

Collaborative Network Management

An Emerging Role for Alliance Management

—Executive Summary—

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CollaborativeBusiness

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“As companies begin to understand the strategic value and power of commercial networks, collaborative skills become more and more important. Point-to-point collaboration is powerful. Network collaboration can be revolutionary.”

Capgemini

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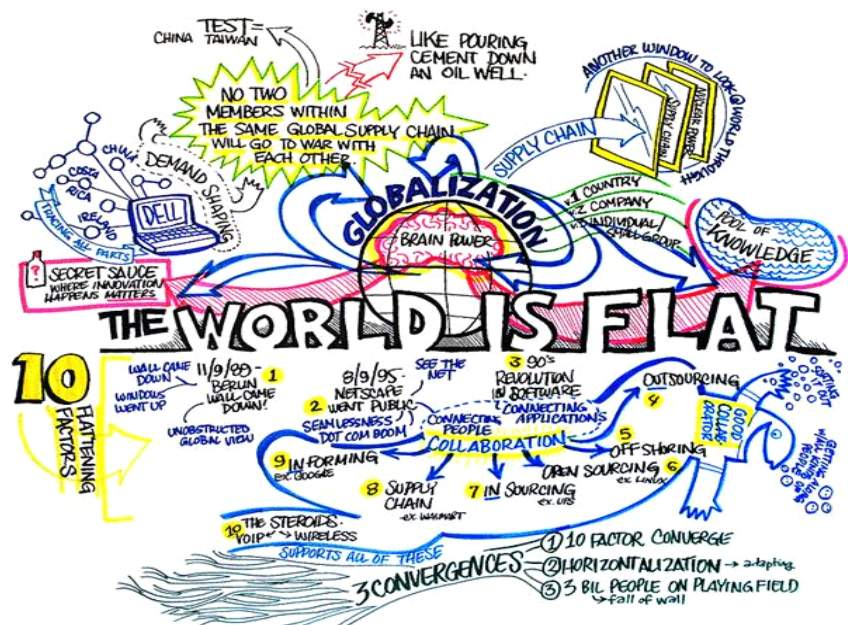
In a world that is flat—as Tom Friedman suggests—how do alliance managers help their organizations navigate toward the future?

We live our lives and conduct our business in an increasingly connected and interdependent world. The digitization of information along with common standards for technology and business have helped spread knowledge so that work can be conducted anywhere. Advances in information and communication technologies have made it possible for virtually anyone to connect with anyone else, anywhere and at anytime. In this “flat world,” (see Figure 1 – The World is Flat) growth comes through harnessing new capabilities and redefining borders.

Although the flat world holds many exciting promises, it also challenges the structures of traditional organizations, ways of working and measuring value that are still largely stuck in the pre-flat world institutions of the industrial economy. The profession of alliance management has been leading organizations to reach for this promise by learning to work across their borders and creating new value. As the pace of globalization quickens and the need for collaboration is embraced by more and more CEOs of companies large and small, alliance management is uniquely positioned to assume a more strategic role. Without a doubt, an organization-wide collaborative ability is the strategic imperative of our time and the only way to innovate and grow in the flat world. Alliance management is a catalyst, accelerating the transformation to flat world organization structures and ways of working.

“The commercial playing field has opened up to more people in more places on more days in more ways than anything like it ever before in the history of the world. This is what I mean when I say the world has been flattened ... creating this new global playing field for multiple forms of collaboration.”

Tom Friedman
The World is Flat: A Brief History of the Twenty-First Century



Thomas L. Friedman on The Charlie Rose Show discussing his book, "The World is Flat" • 04.05.05
 graphic facilitation by Brandy Agerbeck • Loosetooth.com

**The World is Flat
 Figure 1**

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The magnitude of the change in the flat world is underscored by Peter Drucker, who prophesized in 2000: “The corporation as we know it is unlikely to survive the next 25 years. Legally and financially, yes. But not structurally and economically.”

The flat world requires new innovative ways in which organizations interact with their customers, suppliers, partners and communities. No one company, entity, government, or association has the talent, resources, or time for the continual innovation that the global marketplace demands. Like the expanding of the commercial playing field to more players and forms of collaboration, organizations are opening themselves to their stakeholders and the broader world. Organizations are learning to focus on their strengths and to complement them with expertise and resources from outside their borders. These relationships with other equally focused and specialized entities allow organizations to provide complete solutions—efficiently and effectively—to customers empowered by the technologies of the flat world.

