online or class-room training of customer about purchased product	Quick way to learn how to use product	
Exchange of employees	Outsourcing	Outsourcing employees to other businesses	As consultant or coach exchange information with many others	Toyota
	Insourcing	Reverse from previous; that is, employees from other companies get the opportunity to work in yours	Learning on the job	

perts in communities share much knowledge and generate new knowledge. Instead of individual experts for feedback, consultancy and so on, customers can be better served by getting access to the whole community and its knowledge. The role of communities for every type of product and service from Table 1 is specified in Table 2.

Active participation of a community in offering services to customers, as we describe in Table 2, implies a broadening of the community's scope: from "troubleshooting" and internal knowledge sharing to a more external and commercial orientation. To get things started, it is important that the new tasks become an integrated part of daily work. New issues in the communities may give rise to a feeling of discomfort, since members have to leave the beaten track. They will not know what is exactly

expected from them. A strong role of management is required, otherwise new initiatives will fail.

CONCLUSION

In this article, we presented various ways in which the organization can benefit more from its internal communities and grow in McDermott's framework to gain business results from communities. The communities get a more external focus and are in different ways useful for customers. Companies benefit by selling the products and services, using community knowledge. In this way, we believe that communities will rise to a higher level in the framework of McDermott (Figure 1).

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