

A FoW REPORT ON THE COLLABORATION IMPERATIVE

A report prepared by the Future of Work Research Consortium, March 2015
For more information, visit our website: www.hotspotsmovement.com

FUTURE ofWORK

THE COLLABORATION IMPERATIVE ABOUT THE FUTURE OF WORK RESEARCH CONSORTIUM

“ We are experiencing a profound rebalancing of the global economy characterised by extraordinary technological developments and connectivity, deep demographic transformation, and fundamental changes in the attitudes and expectations of workers. My vision for the Future of Work Research Consortium is to bridge cutting-edge thinking and organisational wisdom to ensure that executives in organisations around the world benefit from these extraordinary times.



- Lynda Gratton, Professor at London Business School and founder of the Hot Spots Movement

The Future of Work Research Consortium (FoW) is widely acknowledged as one of the most innovative and collaborative forums for exchanging insights, models and concerns about the future of work. Led by Professor Lynda Gratton, FoW unites academic research and organisational practice to deliver a unique, multidisciplinary experience.

FoW was established on the understanding that the challenges facing organisations today are far too complex to address in isolation. Instead, they require the combined efforts of leaders across multiple industries and disciplines. FoW has brought together executives from more than 90 multinationals to collaborate on the issues they are facing and to share examples of the most effective solutions.

FoW explores core themes selected in association with members. These themes provide the context for a collaborative research process beginning with an extensive literature review conducted by the FoW team. The insights from the literature review provide the basis for an active phase of co-creative research with member organisations. This report presents the insights from the Collaboration Imperative theme.



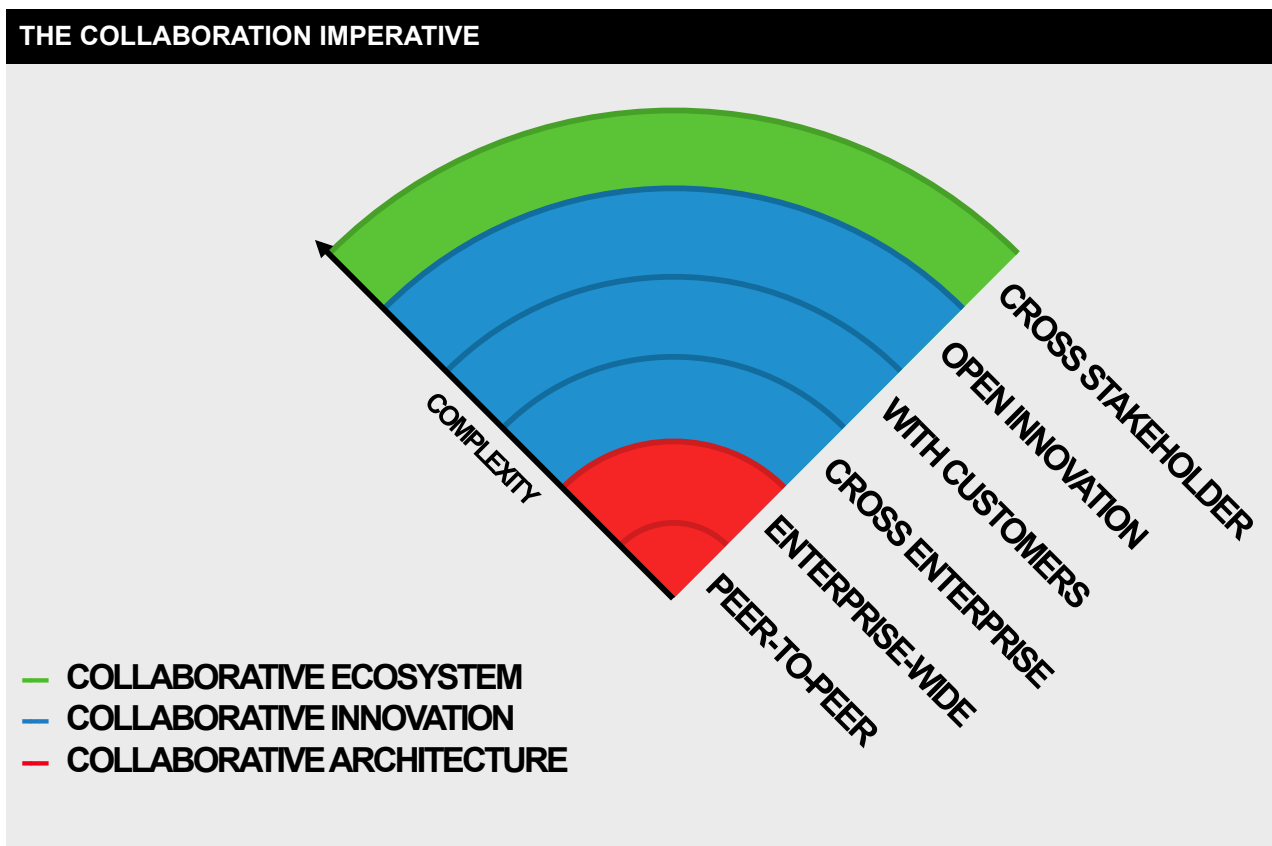


TABLE OF CONTENTS

- INTRODUCTION.....3**
- COLLABORATIVE ARCHITECTURE: SETTING THE SCENE.....4**
- CHALLENGES6**
- SOLUTIONS6**
 - 1. MANAGING COMPLEX TEAMS.....6
 - 2. MATCHING SOLUTIONS TO PROBLEMS THROUGH ENTERPRISE SOCIAL NETWORKS7
 - 3. MAKING TALENT VISIBLE THROUGH A WELL-NETWORKED ORGANISATION.....8
 - 4. ENCOURAGING BOUNDARY SPANNING.....10
 - 5. CREATING A SHARED PURPOSE.....10
 - 6. PROMOTING INCLUSION10
 - 7. DEPOLITICISING THE TOP11
 - 8. REWARDING COLLABORATION11
 - 9. BALANCING ME AND WE12
- COLLABORATIVE INNOVATION: SETTING THE SCENE14**
- CHALLENGES15**
- SOLUTIONS15**
 - 10. CHOOSING THE BEST MODE OF COLLABORATION15
 - 11. MAKING CROSS-ENTERPRISE COLLABORATION WORK17
 - 12. COLLABORATING WITH CUSTOMERS19
- COLLABORATIVE ECOSYSTEMS: SETTING THE SCENE21**
- CHALLENGES22**
- SOLUTIONS23**
- CONCLUSIONS AND RECOMMENDATIONS.....24**
- NEXT IN THE SERIES.....26**
- ADDITIONAL RESOURCES26**
- REFERENCES.....27**

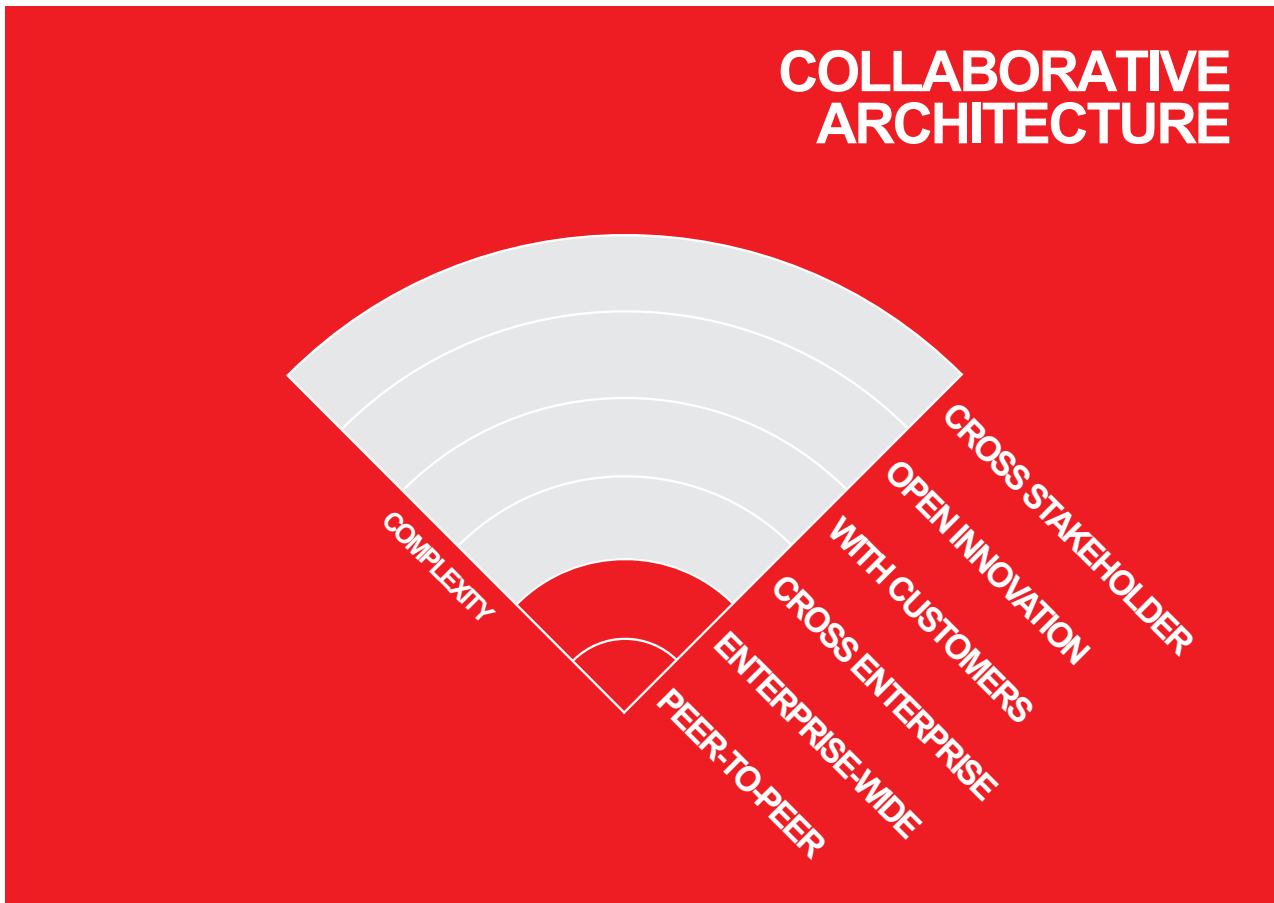
INTRODUCTION

Many of the best ideas for new products and services no longer originate only within the organisational architecture. Instead, they come from almost anywhere and anyone. It is now conventional wisdom that virtually no organisation should innovate on its own. Indeed, organisations need to collaborate with thousands of diverse stakeholders, from customers and partners to competitors, suppliers and NGOs. These developments bring greater opportunities for collaboration within the corporate agenda. However, they also bring challenges that require organisations to have a deeper and more nuanced view of what collaboration is, and the means by which it can be supported in an increasingly global and virtual world. The good news is that this complexity is not necessarily insurmountable, but is rather a trainable organisational capability. With this theme, it was FoW's ambition therefore, to explore the practices and processes that harness collaboration not only within the organisational architecture but also across organisational boundaries. To frame our research and thinking around the different facets of collaboration, we have developed a simple framework laid out in the exhibit 'The Collaboration Imperative'. As our model illustrates it is the combination of building a collaborative architecture, harnessing collaborative innovations and leveraging collaborative ecosystems that are at the heart of achieving *The Collaboration Imperative*.



