Managing communities and managing knowledge in retail location decision-making

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Context: Geographies of knowledge

- **Clustering and agglomeration of economic activity**
    - Underpinning role of tacit & codified knowledge (Gertler, 2003; 2004)

- **Within firms**
    - "Relational geometries" between economic actors (Yeung, 2005)
    - Employees are embedded within context & may utilise heuristics (Strauss, 2008; 2009)
    - Potential conflicts between goals of individual and the firm (Grabher & Ibert, 2006)
    - Individuals may supplement the firm's knowledge networks with their own network (Grabher & Ibert, 2006; Giuliani, 2007)
    - "Knowledge transfer" and "social production of new knowledge" (Faulconbridge, 2006)

Communities of practice in location decision-making

- Communities of practice – the role of tacit knowledge & practice

  - 'groups of people, often within the boundaries of single organizations or pre-established inter-organizational alliances, who are engaged in the same practice and who communicate regularly with one another about their activities. This communication contributes to the solution of practical problems, but, at the same time, bridges the gap between theoretical and practical knowledge'

  - (Moodysson 2008, p 453; see also Amin and Cohendet, 2004; Amin and Roberts, 2008).

Aims

1. How are <u>different types of knowledge</u> from different sources <u>balanced and mediated</u>?

2. To what degree can knowledge management principles be successfully formalised into <u>process, techniques and "best practice"</u>?

Community of Practice (CoP)	Purpose	Actors	Boundary Spanning	Characteristics
Location planning departmental CoP	• Develop portfolio strategy. • Produce accurate sales forecast and recommendations.	• Location planning analysts • Location planning managers	Intra-departmental	• *Focus on technical technique development and training in focusing and assessment.* • *Discussion of results given community's wider experience and tacit knowledge.* • *Share best practice and key learnings* • *Develop forecasting techniques and models*
Portfolio organisation CoP	• Determine nature and shape of proposed development. • Organise documentation for Board level decision-making	• Location planners; • Finance execs; • Space planners; • Property executives	Inter-departmental	• *Meetings over a lengthy time period as development schemes are discussed and forecast numbers produced.* • *May be numerous iterations of a scheme as adjacent land becomes available or planning regulations influence proposed outcomes.* • *Potential for disagreement and threats to LP department's turf.*
Portfolio decision-making CoP @ Board level	• Determine strategy for development & authorise expenditure. Authorised to purchase land and initiate new development	• Location planning manager; • Management from other departments (e.g. Property, Marketing, Store/Space Planning); • Senior Management.	Inter-departmental	• *Presentation and interrogation of location planning assessment and forecasts.* • *Likely scrutiny by Senior Management.* • *Power relations centred within senior management.*
Location planning knowledge building and networking CoP	• Knowledge gathering, networking and interacting.	• Location planning analysts and consultants from multiple firms	Inter-firm	• *Meetings at conferences or seminars often facilitated by industry bodies such as Society of Location Analysis (SLA); Demographics Users Group (DUG).* • *Discussions of new techniques or latest learnings with common problems discussed.*

Location planning departmental CoP 1

- Relies on assessing codified and tacit knowledges: employ a combination of <u>experience</u> and <u>intuition</u> in decision-making processes.

- Importance of debate within the analyst team:

    - *"it's not an adherence to a black box, it's not an adherence to a neural network; it is this smart interrogation of all of the information that we've got available. So that's the culture that we've… bred"* (Non-Food Retailer).

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Location planning departmental CoP 2

- Assessing the evidence – the art & science of site research?

  - *"the analogy I use now is, rather than an all-singing, all-dancing model, I much prefer to use a series of heuristics, series of rules of thumb, and it's almost like a fistful of darts. … you throw it at the dartboard, then you get a shape, and you sort of know from that shape the solution is probably somewhere inside there, so there's a lot more smart interrogation by the analysts to say, okay, well, for this particular type of store, I don't believe that little model quite as much as I believe that one… so it's that mixture, which I think will always continue, of art and science in the process."*

    - Non food retailer

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Location planning departmental CoP 3

- Ability to communicate across the firm's communities – beyond the location planning department

    - *"I need analysts who technically are very good… [but] are capable of not getting too hung up on being very purist. So I kind of need people who've got a bit of a pragmatic bent about them and are not unhappy when the business... doesn't accept... this perfect version of the world that they've built in the model"* (Electrical Retailer).