Even the thinking around what it means to be an organization has changed, from a single entity to a collection of components linked together because of their individual capabilities and assembled for a specific purpose. In the flat world, an organization’s purpose is best realized by structuring itself as a collaborative network. A collaborative network is a dynamic, fit-for-purpose structure. Each network is a unique linkage that offers value to all participants. It has the agility to iterate its components and how they relate to one another legally and operationally as the purpose and context evolves.

A collaborative network is the collection of businesses, individuals and other organizational entities that possess the capabilities and resources needed to achieve a specific outcome.

The collaborative network is the organization design best positioned to leverage existing resources and create new value. The structure harnesses the strengths of all parties that contribute and thus benefits and connects them in new, innovative ways.

The Opportunity for Alliance Management

Working in networks is challenging. When organizations work together in a collaborative manner, there may be thousands of people interacting with one another. If these individuals aren’t skilled in functioning, communicating and sharing ideas collaboratively with their counterparts from partner organizations, they may inadvertently contribute to a breakdown in relationship. When that happens, objectives are not achieved and growth potential is not realized.

For organizations to be successful they must grasp the importance of collaboration on the individual level. Often, employees consider it a punishment to be assigned to a team working with a partner because of how much harder it can be to get work done. The challenge is magnified

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when people have to interact with multiple partners, with whom there are different legal relationships, objectives, and work processes.

Alliance management has traditionally focused on point-to-point relationships, primarily between a company and its specific partner. As collaborative networks increasingly become the norm, alliances are but one of many forms of relationship that exist within networks. And the success of the alliance may depend on the effectiveness of other relationships within the network.

In the paper we present the story of the Boeing 787 Dreamliner collaborative network, which illustrates how the interdependencies that exist can create new risks. If one network member fails to deliver, all network members can be affected. More and more, alliance management must see alliances within the context of the networks within which they operate—not as independent, siloed relationships.

Every relationship must be sufficiently collaborative to achieve the purpose of the network, even if the relationship is not an alliance. Activities must be coordinated, information communicated, and resources leveraged. Thus all the relationships that make up a network must be appropriately managed. Organizations that have dedicated alliance management groups benefit from this expertise to realize greater alignment, effectiveness, and capability from collaborative relationships. In many instances, alliance management has developed a management methodology, consisting of guidance, processes, and tools for alliance team members to use in their daily business.

The opportunity for alliance management now is to tailor that methodology for the strategically important non-alliance relationships within the network, resulting in a consistent, relationship-based management framework that can be applied more broadly as appropriate.

Alliance management need not directly manage all of the relationships in a given network. If the non-alliance relationships are currently being managed at all, most likely it is from a procurement or cost-saving perspective. Certainly cost-saving may be a purpose of the relationship, but focusing on cost savings doesn't produce collaboration. The role of alliance management is to support and enable that procurement manager or outsourcing manager to realize all of the benefits desired from the collaboration.

Few organizations are truly skilled at collaborating at every level; however, more and more are realizing that they must be. The opportunity for alliance management is to seize this immediate business need and to catapult alliance management into the strategic discussion of how organizations innovate and grow in the flat world.

**For a copy of the White Paper please email
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About The Rhythm of Business

The Rhythm of Business specializes in collaborative business – the organisations, business models, management and ways of working to innovate and grow through collaboration. For more than 25 years, principals of the firm have built collaborative business models, developed and operated alliances and supplier networks, and consulted within both corporate and civic sectors on building and using collaborative relationships to achieve strategic and financial objectives. Through comprehensive management frameworks, skill development, and measurement and analysis tools, we enable individuals and organizations to innovate and grow through collaboration.

Co-founders Jeffrey Shuman and Janice Twombly have co-authored numerous books, articles, and white papers and regularly speak at a variety of venues around the world on the ongoing transformation of organization structures to collaborative networks. Their methodologies inform Shuman's popular MBA courses on Managing Collaborative Relationships and Entrepreneurial Thinking at Bentley College where he is professor of management.



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