Using a multi-pronged research methodology, we firstly conducted an in-depth literature review to identify the challenges of collaboration in an increasingly complex world. These insights were augmented by the practical experiences of Consortium members who were invited to participate in a set of Focus Group Calls. This initiative proved successful in uncovering the specific collaboration challenges our members face. It also provided us with some practical insights of organisational actions to adapt to the reality of the new model of collaboration. In addition, this year we joined forces with one of our Consortium members Randstad, a long-time leader on global HR issues to launch a global survey: *Collaboration at Work*. The 2014 survey response set included more than 7,000 respondents from 33 countries. Respondent organisations were located around the world and represented a wide variety of industries. Finally, we researched a set of in-depth case studies to expand our knowledge of future-proofed best practices. Cases can be found in our online library, which is open to all FoW members at www.fowlab.com.

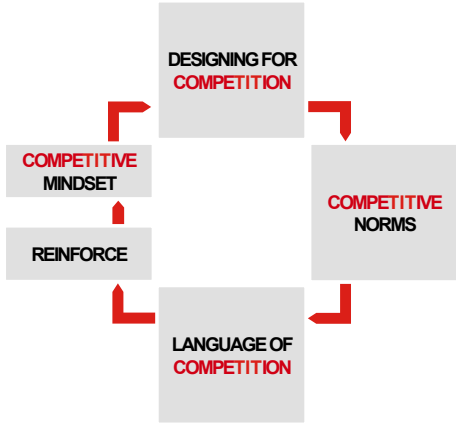
The imperative to collaborate across functions, geographies and organisational boundaries is the subject of this FoW report. The report reflects the insights of our multi-dimensional research approach, as well as the practical insights shared by our expert guest speakers and panelists at the Collaboration Imperative Masterclass.



COLLABORATIVE ARCHITECTURE: SETTING THE SCENE

In 1976, evolutionary biologist, Richard Dawkins wrote in the *Selfish Gene*, “if you wish, as I do, to build a society in which individuals cooperate generously and unselfishly towards a common good, you can expect little help from biological nature. Let us try to teach generosity and altruism, because we are born selfish.”¹ During the Collaboration Imperative Masterclass, our guest speaker Margaret Heffernan, author of *A Bigger Prize: Why Competition isn't Everything* illustrated that nowhere are these assumptions about selfishness and self-interest expressed more clearly than in organisations. For decades, organisations have built architectures that are designed for competition rather than collaboration.

However, after years of arguments to the contrary, there is growing evidence through the work of many scientists across several disciplines that the majority of people are in fact innately cooperative. According to our research a distinct pattern has emerged. As demonstrated by Professor Lynda Gratton during the Masterclass, in experiments about cooperative behaviour, only a small minority of people behave as though they are selfish. The majority of people systematically and predictably behave cooperatively. Some of them cooperate conditionally: They treat kindness with kindness and selfishness with selfishness. Others cooperate unconditionally, even when it comes at a personal cost. In no society examined under controlled conditions have the majority of people consistently behaved selfishly. This fresh evidence is mirrored in our global survey where 66% of the 7000 respondents agreed that people are innately cooperative.²



One of the most exciting findings to emerge from neuroscience in recent years underlines the brain's inherently social nature. The research of anthropologist Robin Dunbar is fairly conclusive on this point. Dunbar has found that the strongest predictor of a species' brain size is the size of its social group. We have big brains in order to socialise.³ Neuroscience also shows that a reward circuit is triggered in our brains when we cooperate with one another, and that provides a scientific basis for saying that people want to cooperate, given a choice, because it feels good.⁴

INSIGHT: ARE HUMANS INNATELY COOPERATIVE OR SELFISH?

To ask if humans are innately cooperative or selfish, university professors, David Rand and Martin Nowak recruited volunteers, and presented them with a choice. Each volunteer was offered a standard wage for playing a game with three other participants. Before playing, each participant was asked if they wanted to contribute their wages to a common pool – that pool would then be doubled after the game, and split among all the participants. If all the participants contributed, everybody gets extra money. But if only some of the participants contribute, those who do not contribute get a free-ride: they keep all of their wages, plus a share of the common pool. The researchers measured the amount of time it took a participant to make a decision, and the percentage of their wages they contributed to the common pool. Volunteers who decided quickly donated significantly more money than volunteers that mulled it over. Quick deciders donated 65% of their wages to the common pool, while slow deciders gave about 50% of their wages to the pool. The authors never found a time when the intuitive, rapid response was less cooperative than the time-delayed response, suggesting that for most people, our intuition leads us to cooperate with others. It's only upon reflection that we tend to act more selfishly.

Source: Rand, D. G., & Nowak, M. A. (2013). Human cooperation. *Trends in cognitive sciences*, 17(8), 413.

When economists put a price tag on our relationships, we get a palpable sense of just how valuable our social connections are and how devastating it is when they are broken. For example, according to the research, if you volunteer at least once a week, the increase to your happiness is like moving from a yearly income of \$20,000 to \$75,000. If you have a friend that you see on most days, it's like earning \$100,000 more each year. Similarly, seeing your neighbours on a regular basis gets you \$60,000 a year more. On the other hand, when you break a critical social tie, it is like suffering a \$90,000 per year decrease in your income.⁵



If our social connections are so valuable to us and the majority of people are innately cooperative then why do organisations need to build a collaborative architecture? The simple answer as illustrated by computer scientist, Alex Pentland's research is that people get influenced by the structure and norms of the architecture. An experiment published in Harvard Business Review and conducted at Stanford University also illustrates this important point. Half the players in the experiment were told that they were playing the Community Game and the other half that they were playing the Wall Street Game. The two groups were identical in all other respects. Yet, in the Community Game group, 70% started out playing cooperatively and continued to do so throughout the experiment. In the Wall Street Game group, the proportions were reversed: 70% of the players did not cooperate with one another. Thirty percent started out playing cooperatively but stopped when the others did not respond.⁶

This experiment illustrates a salient feature of human nature and action: Many of us are influenced by the context and norms of the architecture. For example, according to the experiment, the framing of the games influenced 40% of the sample. The players who thought they were acting in a context that rewarded self-interest behaved in a manner consistent with that expectation; participants who felt they were in a situation that demanded a prosocial attitude conformed to that scenario.⁷

All these fresh ideas are tracing a new intellectual arc in the disciplines concerned with human action and motivation. The challenge that organisations face today therefore, is to build new organisational architectures based on these fresh assumptions about human behaviour that can help in harnessing peer-to-peer and enterprise-wide collaboration. Most organisations would be better off helping people engage and embrace their collaborative, generous sentiments than assuming that we are driven purely by self-interest. Although the organisational architecture has traditionally tended to promote the view of the *great* individual as the source of value, organisations are increasingly recognising that effective collaboration across the enterprise is a crucial "force multiplier" needed to make the most of individual talent. According to our global survey, 61% of the employees now spend more time collaborating with colleagues than they did five years ago. The complexity of today's products and services, and the market pressure to continually improve both efficiency and quality, are among the issues that are demanding the ability to communicate, coordinate, and collaborate effortlessly across the entire extended enterprise.

CHALLENGES

As discussed by our Consortium members during the Focus Group Calls and at the Collaboration Imperative Masterclass, the ability to collaborate across enterprise faces increased challenges due to the more complex structure of the modern enterprise: For example, 1.3 billion of us worldwide now work remotely. That's about 40% of the global workforce.⁸ Furthermore, co-workers who previously may have worked in the same city may now be distributed around the globe, in different time zones. Although teams that are large, virtual and diverse are increasingly crucial with challenging projects, those same characteristics make it hard for teams to get anything done. To put it another way, the qualities required for success are the same qualities that undermine success. Members of complex teams are less likely than homogenous teams to share knowledge freely, to learn from one another, to shift workloads flexibly, to help one another complete jobs and meet deadlines, and to share resources - in other words, to collaborate.⁹

INSIGHT: COLLABORATION CONUNDRUMS

Large Size: As the size of the team increases beyond 20 members, the level of natural cooperation among members of the team decreases.

Diversity: The higher the proportion of people who do not know anyone else on the team and the greater the diversity, the less likely the team members are to share knowledge.

Virtual Participation: As teams become more virtual, collaboration declines.

High Education Levels: The greater the proportion of highly educated specialists on a team, the more likely the team is to disintegrate into unproductive conflicts.

Source: Gratton, L., & Erickson, T. J. (2007). Eight ways to build collaborative teams. *Harvard business review*, 85(11), 100.

Modern management techniques can also be an inadvertent deterrent to collaboration: Job design and performance management in most enterprises today, for example, are based on individual accountability despite the fact that most work is collaborative. By the same token, work flows and decision processes are not typically designed to reflect the collaborative nature of work and innovation and talent management practices usually focus on individual competencies and experiences, while overlooking the critical importance of an employee's contribution to the collaborative architecture.

SOLUTIONS

So how can organisations build a collaborative architecture to encourage both peer-to-peer and enterprise-wide collaboration - in other words, to maximise the effectiveness of large, diverse teams, while minimising the disadvantages posed by their structure and composition? Below, we have described a sequence of nine solutions to shape an effective collaborative architecture. Our findings are based on an extensive academic research and studying of organisations that have successfully harnessed enterprise-wide collaboration. The writings of great thinkers in sociology, psychology and neuroscience also inform our work.

1. MANAGING COMPLEX TEAMS

Teams are the typical building blocks of an enterprise: they provide organisations with the means to combine the various skills, talents, heuristics and perspectives of a group of individuals to achieve organisational goals. In the past, organisations used to co-locate team members because of the high levels of interdependencies that are inherent in teamwork. However, as discussed in the *Challenges*, more and more organisations are now beginning to organise projects over distance, with teams increasingly consisting of people who are based in dispersed geographical locations, come from different cultural backgrounds, speak different languages with different value systems. According to our research, most teams are dispersed on some level. They can be spatially separated (from "across the hall" to "scattered worldwide"), temporally separated (spanning different time zones), configurationally uneven (for example, five members in one location and two in another) and culturally diverse. And as our past research has consistently shown, even the smallest degrees of dispersion, such as working on different floors in the same building, can greatly affect the quality of collaboration.¹⁰



Conventional wisdom suggests that the performance of teams suffer with increasing levels of complexity. Because of that, organisations have typically viewed team complexity as a liability rather than an opportunity. However, as discussed by our guest panelists at the Collaboration Imperative Masterclass,



complexity can provide substantial benefits if organisations can take advantage of the diversity and varied expertise of team members at different locations. In fact, our research shows that virtual teams can outperform their collocated counterparts when they are set up and managed in the right way. The key lies in creating physical and virtual synergies. For example, the latest academic research suggests that it is highly desirable to bring teams together in person at the launch of a virtual team. The opportunity to get to know and trust one another on a personal level yields benefits long after the team has moved to a virtual setting.

