Delivering the Collaboration Premium

A Decade of Enterprise Networks

Practical Experience in Implementing Networks
- Andrew Crossley
The presentation is in three sections:

Background context

5 Network Cases

The lessons learned that reinforce the Collaboration Premium model.
ServQ

- Founded in 2001 and specialises in collaborative systems advising on:
  - Strategy Formulation
  - Organisational Alignment
  - Partnering & Alliancing
  - Implementation
- Designed as a 'virtual partnership' with good links to authors and researchers
- Most of our work is in the EU and USA
- www.servq.com
Our Network

Our firm has 5 people but interfaces with:
- 20+ Associates based on their ‘partnering competence’ and technical delivery skills
- 3 UK universities, 1 with ServQ sponsorship
- 2 US thought leaders on strategy and alliances
- 2 US firms in ‘cloud software’ for strategic cost management
- 4 research and best practice institutions
- We are a network by design created to compete effectively with minimum overheads
We need to respect client and membership confidentiality and so we have to have a degree of anonymity in this presentation.

There are advantages to presenting the information this way.
This is ServQ’s Collaboration Premium model.

**Competitive Environment**
Firstly the need to collaborate has a driver usually caused by the competitive environment. Classic change management processes would identify the drivers as either a ‘burning platform’ (high competition) or a ‘golden opportunity’ (blue ocean strategy etc).

**Consensus**
Look for consensus on how to collaborate. We need to assess opportunities for team alignment on products, processes, services and which other organisations can complement the core team (the VE supplier network).

We always need a formal approach to conflict resolution within the sponsors, team members, and the supply network. This is good governance.

People are the most complex elements in collaboration. Their partnering skills are not all at the same level and therefore some form of training/intervention is needed to improve the chances of success.

Most difficulties arise from a lack of transparency and ‘audit’ on inputs and outcomes – so design a mutually acceptable approach to gathering and verifying inputs and outcomes. If you don’t it will come back to haunt you!

**Collaboration Premium**
The Collaboration Premium comes from coaching and mentoring on people skills (their Partnering Intelligence), building a high ‘trust dividend’ a term coined by Covey Jnr and an equitable balance of outcome, risk and potential reward.

**Capture the Information and Manage the Network**
Use some form of Scorecard to set and agree network targets, refer to it on a regular basis to ensure performance is on track and issues are picked up as quickly as possible.
So now we move onto the five cases – together they represent decades of collaboration, hundreds of organisations from SMEs to Government Agencies and they have all have lessons to teach us. We have used the PRO VE glossary definitions to ensure we are highlighting the right business models:

**Collaborative Networked Organization (CNO)** is a network consisting of a variety of entities (e.g. organizations and people) that are largely autonomous, geographically distributed, and heterogeneous in terms of their operating environment, culture, social capital and goals, but that collaborate to better achieve common or compatible goals, and whose interactions are supported by computer network (Camarinha-Matos & Afsarmanesh, 2006).

**Virtual Organization Breeding Environment (VBE)** represents an association of organizations and their related supporting institutions, adhering to a base long term cooperation agreement, and adoption of common operating principles and infrastructures, with the main goal of increasing their preparedness towards rapid configuration of temporary alliances for collaboration in potential Virtual Organizations. Namely, when a business opportunity is identified by one member (acting as a broker), a subset of VBE organizations can be selected to form a VE/VO (Camarinha-Matos & Afsarmanesh, 2006).

**Virtual Enterprise (VE)** represents a temporary alliance of enterprises that come together to share skills or core competencies and resources in order to better respond to business opportunities, and whose cooperation is supported by computer networks (Camarinha-Matos & Afsarmanesh, 2006).

**Virtual Organization (VO)** represents a concept similar to a virtual enterprise, comprising a set of (legally) independent organizations that share resources and skills to achieve its mission / goal, but that is not limited to an alliance of for profit enterprises. A virtual enterprise is therefore, a particular case of virtual organization (Camarinha-Matos & Afsarmanesh, 2006).

Network A is US based and we have classified it as a Virtual Breeding Environment.

It was founded in the mid 2000s and is a non-profit focused on bolstering U.S. manufacturing. Its core tenet is Network Centric Manufacturing, which its President defines as “the rapid assembly and seamless coordination of dynamic supplier networks to accelerate production and reduce costs”

In delivering this it has been developing solutions that increase supply chain agility, collaboration and coordination using good IT to plan and manage processes. Network A has done considerable work with Department of Defense and NASA to develop and prove out its model and has the backing of many influential people in the government and its agencies because it could well prove to be the new manufacturing model to engage SMEs with major PRIMEs and agencies.

