

THE POWER OF COLLABORATION

Haunting Questions

Haunting questions keep people up at night. Here are some of the haunting questions Hal Richman has been hearing from senior decision makers about collaboration:

- I have made substantial investments in collaborative technologies and people are not using the system to its potential. What's wrong?
- My travel budgets have been cut and now we really need to make collaboration work - what do I do first?
- What are the best opportunities that will provide quickest payback for my investment with these technologies and services?
- Are there areas in my business where I am missing opportunities to use the power of collaboration to shorten cycle time and increase revenues?
- What are some of the best practices and failure/success stories in collaboration, learning and knowledge enablement so I can learn from others?

What is collaboration?

Collaboration is a view and a set of competencies and methods that leads to better and faster completion of work. Collaboration only takes on meaning when embedded in solving specific business problems such as: tele-commuting; on-line meetings; mergers and acquisitions; deploying applications; remote project and sales management; co-developing products; and learning together with other team members

Collaboration can encompass a variety of behaviors, attitudes and results, including communication, information sharing, coordination, cooperation, problem solving, and negotiation.

Collaboration is a key ingredient in enabling knowledge and learning, including informal learning — learning while doing that takes place outside of formal settings like classrooms.

Collaboration allows people, teams and organizations to leverage and build upon the ideas and talents of staff, suppliers, customers and business partners. It involves a unique set of business problems in which:

- The work involves complex interactions between people who may be geographically dispersed and desire to work across function and discipline lines
- The ad hoc nature of the work requires flexibility in work process and the ability to involve others in the work quickly and easily
- Relationship management is a key component of doing the work.
- Creating and sharing information quickly and easily within a team is critical to how the work gets done.

Collaboration occurs at various levels:

Informal Collaboration - This is the simplest level of collaboration. These activities are unstructured and informal in nature. Examples of this level of collaboration would be one to one communication, discussion groups, and non-reoccurring meetings.

Process/Project Collaboration - The next level of collaboration are those processes that are more structured in nature. They have defined starting and endpoints, as well as a defined flow of events between the two. Examples of these activities include sales order process, purchasing requisition process, or a claims settlement process.

Extended Collaboration - The third level of collaboration are the activities that extend outside of the enterprise to include customers, partners, and vendors. Activities in this category include interaction with customer focus groups, product design sessions with vendors, and delivery of services/products by partners.

Why is collaboration important?

More than ever, companies are entering into strategic alliances to meet their goals. However, as many as three-quarters of these alliances fall apart, representing billions of dollars in unrealized economic gain. A study released March 2001 by Vantage Partners LLC of Cambridge says that these partnerships aren't failing because of legal or financial issues, but because of the **relationships** between the companies.

The boundaries of most enterprises are extending beyond the four (and sometimes virtual) walls to encompass suppliers, business partners, customers and others in an extended enterprise. The glue of this extended enterprise is collaboration.

Collaboration is also a key factor in innovation and creativity in organizations, something that most organizations are concerned about and interested in stimulating as a tool for competitive advantage and differentiation.

Effective collaboration can reduce elapsed time in situations where a large number of stakeholders are involved in a time sensitive process — mergers and acquisitions, a new product launch. The power of collaboration allows small work teams to resolve issues quickly and speed delivery.

When collaboration is effective productivity and performance are increased, products are designed and brought to market more quickly, workplace learning is enhanced and knowledge capital enriched. It also impacts the intangible spirit of an enterprise that helps draw in and retain the best and brightest talent.

Collaboration is the life blood that guides the flow of conversation and creation of meaning in human systems. Organizations are highly inter-dependent, living systems (like bees) that need to adapt, grow and survive in a very uncertain world.

What's the value proposition?

Collaboration is the *right thing to do* and does not need to be justified using standard metrics of value. People have a need to be curious, to explore, to search, give and receive feedback and to commune with others.

We once used to define value solely by measuring physical assets such as ROI, patents and inventories. However, many thought leaders and forward looking managers are including measures of intellectual and knowledge capital, the triple bottom line and balanced scorecards in their definition of value.

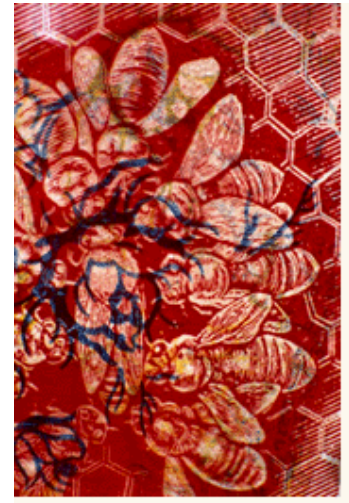
Verna Allee speaks about the three currencies of value¹:

(1) Goods, Services, Revenue This the traditional value chain that includes direct exchanges for paid services, delivery of goods, and knowledge that is delivered as a service to the customer (e.g., knowledge products such as on-line financial information). Collaboration creates traditional economic value by enabling other processes that make and save money.

Collaboration is important for the traditional value chain in industries like pharmaceuticals that rely on a collaborative research and development to drive future products and revenues; design industries in which a quality product, such as the design for an innovative office building, can only emerge from collaborative efforts; and many customer relationship management (CRM) applications where collaboration between company experts and customers drive sales and future product design.

(2) Knowledge includes the exchange of strategic information, planning knowledge, process knowledge, collaborative design, policy development, etc.

Knowledge is inherently a social activity — it is created by people, placed in context by people and disseminated by people. This is particularly true when we realize that 90% of knowledge is tacit and exists in our heads. The only way it comes out of our heads is via collaboration with others that helps turn *tacit* knowledge into *explicit* knowledge that helps improve performance.



¹ *The Knowledge Advantage, Integral Performance Group, 2000*

(3) Intangible Benefits These are benefits that go beyond actual products and services, such as a sense of community, customer loyalty, the creation of brand and the development of social capital.

Cohen and Prusak in their recent book, *In Good Company – How Social Capital Makes Organizations Work*, examine social capital as economic good needed for the survival and growth of business. They define social capital as the *trust, mutual understanding, shared values and behaviors that bind human networks and communities and make cooperative action possible*. Collaboration and conversation are at the heart of how social capital is developed and maintained.

We all know this is important — getting help from a colleague when you really need it, the value of commitment and not just going through the motions — but we often don't reflect on this.

Collaboration Challenges

Collaboration does not always work well and some initiatives to support on-line collaboration have fallen short of expectations. Successful collaboration only results when we pay attention to business processes, people, politics, culture and technology.

Learning and creating knowledge are human and social activities that cannot be separated from the people, groups and communities who, through conversation, continually re-create meaning and knowledge. People and teams are a key aspect of collaboration and are just as important, if not more important, than technology and business processes.

It is important to address the interconnected business areas by solving the *Collaboration Puzzle*.



Solving the *Collaboration Puzzle* is a process unique to the situation of each firm, but in general, involves:

- Advice and guidance on those factors needed to support collaboration, such as setting up the proper learning and performance support systems

- Ensuring that the “rules of engagement” (how and when to interact with business partners on-line and off-line) are clear
- Clarifying and (if necessary) re-engineering workflow within the extended enterprise of co-development partners
- Identifying and transforming resistance to change in your enterprise and in your extended enterprise of suppliers, customers and business partners.

Hal Richman, in conjunction with trusted associates, have developed a suite of information services that allow you to quickly understand the problems, opportunities, costs and benefits of various projects that you can undertake to work more powerfully with staff, suppliers, customers and business partners.

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