While the cost of bringing globally dispersed teams together physically may seem prohibitively high, the cost of the team failing is far higher, according to London Business School Professor Rob Goffee. To understand how to maximise the complex teams' effectiveness, we recommend our toolkits '*Building Trust in Complex Teams*'¹¹ and '*Creating High Performing Virtual Teams*'¹². We also recommend our FoW report on *Complex Collaboration* available in the library at www.fowlab.com.

TOOLKIT: BUILDING TRUST IN COMPLEX TEAMS

- Create a culture of 'trusting someone until they are unworthy of trust'
- Trust may be given upfront (on credit), but it must be understood that it is still earned: reputation is a key indicator of trust
- Create shared purpose
- Train team leaders in virtual collaboration
- Make face-to-face time as productive as possible
- Harness collaborative technologies like online social communities and Virtual Worlds
- Create transparent commitments
- Define clearly the role of individual team members

TOOLKIT: CREATING HIGH PERFORMING VIRTUAL TEAMS


THE PREPARTION	THE MEETING	THE GOAL
Ensure there is clarity about the outcome	Keep virtual meeting short and focused	Create exciting challenges, a sense of purpose, and build a shared goal
Make expectations clear	Support active and appreciative listening	Create clarity around the deliverables
Set clear, standard procedures	Create team rules such as 'yes, and' rather than 'yes, but'	Put the right people in the facilitation role
Make use of video technology	Promote accountability and discipline through follow up	

2. MATCHING SOLUTIONS TO PROBLEMS THROUGH ENTERPRISE SOCIAL NETWORKS

We learned during the Focus Group Calls that one of the biggest challenges our Consortium members face in building a collaborative architecture is to match solutions to problems within the organisation. As Lewis Platt, former CEO of Hewlett-Packard, once noted, "If only HP knew what HP knows, we would be three times more productive." The larger and more segmented the enterprise, the harder it is to match its people to its problems. To understand the complexity of the issue it is worth noting that organisations with above-average information reuse experience 4% higher margins and 12% higher revenue growth than organisations with below-average reuse.¹³ In this context it is important to understand: How can an organisation maximise the sharing and re-use of knowledge and lessons learned, turning the enterprise into a high-powered collaborative architecture?

According to our guest panelists at the Collaboration Imperative Masterclass, Priya Banati (Enterprise Collaboration Strategy Lead, Accenture) and Nupur Singh Mallick (HR Director, TCS), the answer lies in enterprise social networks. Organisations need their employees to perform smarter, faster and more productively. Achieving that goal requires embedding collaborative technologies such as enterprise social networks deep into processes and incentivising collaborative behaviours, ultimately transforming the way organisations turn knowledge into action.

The majority of our Consortium members describe their enterprise networks in terms of 'early days'. Organisations with sophisticated social networks, including Tata Consultancy Services (TCS) have taken years and a lot of experimentation to develop. IBM for example, has been developing its enterprise-wide social network for at least 15 years. Successfully implementing enterprise networks is a difficult process for many organisations. For example, the research and advisory firm Gartner estimates the failure rate for



social business projects at 70%. Why such a high failure rate? A number of factors could be responsible, including not using enterprise networks to solve a true business problem; failing to integrate enterprise networks into an organisation's daily workflow; and a lack of understanding and support from senior leadership.¹⁴ Organisations that are already deriving value from enterprise networks have cultures that tend to be more open to new ideas and more collaborative than other organisations. For organisations struggling to make an impact with enterprise networks, sharing information may not come easily, especially in cultures where what you know is an important source of your power in the organisation.¹⁵ In the toolkit, *Leveraging Enterprise Social Networks*,^{16,17} we offer some practical and prescriptive guidance on how to begin (or accelerate) your social enterprise networks journey.

TOOLKIT: LEVERAGING ENTERPRISE SOCIAL NETWORKS

Start with a Long-Term Vision: A clear vision of how enterprise networks support business strategy is a top facilitator. Therefore, the first step in the enterprise networks journey is to create and communicate the broader social strategy for your organisation.

Embed Enterprise Networks within Business Processes: Embedding the technologies into the way work is performed so that using them becomes a natural and accepted part of the job is critical. For example, to make it an established part of work, some organisations are pledging to be a 'Zero Email Company' in the near future.

Support Adoption: Ensure that you have enough resources. It is not uncommon for organisations to allocate funds for social software tools and then neglect or underfund the adoption components such as user training, communications, content building and community management. Equally important is engaging in the change management activities that shape, encourage, and incentivise desired collaborative behaviours.

Measure results, Not Adoption: Measuring adoption can be a misleading indicator of value. In fact, what matters is whether the tool is helping employees do their jobs more effectively. It is also important to set objectives in specific terms related to industry and to job roles, and to measure results. For example, at an insurance company, the goal of 'increasing knowledge sharing' is noble but vague. A better goal would be 'improving underwriters' speed and effectiveness in pricing insurance policies'.

Provide Protected Spaces: The enterprise social networks should include smaller, more private spaces where employees can voice questions and concerns with less widespread visibility. Protected spaces encourage employees to volunteer controversial information they would not otherwise share, or admit to ignorance they would not otherwise reveal.

Balance Competition with Collaboration: When colleagues are also competitors, individuals may hoard information for personal advantage. The solution to this problem is to use absolute rather than relative rewards. Absolute rewards can foster information sharing: anyone who passes a certain threshold gets a reward. However, it is better to use more relative rewards when problems required greater speed and diversity of approach.

Encourage Communities of Practice: Organisations can design social networks to foster prosocial behaviour. One prosocial behaviour is to support formation of communities of practice, that is, teams that self-organise around a common skill, desire or purpose. When such voluntary groups assemble, they are especially good at information sharing, managing turnover and achieving goals.

Source: Benbya, H., & Van Alstyne, M. W. (2010). How to find answers within your company & Kiron, D., Palmer, D., Phillips, A. N., & Kruschwitz, N. (2012). Social business: What are companies really doing. *MIT Sloan management review*, 53(4), 1-32.

3. MAKING TALENT VISIBLE THROUGH A WELL-NETWORKED ORGANISATION

One of the most interesting insights to emerge from both the literature review and Focus Group Calls is that when building a collaborative architecture, organisations often resort to a structural fix, such as decentralisation, breaking down silos, or shifting to a matrix organisation. However, according to our research, when organisations just promote collaboration indiscriminately, they create bottlenecks and diminish their organisational effectiveness. What organisations need in this collaborative age is the ability to map and analyse the value created or destroyed deep within organisational networks.

Once organisations understand the value that is flowing across employees' networks, they can intervene in straightforward, cost-justified ways. Typical examples include replicating high-performing networks, training employees to emulate the collaborative approaches of successful colleagues, making expertise and advice more readily available, and restructuring performance metrics to reflect collaborative accountabilities better (see, case study, 'Making Talent Visible at IDEO').¹⁸ These kinds of successful interventions at critical points improve collaboration and create value by cutting through silos, physical distance and organisational hierarchies.

CASE STUDY: MAKING TALENT VISIBLE AT IDEO

IDEO, a global design company, uses its social platform to make talent visible. The company develops rich profiles describing the capabilities and performance of employees, which are then shared across the organisation. The profiles, which can be searched and tagged electronically, provide an effective mechanism for uncovering talent that might otherwise go underused. Managers can learn about an employee's collaboration on a specific project and how it contributed to the shared knowledge. They can use that information when selecting people for roles. Because employee capabilities are linked to detailed information about projects and jobs, the platform becomes a two-way street: Development opportunities can target employees, and employees can seek out opportunities.

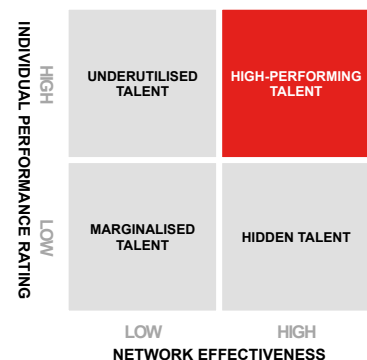
During the Collaboration Imperative Masterclass, our guest speaker, Raina Brands (Assistant Professor, Organisational Behaviour at London Business School) shared with us the sophisticated network analysis approaches that have emerged from the academic world during the past two decades. One approach used by Professor Rob Cross involves examining the individual performance data together with the network results gained through an organisational network analysis. Through this approach, organisations have an opportunity to consider the role of talent on two important dimensions. First, they can look at the performance of their individual employees, as many organisations do for the purpose of workforce planning.

Then, by overlaying performance data with a network view, they can examine the same talent in terms of their collaborative contributions to the organisational architecture. This second dimension helps organisations identify which employees are extensively leveraged and which employees have untapped potential to contribute to the collaborative architecture. When talent is examined along both dimensions, there are four general categories of employees: high-performing talent; marginalised talent; hidden talent; and under-utilised talent.¹⁹

High-performing talent: Typically, these individuals rank in the top 20% of their organisations. They tend to excel individually while at the same time developing, leveraging and contributing to their networks within and outside their organisation. In contrast to other employees, high performers tend to think strategically about their network, positioning themselves at key leverage points within the collaborative architecture. In doing so, they are more effective both within and outside their organisation.²⁰

Marginalised talent: Employees who score low on both individual performance and collaboration contributions fall into this category. Included in this segment are low performers who do not realise they need to collaborate and build effective personal networks inside and outside their organisation. According to our research, the effectiveness of marginalised employees can often be improved through either performance management processes or individual development plans that create an informal network connecting them to critical organisational segments in the collaborative architecture.²¹

Hidden talent: Although the hidden talent may make significant contributions to their colleagues in ways that benefit the organisation, they are not visible within the collaborative architecture. There are several explanations for this. In some cases, organisational management processes are too focused on individuals and do not acknowledge collaborative work. In other instances, leaders pick their favourites too quickly. Research shows that when leaders are not well positioned to "accurately observe" collaborative behaviour, the impact of strong collaborators can remain hidden from them. Regardless of the underlying driver, organisations must pay greater attention to hidden talent because losing them can undermine collaborations that generate revenue, efficiencies or key innovations in the organisation.²²



Under-utilised talent: Finally, many organisations have a surprisingly large group of employees who are in the top performance category but who make relatively little contributions to the collaborative architecture. Such employees are frequently found in competitive environments that emphasise metrics based on individual performance. Performance management systems that promote collaborative behaviours together with individual performance can help organisations get more from these under-utilised employees.²³

In sum, organisations seeking to build a collaborative architecture can benefit significantly from a network analysis approach. In relying on traditional methods, companies frequently end up not only overlooking talent but also not seeing that some of their high performers are not making collaborative contributions to the organisation. For many companies, these insights can represent a tremendous untapped resource. Those that are able to create rich and dynamic talent networks within their companies stand to transform the way their employees collaborate and unlock substantial new value.



