

The power of many

ABCs of collaborative innovation throughout the extended enterprise

CEOs today recognize the power of innovation, and to drive it, many are collaborating beyond their organizations – with their extended networks of suppliers, customers, business partners and others. Such collaboration, however, is easier said than done. In fact, 50 percent of strategic alliances fail.¹ Based on our research, experience and two examples of best practice cases, we present here a framework – the ABCs of collaborative innovation – that can improve the chances of success in this increasingly important area.

Know your ABCs: A framework for collaborative innovation

To avoid the pitfalls of collaborative innovation, our research and experience show the best building blocks are: alignment, boundaries and commitment. These ABCs can be done separately or in combination, depending on the capabilities, strategic goals and innovation objectives of the organization. Note that by calling these the “ABCs” we do not mean to imply that this is in any way easy, but rather that there is a way of simplifying the complexities of collaborative innovation (see Figure).

A = Alignment

Vertical alignment translates the business strategy’s innovation objectives into an organizational strategy and an implementation plan. Horizontal alignment typically requires the creation of a new

organizational unit or the redefinition of existing ones. Often, job functions, responsibilities and performance measurements will need to be altered to include collaboration for innovation. By translating the business strategy into operational goals, and by creating structures and processes to enable collaboration throughout the organization, leaders can motivate and enable new behavior.

B = Boundaries

Strategic partnerships require building trust, navigating different approaches to decision making, agreeing to legal terms about ownership and other often contentious issues, collaborating across cultures, managing communications

The ABCs of successful collaboration.

Alignment

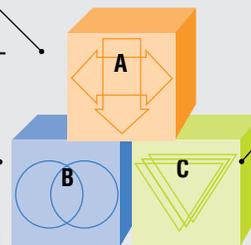
The strategy and organization must be aligned vertically and horizontally to support the collaboration for innovation agenda.

Boundaries

Strategic relationships with the extended enterprise must be defined and managed for optimal collaboration.

Commitment

The organization must make an ongoing commitment to a collaborative climate enabled by leadership, performance and incentives, and learning.



Source: IBM Institute for Business Value.



and operations, and so on. Defining the partnership, establishing governance terms and then building a technological and operational infrastructure for ongoing collaboration across organizations can significantly improve the chances of success.

C = Commitment

Organizations that are serious about collaborative innovation make an ongoing commitment to transformation and change. Creating a collaborative culture happens over time through leadership communication and reinforcement, the development and ongoing tracking of key measures, and institutionalized learning and knowledge management to continually develop key capabilities needed for collaborative innovation.

Conclusion

As a vital part of an overall business strategy, top CEOs recognize the need to make organizational changes to support collaborative innovation and derive profit from valuable ideas, no matter where they originate. The ABCs – alignment, boundaries and commitment – provide a framework for unlocking the power of many, enabling collaborative innovation throughout the extended enterprise and improving performance.

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Reference

1 Ernst, David and James Bamford. "Your Alliances Are Too Stable." *Harvard Business Review*. June 2005.

How can IBM help?

Key solutions relevant to the issues and opportunities raised in this study include:

- **Strategy and Change:** Fuses business strategy with technology insight to help organizations develop, align and implement their business vision to drive innovation and growth
- **Organization Change Strategy:** Reduces transformation and operation costs by fully aligning and focusing key stakeholders around transformation goals and business priorities
- **Collaboration and Partnering:** Helps organizations operationalize innovation strategy through partnerships and collaboration - both internal and external

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