It is now moving into commercial environment, starting with aerospace, defense and energy having delivered quantifiable results that demonstrated ability to shorten time, reduce costs and lower risk. I do have access to a case study prepared by the President if people contact me (my contact details are at the end of the talk)
Network B is a Virtual Organisation by design. It is UK based and was founded early 00s. Unlike our other examples it is privately funded and got going with a mix of director and shareholder loans, time in kind and lots of goodwill. It is repaying this over the years by investing in R&D, sponsoring university doctorates and educating people about collaboration.

It has over 20 active participants but managed by shareholding members, board and trusted contributors. Its core offering is the design of processes, supported by training and overseeing implementation – sometimes with partner organisations. There were a few challenges in implementation late 00s – around the balance of the network’s input and outcomes – Leaders vs. Followers. Some people wanted to maximise their ‘share’ of the pie and not necessarily those who had put most in. There is a strong correlation with this ‘me’ type of behaviour and their personal commitment to implementing team based partnering. However, the core team overcame these challenges through transparency and engagement with the more enlightened team members in a collective strategy. This led to a new and simpler collaboration ‘charter’ being designed by a specialist at a major university.

Being ahead of its time, Network B has been growth constrained through some potential client resistance to engage with good quality networks compared to large firms/ staff numbers. The network still sees this with some public sector procurement teams. Now partnership and people skills are a ‘core competence by design’ but it has noted the recurrence of issues of inputs and outcomes resurfacing in slow economy – therefore Network B needs to promote a ‘culture of abundance’.
Network C is a Virtual Breeding Environment. It is EU based and was founded mid 2000s.

It is part public funded and has 100+ participants who have had variable inputs. It has been managed to date by a public sector sponsored board and staff. It is also regionally based and therefore geographically constrained through its sponsors funding rules.

Network C’s original specification, legal and policy constraints meant that it cannot commercially trade, lead or take risks i.e. It cannot be a PRIME VE.

It has good ‘how to’ manuals and processes supplied as outputs from an earlier EU programme. Network C funds initial brokerage of opportunities and now has a procurement and bid support role therefore it has morphed from a CNO to a VBE. The network facilitates VEs especially in environmental technologies.

It is now restructuring moving away from its original ‘hybrid’ part public sector model with its inherent rules and complexity and its core funding is now constrained due to tightening public sector purse. Of all the networks discussed it has the least innate focus on the people aspects of networks because of the emphasis on due process, reporting and governance relating to public sector inputs. This may be a core challenge as networks need a degree of freedom to perform at their best.
Network D is a high quality collaborative. It is US based and was founded in the mid 80s – so it is the oldest of all the networks.

It is a membership funded Not For Profit with over 150 active participants and is managed by an elected Board, 2 FT staff and Interest Group Heads. The network produces well regarded ‘how to’ books and manuals i.e. knowledge creating.

It reviewed its strategic direction in the late 00s – overcoming its growth challenges by good teamwork amongst its membership. So people worked together to build new internal and external partnerships facilitated by a strong and well regarded President and a supportive board.

Network D was US centric until 2007. It is now expanding internationally because of a revitalised, strong and ambitious leadership.

Its funding and growth are somewhat constraining its rate of expansion of new membership in current recession. To counter this it has tried to make membership more accessible but it is still a premium membership investment compared to the publicly supported networks. Quality costs! It needs to keep its publications and output rate up to reinforce member value to the members’ senior leaders/sponsors. It has a focus on delivery and marketing of deliverables/knowledge.
Network E is UK Based and it was founded in 2007.

It is hosted by a major university and has over 40 active participants including some very senior representation from industry and government – due to the influential nature of its leaders.

It deals with real world challenges such as flooding, climate change and therefore assesses practical policy matters relating to engineering, assets and whole life cost/sustainability.

People attend to network with each other and contribute to national level policy matters. It started as a forum but from 2009 has a new ‘spin out’ institution.

It has a basic web-site for distributing information and proceedings but doesn’t yet have a portal - so there is too little interaction between its major events.