4. ENCOURAGING BOUNDARY SPANNING

According to the *Networks Analysis* exercise conducted at The Collaboration Imperative Masterclass by Professor Raina Brands, most of us build networks that are heavily skewed toward our own functional, business, or geographical group and fail to elicit or value the input and perspectives of peers from diverse groups.

Sociologists use the term *density* to describe this property of networks: it quantifies the percentage of people who know each other in a network. To understand the problems of having an inward looking network, let us look at the effects of network *density* in a completely different context: the obesity epidemic. University professors, Nicholas Christakis and James Fowler, analysed the social relationships of twelve thousand Framingham, Massachusetts residents over 32 years. Using advanced visualisation techniques and careful statistical controls, they showed that overweight people tend to hang together socially, while thin people tend to be friends with other thin people. The researchers concluded that thin and overweight people tend to live their lives within unconnected social clusters - "microclimates," within which different social norms about what is normal have developed.²⁴ Similarly, according to our research when employees at work surround themselves with people like them, the network creates an echo chamber in which no new information circulates because everyone has the same sources. That is how groups become stuck in consensus, and after a while, everyone thinks and acts alike.²⁵

TOOLKIT: BOUNDARY SPANNING

- Use cross-functional task forces and project teams extensively
- Implement induction practices in which newcomers are formally introduced to people inside and outside their immediate team
- Use informal socialisation practices that encourage informational connections across boundaries
- Reward boundary spanners
- Implement secession-planning practices that encourage lateral job moves

In his best-selling book *The Tipping Point*, Malcolm Gladwell used the term "connector" to describe individuals who have many ties to different social worlds. It is not the number of people they know that makes connectors significant, it is their ability to link people, ideas, and resources that would not normally connect with one another. In organisations, connectors are the critical facilitators of collaborative architecture. To learn more about the organisations' role in building and facilitating connectors please refer to our toolkit, *Boundary Spanning* which is based on Professor Lynda Gratton's research on Hot Spots.

5. CREATING A SHARED PURPOSE

Sociologist Max Weber famously outlined four bases for social relations, which can be roughly summarised as *tradition*, *self-interest*, *affection*, and *shared purpose*. As illustrated by our guest speaker, Margaret Heffernan at the Collaboration Imperative Masterclass, self-interest underlies the organisational architecture of most organisations today. The great industrial corporations of the 20th century also invoked tradition to motivate people. And many of the most innovative organisations of the past 30 years have derived strength from charismatic leadership.²⁶

However, according to the research and our data set from the Hot Spots Team and Stakeholder diagnostic, it is by focusing on the fourth alternative - a shared purpose - through which organisations can successfully build a collaborative architecture that is more robust than self-interest, more flexible than tradition and less transient than the emotional appeal of a Steve Jobs.²⁷

Shared purpose can be achieved by bringing a meaningful goal to the team. Such goals might be task related, organisationally relevant, or focused on values. Our research indicates that goals, particularly those that focus on values and norms are likely to be more powerful than others. However, even beginning interactions by discussing what team members have in common as well as what they can each uniquely bring to the group is a good starting point for building a collaborative architecture.



6. PROMOTING INCLUSION

The ability to bring together people from different backgrounds, disciplines, cultures, and generations and leverage all they have to offer is a must-have for collaborative architecture. Yet many organisations spend inordinate amounts of time, money, and energy attracting talented diverse employees only to subject them to homogenising processes. To foster these differences and to create a collaborative architecture, organisations need to promote inclusion.

Our recent research on *Inclusion and Diversity* indicates that a collaborative environment is fostered through the following three conditions:



Willingness: Organisations need to create an environment of psychological safety, fairness, non-discrimination, respect and trust. Failure to do so compromises the willingness condition. To foster a collaborative architecture, the questions organisations should be asking are: What goes into a person's decision to offer his or her perspective? What motivates a person to share a different thought or approach?²⁸

Readiness: To leverage readiness, the questions organisations should be asking are: Is care taken to develop the processes and practices that facilitate team building and consensus building? Do we train our employees in self-awareness and awareness of others?²⁹

Opportunity: The way an organisation is structured and organises the work process influences collaboration. The questions organisations should ask themselves are: Are avenues present for people to offer their ideas, suggestions and insights? Is information communicated up, down and across the organisation? Do we allow for interaction and influence?³⁰

7. DEPOLITICISING THE TOP

One of the most interesting insights to come out of the Focus Group Calls and the Collaboration Imperative Masterclass is that all too often, efforts to build collaborative architectures are sabotaged by political games and domain battles higher up in the organisation. Part of the problem is that many leadership teams, composed of the CEO and his or her direct reports, actually do not operate as teams. Each senior member runs his or her own region, function, or unit, without much responsibility or incentive for aligning the organisation's various projects into a coherent whole.³¹ To overcome this dilemma, organisations must endorse practices such as authentic leadership training.

For example, Brazil's Natura Cosméticos has instituted a comprehensive "engagement process" that promotes a collaborative mind-set at all levels and has helped the organisation win a top spot on *Fortune's* list of best companies for leaders. The process was implemented after Natura's highly successful IPO in 2004, when competing agendas among the senior managers began to threaten the organisation's prospects. The organisation decided it needed to reorganise the executive committee to unify its members around common goals and stop the power struggles. To achieve this, all senior managers made a commitment to self-development as part of their stewardship of the organisation.³²

INSIGHT: AUTHENTICITY

According to Harvard Business School Professor, Bill George, the emergence of True North Groups represent a low-cost, high-value-added approach to developing collaborative leaders with the self-awareness and capabilities to be successful. Seeking advice, council, and feedback from others is only half the challenge in becoming a collaborative leader. True North Groups address the need for support teams to enable people to get through challenging times and celebrate good times by bridging the gap between their individual lives and the organisations and communities they engage every day.

Source: George, B. (2011) *Becoming A Collaborative Leader*, *The Journal of the American Management Association*, 10(3)

Each senior manager embarked on a "personal journey" with an external coach, who met with everyone individually and with the team as a group. Since the engagement process was adopted, Natura's executives have become much better at teaming up on efforts to improve the business, which grew by 21% in 2010. The collaborative mind-set at the top has cascaded down to the rest of the organisation, and the process has been rolled out to all the company's managers.³³

8. REWARDING COLLABORATION

Rewards send a powerful signal about the behaviours an organisation encourages. According to the psychologist Carol Dweck, people are driven to do tasks by either performance or learning rewards. When performance rewards dominate an environment, people are motivated to show others that they have a valued attribute, such as intelligence or leadership. On the other hand, when learning rewards dominate, they are motivated to collaborate and explore opportunities to acquire knowledge from others.³⁴

In a 2006 Hewitt Associates survey, over 60% of organisations used a competitive reward system, and Greenberg, Ashton-James, and Ashkanasy (2007) argue that the use "of comparative social information in the workplace is, in some ways, an institutionalised process".³⁵ Therefore, to create a collaborative architecture, organisations must move away from short-term performance indicators towards learning rewards. During the Resilience and Purpose Masterclass, our Guest Panelist, Andrea Winfield (Director - Talent, Culture and Leadership) shared how Microsoft has replaced its stack-ranking system with a fundamentally new approach to performance and development designed to promote collaboration and agility (See, insight, "Performance Management At Microsoft").

INSIGHT: PERFORMANCE MANAGEMENT AT MICROSOFT

The new Performance Management system at Microsoft is based on the following pillars:

More emphasis on teamwork and collaboration: The new performance management system focuses not just on the work employees do on their own, but also how they leverage input and ideas from others, and what they contribute to others' success.

More emphasis on employee growth and development: Through a process called "Connects", Microsoft is enabling more timely feedback and meaningful discussions that help employees grow and learn. "Connects" also introduce more flexibility in how and when performance and development is discussed rather than following one timeline for each employee.

No more curve: The new performance management system is no longer based on a pre-determined targeted distribution. Managers and leaders have flexibility to allocate rewards in the manner that best reflects the performance of their teams and individuals.

No more ratings: The new performance management system enables employees to focus on what matters – having a deeper understanding of the impact they have made to other employees and leveraging opportunities to grow and improve.

9. BALANCING ME AND WE

In today's workplace, we are always connected, always reachable, and always findable, in both the physical and the virtual sense. This accessibility can enhance our interactions but can also leave us feeling fatigued. According to the research, most of the employees work in an open office environment and the size of their workspaces is shrinking (see the exhibit on the right). Therefore, it is not surprising that the number of employees in the US who say they cannot concentrate at their desk has increased by 16% since 2008, and the number of those who don't have access to quiet places to do focused work is up by 13%. Meanwhile, 74% of the employees are more concerned about their privacy now than they were 10 years ago.³⁶



According to our research, the best collaborative spaces also support privacy because there is a natural rhythm to collaboration. Employees need to focus alone to generate ideas or process information; then they come together as a group to build on those ideas or develop a shared point of view; and then they break apart again to take next steps. The more demanding the collaboration task is, the more individuals need punctuating moments of solitary time to recharge. In addition to the type of task one is engaged in, individual personalities shape how much privacy people require. For example, Susan Cain's recent study of introverts argues that they are more sensitive to stimuli than extroverts.³⁷

As organisations come to understand the need for privacy at work, they must also recognise that privacy does not compromise collaboration. Our research shows that the most successful work environments provide an ecosystem of workspaces that allow people to choose where and how they get their jobs done.³⁸

Finally, an interesting insight that came out of the literature review and the Focus Groups is that collaboration is not always useful or necessary. The belief that working in teams makes us more creative and productive is so widespread that when faced with a challenging new task, leaders are quick to assume that teams are the best way to get the job done. However, when assembling a team together, organisations should always assess whether the task at hand requires collaboration (see, Insight, "When to Collaborate").



