

THE COLLABORATION IMPERATIVE

→ | *Executive Strategies for Unlocking
Your Organization's True Potential* | ←

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FOREWORD BY PETER GUBER, BEST-SELLING AUTHOR OF *TELL TO WIN*

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COLLABORATION MATTERS

 **Why you'll embrace collaborative
business practices or live to regret it.**

DISCOVER THE REWARDS



OF COLLABORATIVE PRACTICES

EXECUTIVE SUMMARY

Improved collaboration represents your best opportunity to tap the full range of talents of your people, move with greater speed and flexibility, and compete to win over the next decade.

Building a collaborative organization requires a transformative approach to culture, processes and technology—along with an unwavering commitment from top to bottom. If you foster a culture that encourages collaborative behaviors, put processes in place to help people work better together and adopt technologies that facilitate collaboration, your efforts will be rewarded with an energized organization that can adapt quickly to changing markets and deliver results.

Across every organization lies hidden treasure just waiting to be discovered.

It's not hiding in a budget spreadsheet or a warehouse full of inventory. It lies within your people—in their ideas, their experiences, their focus, their energy. The more you empower them to share their knowledge and skills, the more successful your organization will be. From ideas come innovation and new forms of productivity.

Companies are learning this lesson every day as they create new ways for employees to contribute creative solutions to business challenges, especially with the Internet redefining work boundaries. Health care professionals can better treat patients, engineers can work together more seamlessly on innovations, companies can reduce cycle times, customer-service agents can find and share expertise faster and supply-chain constituents can communicate more effectively to take advantage of new opportunities to source goods and materials. The list goes on and on, and it boils down to being more adaptable and agile in the new networked business reality.

Companies everywhere are responding to three trends that are shaping a new business landscape, making speed and flexibility the most important differentiators in just about every industry across the globe:

1. ***Competition comes from anywhere and everywhere.***
The barriers to entry are lower than ever, and you cannot predict who will enter your market next. It might be a startup in India, China, Africa or Eastern Europe—or competition from another industry. How do you stay ahead when you don't know which organizations you'll compete with next month or next year?
2. ***Companies often have to focus on core competencies and partner to do everything else.*** Where it was once an advantage to own every aspect of a value chain with the goal of vertically integrating an industry, today it makes more sense to focus on the aspect of the value chain that is most critical to your success and partner for the rest. The “core vs. context” approach is just as relevant today as when it was introduced. Narrow your focus to just what you do best, and then drive operational excellence from start to finish.
3. ***Open systems change the game.*** The Internet is the most disruptive force in the history of business. It's hard to remember a time before email and instant access to all kinds of information. The Internet and networking technologies connect us in ways once thought impossible, opening the door for innovative business models. Think about e-commerce, online financial services, and supply chain and sales force automation. But now, businesses must adapt to another wave of networked technology that is shaping the modern working experience into one that is mobile, social, virtual and driven by video communications.

What do these trends mean for business leaders? Together, they create an urgent need for increased adaptability. In this environment, the most important step you can take to maximize future success is to build flexibility into your business practices and increase the speed with which you can adjust your strategy to capitalize on fast-moving market transitions.

EXPERT TIP ON ADAPTING

“If your organization cannot adapt, evolve and respond to the expectations and desires of the people you’re serving—including your employees—you will fall in their estimation and find your company mired in mediocrity.”

—Professor Tony O’Driscoll, Duke University Fuqua School of Business

The technology that runs our companies and our lives is fast, open, decentralized and highly adaptable. What if organizations followed the same model? How would that change the way we work, and what benefits could emerge from the transformation? This book explores the answers to these questions.

Just as the initial emergence of the Internet changed everything, we’re now in the early stages of another fundamental shift. It’s the decade of collaboration—a time when people who’ve never met find each other and work together, and employees at any level or any remote corner of an organization can provide the spark for your next important innovation. Collaboration is your best opportunity for building an

enterprise that can adapt to fast-changing market pressures. It helps you achieve operational excellence today and deliver innovation tomorrow.