E is in the ‘set up stage’ but very good quality teams involved.
IT Deployment

- **Network A** - Leveraged existing technologies until needs and value were better defined.
- **Network B** - Specified its portal needs right up front and still uses the same system today. Its ISO9001:2008 & 14001 certification is based around this so IT used - daily.
- **Network C** - Started off with a bespoke IT approach which has led to some implementation challenges and vendor ‘lock in’ which proved very expensive and risky when compared to A&B
- **Network D** - Transformed its productivity by investing in a good portal – took a week.
- The advent of SharePoint, on line costing systems, management and measurement systems together with WEB 2.0 is driving more cost effective approaches than were possible even 3 years ago.
- **Buy what you need not what the IT people want!**
So what are the lessons from these 5 networks and do they counter or reinforce the Collaboration Premium model?
This is an interesting slide and takes some effort to digest.
In essence the higher the alignment and more effort put into the people, trust and equitability areas the more significant and higher the quality of the outcome. This means that people with the right partnering and trust building skills are more important than organisational design/control and paperwork. Where there is the will there is a way. Therefore having the willpower and motivation to overcome challenging situations will correlate to tangible outcomes. This means that good people, working with high transparency and appropriate governance around what is considered to be ‘fair’, will outperform overly ‘structured/controlled’ forms of networks.

Whilst good funding and time to build the network is an advantage, it is not as great an advantage as may firstly be perceived, unless the right people are engaged and they ‘buy in’ to the network’s total benefit.

We are currently designing a new network around the theme of leadership development skills at a national level. Feedback from the participants and contributors to date is that they want to help design their own future vision and implementation plans rather than adopt a publicly funded and controlled model.

Interestingly the other feedback is that if it is free to participate then its value seems to be diminished.

So people want to build something for themselves rather than have it imposed as a framework which is a highly democratic model of a network.

**A question for the audience to consider** – Does this mean that the public sector/funding approach to networks is an inappropriate if the sponsor needs to exert too much ‘control’?
Let’s look at the technology space again.

Information systems enhance the ability of a network to compete and record data.

IT is definitely needed for geographically remote teams.

You do not need a bespoke design to get started.

IT people too influential in network set up and design - when they are the support service.

Where IT is not a core competence outsource it.

Grow IT as you need it not at outset

IT ‘portal’ service providers will outstrip a network’s in-house skills, unless the network is there to design IT portals.

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There is strong evidence that IT system people try and dominate early network set up and design - when they are the support service.

Where IT is not a core competence outsource it. Especially to a ‘cloud provider’ such as CISCO but ensure you know what you need to start with and what you will need in 3 years.

Grow the IT as you need it and do not buy a ‘mega server’ at the outset - you are wasting money.

Professional IT ‘portal’ service providers will outstrip a network’s in-house skills, unless the network is there to design IT portals.
The ‘C’ Words

The Bad

Conflict
Confusion
(Lack of) Commitment

The Good

Collaboration
Consensus
Competition

Delivering the Collaboration Premium

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Commitment is about passion and belief - not just attendance and passive agreement.

VE leaders need a thorough understanding of each member’s and sponsor’s needs and wants - right up front. Otherwise there will be people, trust and transparency issues downstream – almost guaranteed!

Using a formal partnering process will always pay off.

Understand who are the network’s leaders and followers. As one VE practitioner states skin in the game means funding, skills and time commitment.

Analysis says that even with the focus on quick wins it is those prepared to make the difference over at least 1 to 2 years that drive performance – otherwise confusion and transient teams leading to ‘conflict’ and underperformance.

Some conflict is a natural part of the team forming process – FORM – STORM – NORM – PERFORM (Tuckman). See www.partneringintelligence.com for more information on this issue.

How we handle conflict depends on our emotional and Partnering Intelligence.
So in summary our analysis actually reinforces the Collaboration Premium model

The need to collaborate has a driver – burning platform (high competition) or a golden opportunity (blue ocean strategy etc)

Look for consensus on how to collaborate because we need to assess alignment opportunities, processes, cultures and which other organisations can complement the core team (the VE supplier network)

Well run networks always need a formal approach to conflict resolution with the sponsors, team members, and the supply network – this is just good governance.

Most difficulties arise from a lack of transparency and ‘audit’ on inputs and outcomes – so design a mutually acceptable approach to gathering and verifying inputs and outcomes.

The Collaboration Premium comes from coaching and mentoring on people skills, having a ‘trust dividend’ (Dent and Covey) and an equitable balance of outcome, risk and potential reward.

And finally use some form of Scorecard to set and agree network targets, refer to it on a regular basis to ensure performance is on track and issues are picked up as quickly as possible.