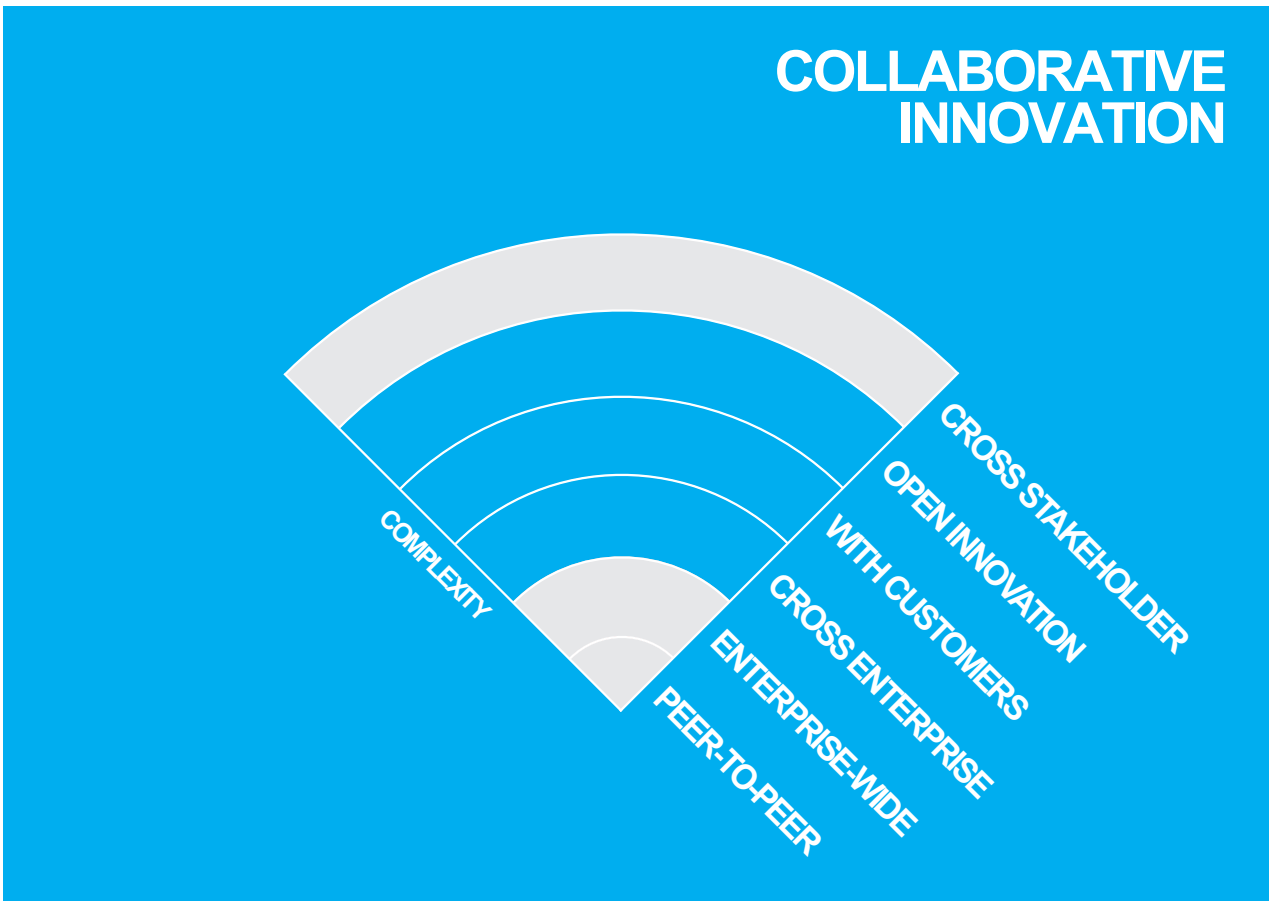
INSIGHT: WHEN TO COLLABORATE

The seven prerequisites for collaboration are below:

1. The task is complex and unlikely to be accomplished successfully using individual skills.
2. The task requires collective input from highly specialised and smart individuals.
3. The task requires diverse perspectives and heuristics.
4. The task must be completed under extreme time pressure.
5. The success of the task is highly dependent on understanding diverse preferences or needs.
6. The outcome of the task will be influenced by events that are highly uncertain and difficult to predict.
7. The task can be broken down into smaller pieces and clear roles can be attributed to individual members.

KEY MESSAGES: BUILDING A COLLABORATIVE ARCHITECTURE

1. Manage complex teams through creating a culture of trust and creating physical and virtual synergies
2. Find answers within your company through enterprise social networks
3. Make talent visible through a well networked organisation
4. Encourage boundary-spanning
5. Create a shared purpose
6. Promote inclusion
7. Depoliticise the top
8. Reward collaboration
9. Balance we and me



COLLABORATIVE INNOVATION: SETTING THE SCENE

In 2007, Stefan Wuchty, Benjamin Jones, and Brian Uzzi, a multidisciplinary team of researchers, decided to use big data to learn what distinguished ideas that had impact from those that did not. In a massive study of the twenty million academic articles and two million patents cited over the past fifty years, they found that the difference lies in collaborative innovation.³⁹ According to their research, innovative and impactful ideas were much more likely to come from cross-enterprise collaborations rather than from teams from the same university, lab, or research centre. Not only that, but the most successful teams and groups always brought to the table newcomers from across the boundaries with whom they had never collaborated before.

Collaborative innovation as a way to deal with innovation problems has existed in one form or another for centuries. Collaborative innovations have helped kick-start entire industries, including aviation and personal computing. The difference today lies in new ways of combining networked humans and computers to harness innovations. With more than seven billion people and businesses, and at least 35 billion devices communicating, transacting, and even negotiating with each other, a new world has come into being.⁴⁰ This new system is now routinely able to solve problems that would have been unthinkable only a few years ago, combining the communication and number crunching capabilities of computer systems with the creativity and cognitive capabilities of *crowds*. As the scale, scope, and connectivity of these human-computer networks increase, we believe it will become increasingly useful to view all the people and computers on our planet as a “global brain.” There are already hundreds of compelling examples of the global brain at work, collectively representing the contributions of many millions of people and computers. These range from systems where individuals perform simple micro-tasks (mturk.com) to where they compete to solve complex engineering problems (innocentive.com).⁴¹



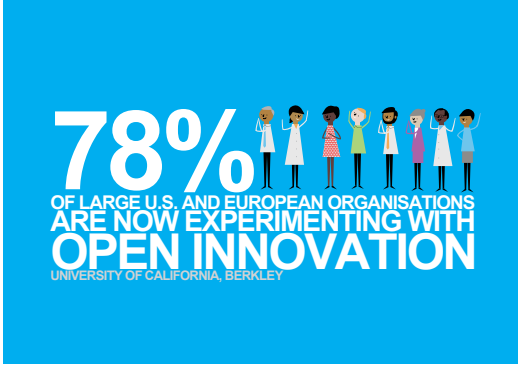
In sum, networked humans and computers are making it ever simpler to utilise distributed workers. A recent World Economic Forum (WEF) Survey with 1000 respondents reveal that this mega trend of digitisation and connectivity has generated complex capability requirements for organisations making collaborative innovation essential for success.⁴² In essence, the ‘global brain’ has become a fixed institution for organisations available on demand.



CHALLENGES

In an era of the global brain, it is now conventional wisdom that no organisation should innovate on its own. To answer the most vexing innovation questions, organisations are increasingly reaching out to the global brain for ideas, inspiration and problem solving at a low cost. For example, according to a recent survey by the Fraunhofer Society in Germany, 78% of large US and European firms now experiment with open innovation.

Collaborative innovation is not a single approach but takes a wide variety of forms. As organisations increasingly team up with outsiders to innovate, they confront critical and complex choices about who to join forces with and how to share power with them. For example, some of the challenges that emerged from the Focus Group Calls are: should organisations open up and share the intellectual property with the global brain? Should they nurture collaborative relationships with a few carefully selected partners or should they harness the “wisdom of crowds”? To help organisations make better decisions about the kinds of collaborative innovation their companies can adopt, we have provided three insights below:



SOLUTIONS

10. CHOOSING THE BEST MODE OF COLLABORATION

According to our research, there is no best approach to leverage the power of outsiders. Different modes of collaboration involve different strategic trade-offs. A simple framework published in Harvard Business Review, which can help organisations make these decisions focus on two questions⁴³:

How open or closed should membership in your network of collaborators be?

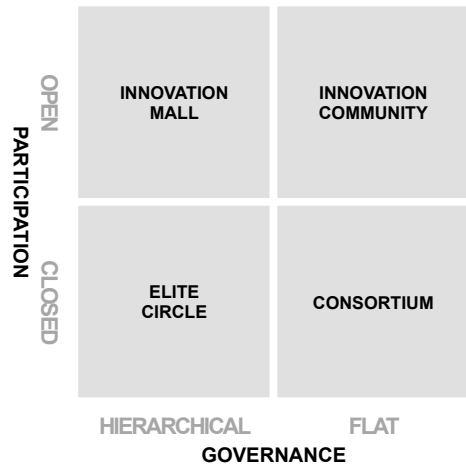
Collaborative innovations differ in the degree to which membership is open to anyone who wants to join. In totally open collaboration, an organisation makes a problem public and then seeks support from an unlimited number of problem solvers, who may contribute if they believe they have capabilities and assets to offer. In contrast, in closed networks, organisations tackle the problem with one or more partners that they select because they have capabilities necessary to the sought-after innovation.⁴⁴

How flat or hierarchical should the network’s governance structure be?

Collaborative innovations also differ fundamentally in their form of governance. In some the power to decide which problems are most important, how they will be solved, what constitutes an acceptable solution, and which solutions should be implemented is completely vested in one organisation in the network. Such networks are hierarchical. Other networks are flat: The players are equal partners in the process and share the power to decide key issues.⁴⁵

As the exhibit on the right shows, there are four basic modes of collaboration: a closed and hierarchical network (an *elite circle*), an open and hierarchical network (an *innovation mall*), an open and flat network (an *innovation community*), and a closed and flat network (a *consortium*).⁴⁶

When deciding which mode is most appropriate for a given innovation initiative, an organisation should consider the trade-offs of each, weighing the modes’ advantages against the associated challenges and assessing the organisational capabilities, structure, and assets required to manage those challenges. In the toolkit, *Choosing the best mode of Collaboration*⁴⁷ there are some guidelines on which of the four basic modes of collaboration will work best for your organisation.



TOOLKIT: CHOOSING THE BEST MODE OF COLLABORATION

MODE OF COLLABORATION

WHEN IT'S APPROPRIATE

Elite Circle, in which one company selects the participants, defines the problem, and chooses the solutions

- You know the knowledge domain from which the best solution to your problem is likely to emerge
- Having the best experts is important, and you have the capability to pick them
- You can define the problem and evaluate the proposed solutions

Innovation mall, where one company posts a problem, anyone can propose solutions, and the company chooses the solutions it likes best

- You need ideas from many parties, and the best ideas may come from unexpected sources
- The consequences of missing a better solution from an elite player are limited
- Participating in the network is easy
- The problem is small or, if large, can be broken into modular parts
- You can evaluate many proposed solutions cheaply

Innovation Community, where anybody can propose problems, offer solutions, and decide which solutions to use

- You need ideas from many parties, and the best ideas may come from unexpected sources
- Because you don't know all possible user requirements, you want to share the costs and risks of innovation with outsiders
- Participating in the network is easy
- The problem is small or, if large, can be broken into modular parts
- You don't need to own the intellectual property underlying the solution

Consortium, which operates like a private club, with participants jointly selecting problems, deciding how to conduct work, and choosing solutions

- You know the knowledge domain from which the best solutions are likely to emerge
- The problem is large and cannot be broken into modular parts
- Having the best experts is important, and you have the capacity to pick them
- Contributors won't participate unless they share power
- The expertise of all participants is needed
- You can share the resulting intellectual party with the other participants

Source: Pisano, G. P., & Verganti, R. (2008). Which kind of collaboration is right for you. *Harvard business review*, 86(12), 78-86.