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Location planning departmental CoP 4

- Retaining tacit knowledge

  - *"it's mostly in our heads, which is not great, but it's kind of a function of there not being many of us. I mean, there are bits and pieces… The bits…we do keep a record of all our output, and …we have got training manuals and kind of "how to" guides on the technical bits of how you run a forecast and how the model works …*

  - *The bit we're bad at kind of systematically capturing… is some of the more conversational stuff that comes out of meetings"*

      - Non food retailer

Location planning departmental CoP 5

- The *goal* of a virtuous circle of learning

    - *"a better approach is a constant learning cycle, where, every time you open a new store, you surely must be able to learn something new. There must be some element that informs, you know, you, the business, the model, and even if it's only informing on a positive affirmation point"*

        - Food retail consultant

Location planning departmental CoP 6

- The _reality_ of a virtuous circle of learning?

  - "We're very affected by anyone up in [the] corporate culture. So…it doesn't always happen, but it…in terms of formalised processes, it should be…my experience is, if it's working well, you have documentation, post-investment documentation, where these factors are highlighted. However, in terms of how that information is then used, it's probably not used formally. It's probably used informally by those who've experienced the post-investment process, so in actual fact, although that data exists, it might be lost in the sea change, interestingly."

    - Non food retailer

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Portfolio organisation CoP

- Liaison with other departments specifically relating to the development scheme (e.g. proposed store size, car parking) including Space Planning, Finance and Property functions.

  - *"A lot of the groundwork is done prior to actually recommending it to the Exec.... I would have got buy-in from the regional manager/store manager, and then the Operations Director.... [The CEO] would be made aware of the stores that we're looking at, and when we've got a unit that we think is right"* (Non-Food Retailer).

  - *"it goes to effectively a pre-meeting beforehand anyway, where we will be looking at the proposed catchment and we will be explaining what we're doing and why we're looking at a certain store, why this has come up over something else. So we've effectively got a buy-in beforehand"* (Electrical Retailer).

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Portfolio decision-making CoP

- Presenting the case to Senior Management = uneven power relations

- Some challenges to gaining legitimacy:

  - *"[Our head of team is] trying to get them [the Board] to agree to let him be present at the [decision-making] meeting, because currently he's not, and we don't get a copy of the minutes, so we don't know whether it's been approved, whether they agreed our sales number, or whether they approved it on their own number. We don't know whether our reports get edited"* (Food Retailer).

  - *"there have been times when the sales number that goes up is not the sales number that we've given them… [At the meeting] I can challenge that and we can talk about why we've agreed that and all the rest of it"* (Electrical Retailer).

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Planning knowledge building and networking CoP

- Extra-firm learning - boundaries around communities of practice are permeable and may extend beyond the company (cf. Amin and Cohendet, 2004).

- Attendance at conferences and meetings linked with industry bodies

  - *"I think there's almost a fraternal …feeling between site researchers in different firms… People move from one firm to another and take a certain element of that institution's knowledge on to another, a bit of cross-pollination"* (Food Retailer).

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Conclusions

- Underlined the **importance of context** within knowledge management and decision-making
  - difference between knowledge that is 'possessed' and knowledge 'in practice' (cf. Amin and Cohendet, 2004)

- Developed our understanding of **the role of communities in decision-making**
  - Social role of discussion and debate
  - Mediating between codified/explicit knowledge (modelled outputs) and tacit knowledge (observation/intuition/experience)
  - Role of experience, intuition & tacit knowledge

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Conclusions

- **Knowledge retention, best practice and learning are difficult to embed** with location planning departments. Requires flexibility of routines

    - *"the social production of knowledge as a practice is not about adapting existing practices to suit local conditions, **but using social interaction to inform understanding and develop new logics"*** (Faulconbridge, 2006, 526, our emphasis).

- **The role of differential power within intra-firm networks** that are played out within and between different CoPs

    - *"Networks do not necessarily fuse the self-interest of different actors into a harmonious and egalitarian whole but may be characterized by inequalities of power, strategic coalitions, dissembling and opportunistic collaboration"* (Lai, 2010, 8) .

    - Difficulty in achieving legitimacy within the firm

    - Political role in winning hearts and minds