Imagine an organization in which people:

- Communicate openly across business functions and departments
- Are always aware of the company’s objectives and priorities, even as they rapidly evolve
- Perform multiple different roles during the day
- Self-select for projects based on interest, expertise and importance to the business
- Locate needed information in real time
- Work as mobile and distributed participants—even beyond the walls of the company—as partners, customers, contractors and suppliers

When you allow people to collaborate well, the organization captures value you simply cannot discover through a more rigid approach. If Six Sigma, the management philosophy originated by Motorola and popularized by General Electric, Honeywell and others, is about driving variation out of your processes, one of the benefits of collaboration is its ability to bring more variation in.¹ This means tapping into a larger, more diverse pool of people. Some of these people will report to you, others will not. Some will come from partners, suppliers or other organizations within your business ecosystem, including your customers or competitors.

The benefits of this increased diversity run deep. For example, you can:

- Empower people to contribute important ideas and experiences
- Shorten product development or sales cycle times
- Increase employee productivity

Collaboration is about maximizing the value inherent in the diversity of your people.

- Align teams around your organization's larger shared goals
- Move quickly from strategy to execution
- Identify and eradicate organizational overlaps
- Ensure knowledge and resources sharing
- Spark product and business model innovation
- Save money across the organization

But We're Already Collaborating, Aren't We?

Every time you send a group email, convene a cross-functional meeting, host a Web conference, post a comment on a discussion forum or contribute to a company wiki, you're collaborating. But this is the proverbial tip of the iceberg.

Solving the CEO's Conundrum

With few exceptions, every successful organization faces the same challenge: How do we operate at peak performance today while also setting ourselves up for success tomorrow?

We call this the CEO's Conundrum. And it doesn't matter if you're a Fortune 500 company or a garage-based startup of savvy entrepreneurs, the challenge remains the same.

Collaboration allows you to bring together the right people at the right time to make the most informed decisions. It enables you to address fast-moving opportunities and helps you balance operational excellence and innovation in a way that solves the CEO's Conundrum.

Collaboration is much more than communications. It is the way that people in an organization function together. Better collaboration means better business operations and, ultimately, better results—faster.

Most companies today collaborate vertically (with

suppliers and distributors, for example), but future collaboration will increasingly extend to broader “flash” communities—small groups of specialized players that might include cross-functional teams, customers, partners, universities, even competitors. As people learn to collaborate better, you’ll see nimble teams of subject-matter experts form quickly to get work done and then disband just as fast, only to reconfigure again to focus on the next problem or opportunity.

These smaller, nimbler teams drive results by drawing experts to projects rather than assigning them top-down. With effective collaboration, your people are empowered by new organizational cultures that celebrate a diversity of talents and promote not only the sharing of knowledge and resources, but also of accountability and rewards.

Let’s be clear—collaboration is not about achieving consensus. In fact, consensus is the enemy of collaboration. For collaboration to unlock your people’s best work, you’ll need to create the conditions for collaboration to flourish. Channel the diversity of your people by creating processes that allow your company to reap the benefits of more perspectives while making it clear who has decision-making rights. Set the expectation that once decisions are made, collaborative efforts move from exploring and debating possibilities to executing outcomes. Pervasive collaboration technologies connect these teams. The technology toolbox is constantly evolving to help teams align and mobilize across geographies, time zones and organizational boundaries.

You are collaborating, but there is more to explore. All around us, companies are embracing collaborative behavior. It’s up to business leaders like you to chart a course for collaboration that works for your organization. Here’s the challenge: It’s harder than you might expect to get the job done right.

**Consensus is
the enemy
of collaboration.**

Here, Dr. Thomas W. Malone, the Patrick J. McGovern Professor of Management at the MIT Sloan School of Management and Founding Director of the MIT Center for Collective Intelligence, as well as the author of the seminal book *The Future of Work*, discusses how the intersection of technology innovation and work practices is driving collaboration.

Q: How is increased decentralization and networked collaboration changing the nature of work?

A: We're now in the early stages of an increase in human freedom in business that—in the long run—may be as important for business as the change to democracies was for governments. It's now possible for the first time in human history to have the economic benefits of large organizations and the human benefits of very small organizations—flexibility, creativity, motivation and freedom.

This is possible now because a new generation of information technologies is reducing the cost of communication and information sharing to very low levels. This makes it possible for huge numbers of people, even in large organizations, to have enough information to make sensible decisions on their own instead of waiting for orders from someone above them who supposedly knows more than they do.

Q: What are the benefits of the proliferation of low-cost communication and information sharing?