INSIGHT: UNILEVER'S APPROACH TO COLLABORATIVE INNOVATION

During the Collaboration Imperative Masterclass, our guest speaker, Mike Parkington, SVP R&D, shared with us Unilever's unique approach to collaborative innovation. At Unilever, 40% of new products and services in the pipeline are a result of collaborative innovation and this is expected to grow to 60% in the next 5 years. Their approach to Collaborative Innovation is as follows:

Want: Conduct due diligence to be clear what it is exactly that Unilever needs

Find: Scout for the right partner

Get: Define the business goals with the partner

Manage: Employ excellence in management of the partnership

CASE STUDY: COLLABORATIVE INNOVATION AT APPLE

Choosing a collaboration mode involves more than understanding the trade-offs. An organisation must taken into account its strategy for building and capturing value. And as the strategy evolves, the right mode of collaboration changes, too. Consider the approach published in Harvard business Review that Apple used in developing software for the iPhone and how it changed over time. A key part of Apple's strategy has been to maintain the integrity of its systems. Historically, this kept Apple more oriented towards closed modes, where it could better control the components that influenced the user's experience. The company took that approach in developing the first generations of the iPhone and relied on elite circles to develop early applications for it.

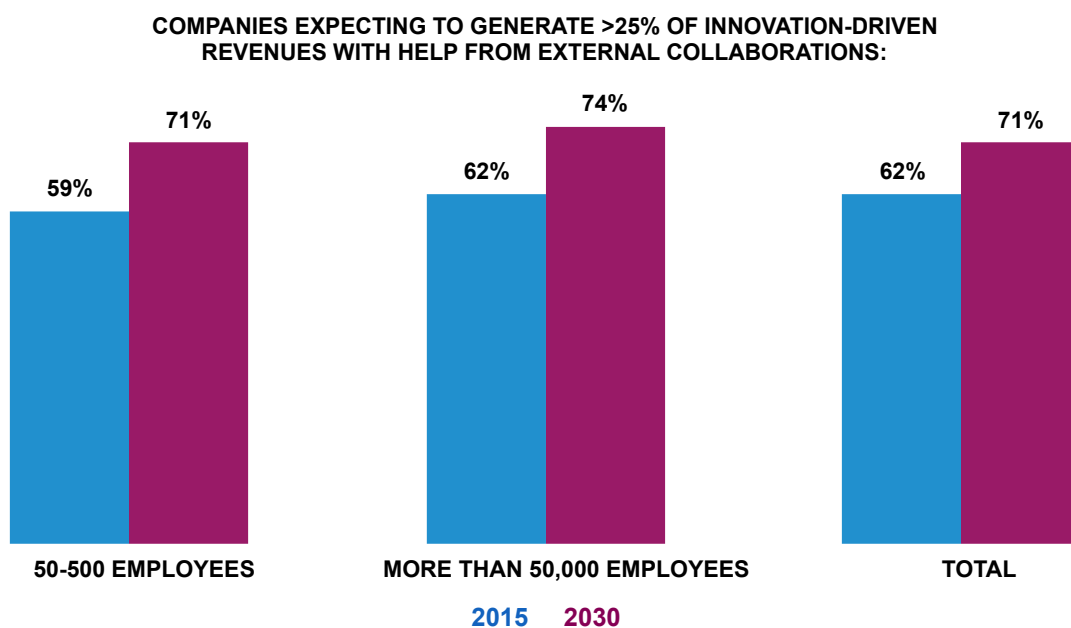
However, once the iPhone was established, Apple faced the challenge of adding software functionality and applications that would fuel more growth. To stick with the elite circle mode, Apple needed to feel confident that it knew which applications customers would want and could identify the best partners for creating them. Give the huge variety of potential applications, Apple realised that there was no way that, either alone or with a small group of collaborators, it could anticipate all the applications that an iPhone owner might find useful or just fun. So it opted to encourage the market to decide which ones should be picked. This thought process ruled out the elite circle, the consortium, and the innovation mall. Accordingly, Apple introduced a kit in March 2008 that allows a community of third-party developers to create applications based on the iPhone OS platform and provide them to users directly through the iPhone. Apple has turned to a large number of users and developers distributed around the world to propel its growth by creating apps that enhance its products. This combination of innovation approaches has allowed Apple to gain market share in an intensely competitive and dynamic market.

Source: Pisano, G. P., & Verganti, R. (2008). Which kind of collaboration is right for you. *Harvard business review*, 86(12), 78-86.

As the case study, *Collaborative Innovation at Apple*⁴⁸ suggests each collaborative innovation mode can be highly effective under the right conditions. Organisations need to be wary of the notion that one type of collaboration is better to others. Open is not always better than closed, and flat is not always better than hierarchical. Ideally, our mode of collaboration will always produce high energy, achieve seamless coordination, and harness world-class knowledge. But any approach to organising comes with challenges; each has strengths and weaknesses and comes with trade-offs. In the end, though, as outsiders expand the capabilities of organisations, they should be viewed as a crucial tool for organisational problem solving and innovation.

11. MAKING CROSS-ENTERPRISE COLLABORATION WORK

A new trend is emerging. It is getting harder and harder to define what a 'company' is anymore or to figure out exactly where the traditional boundary lines separating an enterprise from its suppliers, partners and competitors are being drawn. Two companies may compete viciously in one part of the world and still cooperate in another (see, case study, 'Co-opetition between Samsung and Sony'). They can also interweave themselves in each other's value chains.⁴⁹

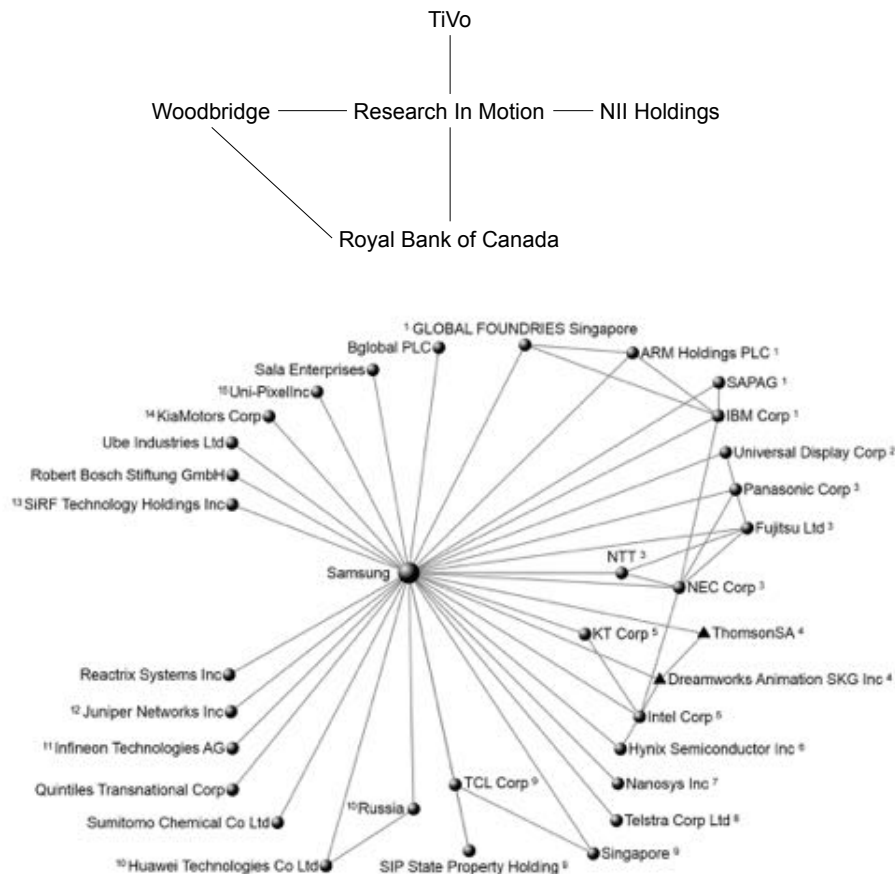


CASE STUDY: CO-OPETITION AT SAMSUNG AND SONG

In the difficult TV manufacturing market of competing, complex technologies, Song and Samsung both faced challenges but targeted similar goals. The companies sought to quicken progress and improve their flexibility by sharing resources and expertise. Song and Samsung sought to take a new liquid crystal display (LCD) flat screen TV model to market, develop the market and gain a greater share. The two competitors shared resources, expertise and production capabilities. They cross-licensed patents, 11,000 from Samsung and 13,000 from Sony, to facilitate knowledge sharing and product development. To ensure that both parties fulfilled obligations they split ownership and governance 50/50, with Samsung holding the CEO role of the operation whilst the CFO was from Sony.

Interestingly, once the S-LCD panels were fitted to each of the firms' TV sets, they were then produced independently. They were then free to compete amongst themselves over product design and functionality in this market. The large and similar resource pool led to to fierce competition over design and other sectors of the product base as the two firms strove to become market leaders. In sum, Sony and Samsung were able to collaborate on core production capabilities, compete and innovate in other areas and subsequently protect themselves from disruptive innovative shocks in a period of potential instability in the market. Before S-LCD began production, Samsung and Song were ranked as the 4th and 3rd best global LCD TV manufacturers, behind Sharp and Phillips. By 2008, they held the 1st and 2nd positions respectively. In the same year, the firms's combined market share rose from 18.4% in 2004 to 40.9%.

In such an environment, advantage will flow to those organisations that can create effective strategies at the network level. Future focused organisations are therefore learning how to push activities outside the organisational boundaries and how to design and evolve strategies for global networks. To illustrate the importance of cross-enterprise collaborations, let's consider that if the experience curve and the scale curve were the key indicators of success, Blackberry would still be leading the smartphone market; it had the advantage of being an early mover with a strong cost position. However, to the investors of Research in Motion (RIM), the maker of Blackberry, recent years have been disappointing. There may be several explanations for this failure, but one which particularly stands out in our research is the failure of Blackberry to build a strong cross-enterprise network. The pictures below contrast Blackberry's cross-enterprise network with Samsung's. It can be clearly seen that Samsung's competitive edge lies in its adaptive system of suppliers, partnerships, and alliances. This ability to bring together the assets and capabilities of so many entities have allowed Samsung to leapfrog the experience curve and become one of the new market leaders in record time.⁵⁰



INSIGHT: VALUE OF CROSS-ENTERPRISE COLLABORATION

VALUE FOR ESTABLISHED FIRM

Opportunity to test ideas outside complex structures and regular processes

Opportunity to identify and incorporate cross-industry innovations

Access to new and potentially specific customer segments

Access to new entrepreneurs and talent pool

VALUE FOR YOUNG FIRM

Opportunity to commercialise ideas at a greater scale and speed

Opportunity to test and commercialise innovation in multiple markets

Opportunity to demonstrate capabilities and gain credibility through partnership

Access to management skills, talent and resources

Furthermore, according to recent World Economic Forum (WEF) research, cross-enterprise collaboration between young and established firms that want to grow through new products and services is a key driver for sustainable and profitable growth for both parties. This claim is supported through the following statistics: 8 out of 10 jobs created in the European Union since 2008 were created in small and medium-size companies. Also, while the number of micro companies in the European Union has increased by 370,000 (2%) between 2008 and 2013, the number of large companies has not grown at all.⁵¹

To succeed in this coming era of cross-enterprise collaboration, companies must be able to manage relationships across organisational boundaries as effectively as they do within those boundaries. Cross-enterprise collaboration challenges a company across multiple organisational dimensions, so it must be planned and managed in a comprehensive fashion. Such a comprehensive approach requires an integrated human capital strategy across four critical areas:⁵²

Talent: All elements of the employee lifecycle from workforce planning to recruiting to learning and development to performance management need to be revised and refined to meet the unique challenges and opportunities of working across organisational boundaries.

Leadership: It is crucial to develop leaders with the unique perspectives and skills to guide multiple organisations toward a common goal.

Culture: Formation of common assumptions, beliefs and values are especially important when forming a cooperative relationship involving organisations that may have different backgrounds and working styles.

Organisation: The structure, governance, processes and operating model need to be revamped to enable collaborative work across boundaries.

12. COLLABORATING WITH CUSTOMERS

The traditional “funnel” - the model that described a customer’s path to buying goods and services as linear, beginning with awareness and ending with purchase has lost its relevance. It’s too slow, too static and too generic. Today, customers no longer enter a channel. Instead, they are continuously in the channel.⁵³

This shift impacts business-to-customer relations, and has strategic implications, not just for marketing activities but also for sales, service and every other function of the organisation.⁵⁴ According to our research, successfully collaborating with customers begins with listening to customers. Organisations have much to gain from actively

seeking and encouraging customer participation, which we define as getting customers to provide constructive suggestions and share their ideas on how to shape product and service offerings. This is a relatively new phenomenon, or at least newly recognised. The traditional view has been that only producers, innovate.⁵⁵





However, according to our research some forward-looking organisations are now experimenting with social business activities to source new ideas from customers and refine existing products and services. For example, NikeiD, an initiative in which customers become the designers of their own shoes, now makes up a significant part of Nike's online revenues.⁵⁶ Through this process, Nike has also been able to enhance their understanding of the customers which is an essential first step to innovating.



In fact, 89% of high performance organisations have now adopted new strategies for collaborating with customers.⁵⁷ These organisations are using social software, social media and social networking to improve their relationship with customers in a number of ways: monitoring online communities; creating and supporting virtual communities; developing new communication channels and fostering a wide range of customer engagements, including coupons, contests and other sponsored events.⁵⁸ With such activities, these organisations have been able to enhance their understanding of and engagement with their customers.

CASE STUDY: COLLABORATING WITH CUSTOMERS AT LEGO GROUP

The Lego Group was suffering from stifled growth in a competitive, fluctuating market and had seen losses on new product ventures. Yet a sizeable, largely untapped market segment of adult users lay at the company's fingertips. By collaborating with this customer community, Lego was able to respond more quickly to changing demands and build the resilience of its products. The project began in 2005 with a trial run, whereby Lego's community liaison officer collaborated with adult fans to design Lego factory sets. The group monitored a tremendous amount of fan activity and ideas, many of considerable quality, and proceeded to formalise the relationship with user communities through the Ambassador Network. Over time, the Ambassador Network evolved into a non-hierarchical, open structure with a commitment to transparency. Three key learning points, observed through the trial and error of running the process, underpinned its successful operation.

Setting Expectations: Clarified rules and expectations from both parties in the collaboration represent a huge advantage.

Motivation and Mutual Benefit: The company learned that it had to protect the entertainment value for fans, who were volunteering their creativity out of a passion for the product rather than to reach an end goal. The process of designing and building was more motivating and stimulating to users than financial reward.

Relaxing Process Management: Participants were as attracted to a sense of community as they were to the Lego brand. However, this spirit would have been thwarted if Lego had applied too many layers of process. As such, Lego had to relax its conventional approaches to project management and allow the community to innovate in its own time and on its own terms.

A number of benefits have resulted from a closer collaborative relationship with customers. Specialised product offerings and a more diverse range have been made available with less investment in research and development and lower operational costs. Furthermore, Lego have reached new markets and identified new distribution strategies as a previously untapped segment of adult fans introduced fresh product lines. Finally, Lego have benefited from a test group for new products; the ability to trial goods on customers has helped eliminate drawbacks, add improvements and take more successful products to markets in less time.

KEY MESSAGES: HARNESSING COLLABORATION INNOVATIONS

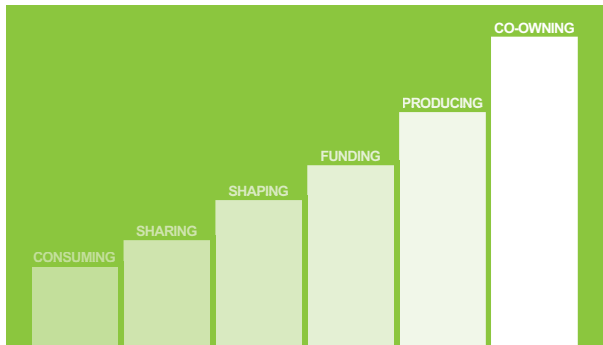
1. Different modes of collaboration involve different strategic trade-offs.
2. Organisations need to be wary of the notion that one type of collaboration is superior to others. Open is not always better than closed, and flat is not always better than hierarchical.
3. Two companies may compete viciously in one part of the world and still cooperate in another.
4. Cross-enterprise collaboration between young and established firms that want to grow through new products and services is a key driver for sustainable and profitable growth for both parties.
5. 89% of high performance organisations have now adopted new strategies for enhancing customer experience.



COLLABORATIVE ECOSYSTEMS: SETTING THE SCENE

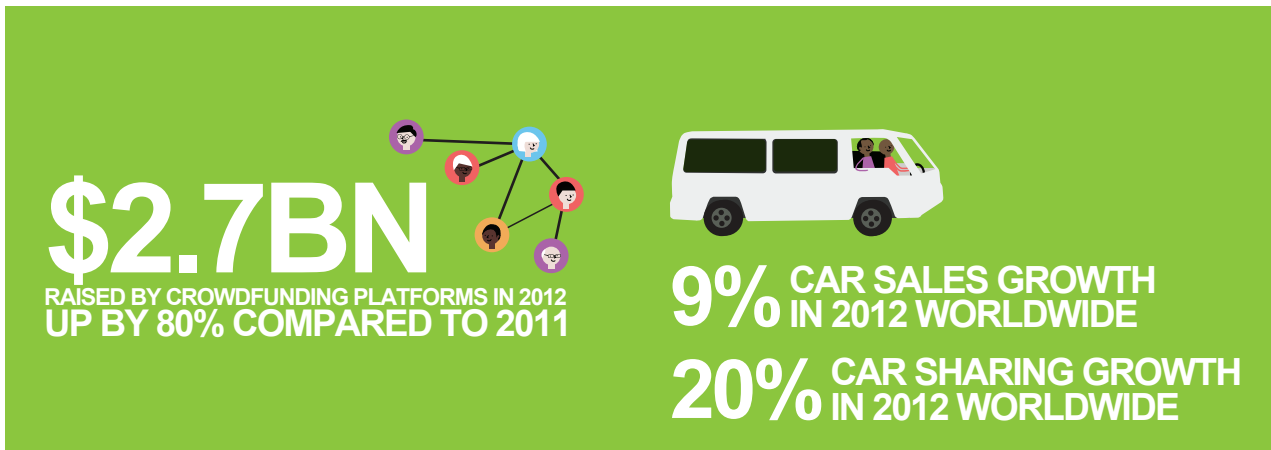
The importance of sustainability as a business issue has steadily grown over the past two decades. Most organisations understand that their sustained success depends upon the economic, social and ecological contexts in which they operate and the stability of those contexts can no longer be taken for granted. For example, the physical environment is becoming more unpredictable, a more interconnected global economy is altering social conditions, and technological innovation is transforming the nature of consumption and production.⁵⁹ As sustainability issues have become increasingly global and pivotal to success, organisations are also realising that they cannot solve them alone.

However, through a collaborative ecosystem, organisations can, and arguably must, tackle some of the toughest sustainability issues. According to our research, corporate sustainability has evolved from expressing good intentions and looking for internal operational efficiencies to addressing critical sustainability issues involving a complex collaborative ecosystem. The sentiment is nearly unanimous among organisations: According to recent research by MIT, 90% of global organisations agree they need to collaborate with diverse stakeholders to address the sustainability challenges they face.⁶⁰ During the Collaboration Imperative Masterclass, our guest panelist, Jan Nieuweboer (Innovation Manager, Rabobank) also stressed that organisations need to reach out to others if they want to address sustainability challenges, help shape the social context in which they operate and even explore new market opportunities. In sum, the network of interdependencies among organisations, governments, public and various other stakeholders has created a world of mutual reliance, in which collaborative ecosystems are a necessary route to progress.



Specifically corporate sustainability is moving steadily from the old power model towards new power model that engages multiple entities and taps into people’s growing capacity and desire to participate. These behaviours, laid out in the exhibit on the right include sharing (taking other people’s content and sharing it

with audiences), shaping (adapting existing content or assets with a new message), funding (endorsing with money), producing (delivering products and services within a peer community such as Airbnb), and co-owning (models like Wikipedia).⁶¹



As new power models become integrated into the operating systems of communities and societies, a new set of values and beliefs is being forged. Most importantly, new power is making visible the payoffs of collective action. In doing so, they are strengthening norms around collaboration and making the case that we can do just fine without the old power middlemen that dominated the 20th century. Public polls also reflect this shifting attitude towards established institutions.⁶² For example, the 2014 Edelman Trust Barometer shows the largest deficit in trust in business and government since the survey began in 2001.

Those heavily engaged with new power, particularly people under 30 (more than half the world's population) are now challenging the traditional organisation. In order to ensure resilience, organisations must channel this new power to form collaborative ecosystems that serve the common good and confront society's most intractable problems.

CHALLENGES

Countless efforts by organisations to leverage collaborative ecosystems to tackle the most complex challenges facing our world today - including climate change, resource depletion, and youth unemployment have failed because of competitive self-interest, a lack of a fully shared purpose, and a shortage of trust. Some organisations have embraced sustainability as a business imperative, and many have successful ongoing initiatives in areas they can address on their own.⁶³ However, when it comes to developing collaborative ecosystems to solve complex global challenges, very little progress has been made.



Despite nearly unanimous consensus on the importance of sustainability collaborations, practice lags behind belief: According to recent MIT research, only 47% of global organisations are engaging in sustainability-related collaborative ecosystems. 86% of respondents believe that their boards of directors should play a strong role in driving their organisation's sustainability efforts, but only 42% of boards are perceived to be at least moderately engaged with the organisation's sustainability agenda.⁶⁴ This gap can significantly hamper success as according to our research, organisations where the leaders are actively engaged in sustainability collaborations are more likely to report success with those efforts.

According to our Focus Group Calls, the strongest barriers our Consortium members face in leveraging collaborative ecosystems include: unclear financial impact, a lack of sustainability expertise, lack of commitment among leadership and other priorities, short-termism and the view that boards should focus on shareholder value.