A: A bunch of nice things happen when people make decisions for themselves instead of just following orders. They often are much more highly motivated. They're willing to work harder. They're more creative. Decision empowerment lets people be more flexible and adaptable, which can allow them to serve customers better. Even though it won't happen everywhere, this shift toward increased decentralized decision making, toward more human freedom in business, is likely to

happen in more areas of our economy over the coming decades.

Q: Is decentralization always a good thing?

A: I certainly don't believe that everything should be decentralized all the time. There's obviously a trade off. Part of what managers need to do in this new world is to sharpen their ability to know when a centralized or a decentralized approach is best. Loosely speaking, you should decentralize things only when the benefits of doing so are greater than the costs or the risks.

If your organization is imaginative, you can often design new decentralized ways of doing things that let you reap the advantages of decentralization while avoiding many of the usual risks. In other words, you can find ways to establish hard and fast parameters that provide the necessary structure to minimize the risks associated with more collaborative business practices but still give you the ability to benefit from a more participative, inclusive, dynamic approach.

Q: Can you define “collective intelligence” and explain its significance to business leaders?

A: Collective intelligence can be defined as groups of individuals acting collectively in ways that seem intelligent. By that definition, collective intelligence has existed at least as long as there have been people. Families, countries, companies and armies are all examples of groups of people working together in ways that, at least sometimes, seem intelligent. What is new, however, is that in the last few years we've seen some very new kinds of collective intelligence enabled by the Internet, and I think we are still in the early stages of leveraging these new kinds of collective intelligence in business.

In the 20th century, much of business involved relatively routine industrial processes. In the 21st century, the critical factors in business success often involve how rapidly a company can innovate, how quickly it can respond to changing situations. In other words, the success of a company increasingly depends not just on how

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efficient it is, but on how intelligent it is. So I think the phrase *collective intelligence* helps us direct our attention to some of the issues that are especially important in our increasingly knowledge-based economy.

Q: What does this mean for executive management styles?

A: They need to move from the traditional view of management as command and control to a much more flexible view of management, one I call *coordinate and cultivate*. By coordinate and cultivate, I don't mean the opposites of command and control. I mean the whole spectrum of possibilities from top down, centralized, command and control on one end, to bottom up, decentralized, facilitation on the other end. People who are good at coordinating and cultivating are good at adapting what they do to the situations in which they find themselves, and moving very flexibly all along that spectrum, from top down to bottom up, as the situation demands.

Q: What are some of the key considerations for success with coordination and cultivation?

A: There are two great paradoxes that every executive has to appreciate and learn. The first paradox is what I call the *paradox of standards*, which says that sometimes rigid standards can enable more flexibility and decentralization in other parts of the same system.

A prime example of that is the Internet itself. The Internet Protocol, or IP, is a rigid standard for how people exchange information over the Internet. It's exactly the same everywhere in the world. In part, it's precisely because that standard is so rigid that all the other flexibility and decentralization we associate with the Internet is possible.

In the case of businesses, what we need are standards, perhaps things like product-quality standards, or service-level agreements or financial-reporting standards. If you can pick the right standards at the right places, then you can often leave people much more freedom to do many more things at other levels as long as they meet those standards at the key places you specified. That's the paradox of standards.

The other paradox is what I call the *paradox of power*, which says that sometimes the best way to gain power is to give it away. For instance, Pierre Omidyar, the founder of eBay, gave power away to customers. Linus Torvalds, the leader of the Linux open source software community, gave power away to programmers all over the world. But in each case, these leaders were rewarded with a different kind of power. That's the paradox of power.

The Challenge of Collaboration

Conventional wisdom holds that a willingness to work together toward a common goal can make collaboration work. In most cases, this is not enough.

Collaboration is not easy. Collaborative teams are increasingly virtual, dispersed or cross-functional, and composed of members who may never have met each other before. Perhaps they come from different social or cultural backgrounds. They might come from dysfunctional organizations (and you certainly don't want them to bring their bad habits with them), or for a variety of reasons they may not be fully committed to the team's work or feel accountable for its success. Not surprisingly, it's even harder to build good chemistry in this new world of virtual teaming.

Given these challenges, collaboration should not be delivered piecemeal or just be a poster on a wall; it cannot be introduced with fanfare only to be relegated to the dustbin of good ideas because of a lack of sustained commitment. There are things that you can do to improve collaboration immediately, and there are more transformative steps you can take to build a more collaborative organization in the future.