SOLUTIONS

Collaborative ecosystems, while not yet the norm, have the potential to produce transformational results. During our FoW research on *Business and Society*, we examined the most effective models for collaborative ecosystems. To better understand the topic, we conducted academic research and surveyed our Consortium members from around the world. In addition, we launched the 48-hour online FoWlab jam to investigate how our Consortium members are devising collaborative ecosystems that benefit both communities and the corporate bottom line. In total, more than 300 people from over 30 organisations across the world participated in the conversation. Their insights contributed to a richer understanding of the data and provided examples and case studies to illustrate our findings.

Our research identified several ways to overcome the barriers in harnessing collaborative ecosystems. These include creating shared value, harnessing shared purpose, clear mission and objectives and effective governance. As a whole, the research found most progress in organisations with strong leadership.

For more information on how to successfully leverage collaborative ecosystems, please take a look at our FoW library (available at www.fowlab.com), where you can access a vast repository of reports and case studies on this topic.

KEY MESSAGES: LEVERAGING COLLABORATIVE ECOSYSTEMS

1. Corporate sustainability is moving steadily from the old power model towards new power model that engages multiple entities and taps into people's growing capacity and desire to participate.
2. Countless efforts by organisations to leverage collaborative ecosystems to tackle the most complex challenges facing our world today have failed because of competitive self-interest, a lack of a fully shared purpose, and a shortage of trust.
3. To successfully leverage ecosystems, organisations must create shared value, harness shared purpose, ensure clear mission and objectives and ensure effective governance.



CONCLUSIONS AND RECOMMENDATIONS

Organisations have an increasingly wide range of tools and insights at their disposal to harness collaboration within and across organisational boundaries, from more sophisticated networks analysis tools to new forms of collaborative technology. Below are thirteen of the key insights from our the research on *The Collaboration Imperative*:

1. Managing Complex Teams: Virtual teams can outperform their collocated counterparts when they are set up and managed in the right way. The key lies in creating physical and virtual synergies. For example, the latest academic research suggests that it is highly desirable to bring teams together in person at the launch of a virtual team. The opportunity to get to know and trust one another on a personal level yields benefits long after the team has moved to a virtual setting.

2. Matching Solutions to Problems: In order to match solutions to a problem, organisations must leverage enterprise social networks. Successfully implementing enterprise networks is a difficult process for many organisations. For example, the research and advisory firm Gartner estimates the failure rate for social business projects at 70%. Successful enterprise networks embed the technologies into the way work is performed so that using them becomes a natural and accepted part of the job.

3. Making Talent Visible through a Well-Networked Organisation: What organisations need in this collaborative age is the ability to map and analyse the value created or destroyed deep within organisational networks. Through this approach, organisations can identify which employees are extensively leveraged and which employees have untapped potential to contribute to the collaborative architecture.

4. Encouraging Boundary-Spanning: Most of the us build networks that are heavily skewed toward our own functional, business, or geographical group and fail to elicit the perspectives of peers from diverse groups. However, organisations must encourage boundary-spanning as it is the 'connectors' with many ties to different social worlds who are the critical facilitators of collaborative architecture.

5. Creating Shared Purpose: Shared purpose can be achieved by bringing a meaningful goal to the team. Such goals might be task related, organisationally relevant, or focused on values. Our research indicates that goals, particularly those that focus on values and norms are likely to be more powerful than others.

6. Promoting Inclusion: Our recent research on *Inclusion and Diversity* indicates that a collaborative architecture is fostered through the following three conditions: willingness, readiness and opportunity.

7. Depoliticising the top: Efforts to build a collaborative architecture can be sabotaged by political games and domain battles higher up in the organisation. To overcome this dilemma, organisations must endorse practices such as authentic leadership training.

8. Rewarding Collaboration: Rewards send a powerful signal about the behaviours your organisation encourages. Therefore, to create a collaborative architecture, organisations must move away from short-term performance indicators towards learning goals and rewards.

9. Balancing We and Me: Organisations must recognise that privacy does not compromise collaboration. Our research shows that the most successful work environments provide an ecosystem of workspaces that allow people to choose where and how they get their jobs done.

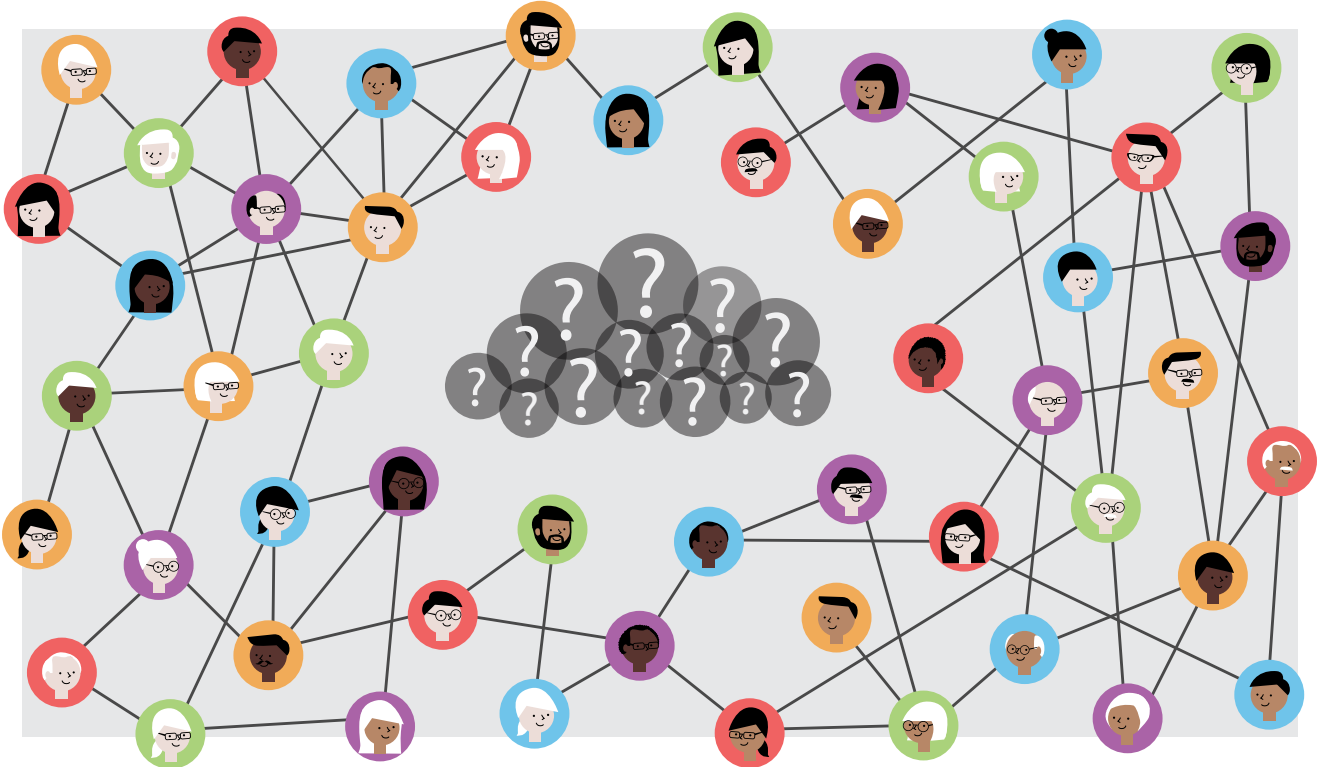
10. Choosing the Best Mode of Collaboration: Collaborative innovation is not a single approach but takes a wide variety of forms. Each collaborative innovation mode can be highly effective under the right conditions. Organisations need to be wary of the notion that one type of collaboration is superior to others.

11. Making Cross-Enterprise Collaboration Work: To succeed in this coming era of cross-enterprise collaboration, companies must be able to manage relationships across organisational boundaries as effectively as they do within the organisational architecture. Such a comprehensive approach requires an integrated human capital strategy across four critical areas: Talent, Leadership, Culture and Governance.

12. Collaborating With Customers: 89% of high performance organisations have now adopted new strategies for collaborating with customers. These organisations are using social software, social media and social networking to improve their relationship with customers in a number of ways: monitoring online communities; creating and supporting virtual communities; developing new communication channels and fostering a wide range of customer engagements.



13. Leveraging Collaborative Ecosystems: Collaborative ecosystems, while not yet the norm, have the potential to produce transformational results. To successfully leverage ecosystems, organisations must create shared value, harness shared purpose, ensure clear mission and objectives and ensure effective governance. For more information on how to successfully leverage collaborative ecosystems, please take a look at our FoW library (www.fowlab.com) where you can access a vast repository of reports and case studies on this topic.



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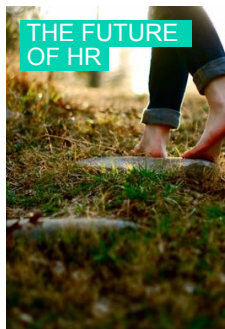


NEXT IN THE SERIES



New Talent Frontiers | Human-Computer Interaction | Emergence of Gen Z

According to recent research by Oxford Martin, 47% of jobs in the US are at risk of automation in the near future. But, what does this mean for individuals and organisations, and exactly which jobs will remain lucrative? In the first part of this theme we will take a more nuanced approach to the topic of future employment, considering in detail how human-computer interaction will become the defining aspect of the future of work. We will analyse the implications of this shift in terms of the move from knowledge workers to learning workers, reflecting a world in which accumulating information is no longer a valuable human task. Within this theme we will also anticipate the entry of Generation Z (those currently in their late teens) to the workforce, using the results of our global survey to provide Consortium members with key insights.



Crafting the Future of HR | Balancing Global and Local

Do we need HR? This question has been the subject of many recent and provocative articles anticipating the challenges that will face the function in the coming years. While the conclusion tends to be a resounding 'yes,' it comes with the caveat that the function will need to change dramatically to be fit for purpose in the years ahead. In this theme we explore the new roles HR teams will need to adopt in order to support an increasingly transient and flexible workforce, composed of more generations than ever before. We establish the capabilities required of HR by CEOs, so that the function can play an influential role in the strategic direction of organisations. We will analyse the new tools available to HR teams including advanced data analytics and new talent sourcing models, as well as revisiting the vital role of HR in engaging diverse groups of employees in new and innovative ways.



Managing Time | Losing Time

The last 100 years have seen a profound change in how we use our time, with dramatic shifts in the division between work and leisure. The changes are not just quantitative in terms of having more leisure time due to shorter working weeks, and more paid vacations, but also qualitative – with huge social changes in how we use our leisure time and how society supports such activities. The same forces that led to these profound changes over the last 100 years are likely to exert a substantial impact over the next 100. In this theme, we will explore the relationship between the structure of work and the way we use our time and manage our performance. We will challenge conventions around working weeks and leisurely weekends, asking whether these traditions are fit for purpose in the modern working world, and what might go in their place.

ADDITIONAL RESOURCES

For more information on the Collaboration Imperative and all other key Future of Work themes, visit the library at www.fowlab.com/library. Here you will find a range of Reports, Case Studies and Hard Facts as well as information about other FoW member companies with whom you can connect.





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