To evolve more collaborative organizational capabilities, you will have to cultivate and coordinate three components of collaboration: *culture*, *process* and *technology*. To that end, the

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three main sections of this book are dedicated to these topics. It's a trifecta of change (which is why you can't depend on *just* your IT organization to lead the effort). Your collaboration-building effort needs to be led by a collaborative team that includes leadership from top management, human resources, marketing and sales, operations, back office, research and development, customer service or other key functions, as well as representatives from different levels of the organization, to provide authentic employee perspectives.

Culture, process, technology: Let's take a quick look at each one.

COLLABORATION SUCCESS



CULTURE

PROCESS

TECHNOLOGY

Culture

An organization's culture refers to the people within it and the norms by which they operate. It's about how they treat each other and how they interact and communicate. Companies that collaborate well share cultural similarities. Employees trust each other and share information readily to best serve the needs of the overall business. They communicate often and openly. They know how to tap specialized knowledge in other parts of the organization.

And they are eager to partner with each other and with others outside of the company.

Collaboration can't simply be *deployed*; it needs to be *embraced*. And for that, you need your people on board and committed. We can't state explicitly enough that this includes your leaders. Executive buy-in and participation is imperative. Executives must be willing participants—modeling collaborative behavior and embracing the technology tools—not just taskmasters.

In our section on culture, we talk about how collaborative leaders can model behaviors that others in the organization will follow. We discuss how to foster a culture that encourages your people to embrace your organization's most important priorities and business objectives as the shared goals everyone works together to achieve. Then we explore the important role of authentic communication in collaboration by leading you through a self assessment to discover your own communication style. You'll also learn how to recognize the communication preferences of others, as well as best practices for communicating with the increasingly diverse and virtual teams on which we all participate today.

As a culture of collaboration takes hold, it mitigates a common operational barrier for many companies—internal competition between departmental, functional or geographical teams for human and financial resources. When internal competition escalates, so do passive-aggressive behaviors as teams fight for the same limited share of resources and credit. It promotes knowledge hoarding and needless redundancy that drains corporate resources, distracts workers and keeps companies from moving quickly. Collaboration does just the opposite. It exposes the overlaps in your organization and moves your company from a culture of internal competi-

tion to a culture of shared goals. This becomes the platform for achieving business results faster.

Process

Processes reflect the way we get work done. When it comes to collaboration, the most important processes are those that involve interactions between people. Think of collaborative processes as the institutional support structures necessary for helping people implement the strategy.

Companies that are good at collaboration understand that traditional systems of performance do not work as well in the new business landscape. It's hard to promote collaboration, for example, when the company recognizes and rewards workers strictly on individual or departmental achievements.

Collaboration is not about automating the present; it's about optimizing the future.

Your company must retool management models and human resources to promote collaborative efforts and achievements. To maximize collaborative success, it's essential to provide incentives for the people within your organization to change engrained behaviors. It's not enough to automate the present; you need to optimize for the future.

There is no cookie-cutter approach to developing collaborative processes. All organizations—even ones in the same industry—are unique. Each one needs to assess its distinct business processes to determine where increased collaboration can drive improvement. In this section of the book, we share three examples of processes that help leaders and employees work better together. Learning more about these processes will also help you to begin looking at other areas of your business where people interact that may also benefit from a more collaborative approach.

First, we begin with a process to establish a common vocabulary for communicating both the decisions an

organization makes and the shared goals that result from those decisions. We believe this concept of a common vocabulary is crucial for collaboration success. Establishing a common vocabulary fuels transparent decision making, minimizes second-guessing and creates faster alignment and commitment to the shared goals your people will strive to achieve. Second, we share a process to help collaborative teams create trust quickly, enabling them to understand their purpose, define individual roles and accountability, and clarify what leaders expect the team to achieve. Lastly, we share a process to help teams get more value out of the meetings they attend and provide some tips on conducting effective virtual meetings.

Technology

In the networked world, collaboration technologies connect distributed, global teams. A decade ago, the first wave of Internet-enabled tools focused on personal productivity and technology convergence that formed a base for the pervasive, networked collaboration that's taking place today. Now we see an emphasis on process productivity and wider engagement across departments and business functions, as mobile, social, virtual and video technologies help teams collaborate to adapt more quickly to market transitions.

The pace of innovation for collaboration technologies is remarkable and will only result in better tools for workers as time goes on. When considering these technologies, it's important to lead with business objectives and focus on the mix of collaboration tools that best helps your organization meet those goals. It's equally important to resist the temptation to acquire the latest technology before you define a collaboration strategy.

In the technology section of this book, we examine how

The most successful collaboration initiatives address real business needs.

the portfolio of collaboration tools—including unified Internet Protocol (IP) Communications, mobile applications, video and telepresence, conferencing, messaging, enterprise social software and customer care solutions—empower the people in an organization. Next, we highlight eight opportunities for collaboration technologies to make a major impact on your business. Lastly, we explore the return on investment of collaboration technologies in operational, productivity and strategic terms. Is collaboration worth it? You be the judge.

Many Questions, One Answer: Collaboration

- How can we ensure that our employees make the best use of the information available?
- How can we manage operational and capital costs in the face of increasing needs from the business?
- How can we reduce expenses but maintain deep customer relationships?
- How can we build trust with colleagues, customers and partners when we can't be in front of them as frequently?
- How can we improve service when we have so many more customers to reach?

Why We Wrote This Book

Over the past several years, we've spent thousands of hours on the subject of collaboration. We've met with customers and partners from around the world. We've engaged with academic thought leaders and researchers from leading universities. We've exchanged ideas and best practices with C-level executives from all kinds of industries and from large and small enterprises. We spend the majority of our days studying how to maximize the power of collaboration in this

hyper-connected world. Above all, our customers told us this effort was important.

We wrote this book to help business leaders improve collaboration and enhance their overall performance. The book offers practical tips and strategies for making your company more collaborative today and in the future. We avoid Ivory Tower theory and business-speak in favor of useful ideas, tools, strategies and case studies from a variety of entities—each on its own collaboration journey.

Here are some of the surprising facts and hands-on advice contained in the following pages:

- The biggest barriers to collaboration are not technical. They are cultural and organizational in nature.
- Collaboration cannot be deployed—it must be embraced.
- Consensus can be the enemy of collaboration.
- Good ideas can come from anywhere, and the more voices you have, the better.
- Collaboration success means changing both roles and rewards.
- “Knowledge accidents” are a good thing.
- Companies that enable employees to interact more create more value.
- Collaboration requires stronger personal communications skills.
- Although collaboration is about decentralizing, it has to start at the top.
- If collaboration isn’t producing demonstrable results, chances are that your culture is resistant or that technology deployments are not properly aligned with your organization’s processes.
- You get out of collaboration what you put in.
- The average return on collaboration is four times a company’s initial investment.

We hope this book will be the catalyst for important and lasting change in your company and will serve as a valuable resource that you'll return to again and again.

The Way Forward

To affect real change, you'll have to integrate a collaborative culture with collaborative processes and technologies into a tailor-made strategy for your organization. Failure to make sufficient changes in one area will likely hamper your efforts overall.

Collaboration is not a turn-key proposition. Success requires a sustained commitment to transforming your organization's culture, processes and technology. When approached in this way, collaboration represents the single most important investment you can make. It will drive the next wave of business growth, innovation and productivity. It will help you capture the biggest opportunities and tackle the most challenging issues over the next decade by empowering your people to contribute the diversity of their ideas and energy. This ignites their passion around a common purpose and inspires them to move with agility to achieve success together.

If you are not yet embracing a collaborative future, your competitors may already have an edge. Don't get left behind. Systemic transformation is something that each organization needs to address on its own. It's about assessing your business objectives and needs as well as your assets, strengths and weaknesses to institute the changes that work best for you. Use this book as a guide to creating the conditions that allow collaboration to flourish.

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The rapidly changing global business environment is compelling organizations to become more adaptable.

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Collaboration strategies can help companies meet this challenge by balancing operational excellence with innovation.

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Businesses that collaborate better will realize their full potential and sustain a competitive advantage.

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Collaboration success depends on three critical components: culture, process and technology.

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Replace internal competition with a culture of shared goals, and encourage sharing and other collaborative behaviors.

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Put collaborative processes in place, such as a common vocabulary and team charter, to help people work better together.

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Assemble a portfolio of integrated technologies that facilitates collaboration.

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Assess your business objectives as well as your assets, strengths and weaknesses to institute the changes that work best for you.

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Many leading organizations already have mapped a course to a collaborative future. Don't get left behind.
