



WHITE PAPER



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The Architectures of Collaborative Excellence

Alliances 4.0 -- How to Spur and Sustain the Collaborative Shift

Complete Paper with Appendices



The Collaborative Shift is, in its essence, a Paradigm Shift requiring "Systems Architecture" to fuel and sustain it.

Purpose

Powerful forces in global business are driving the need for far greater collaboration within all types of business, including the emerging "Eco-System." But there is a massive chasm between the level of collaboration needed to be successful and the corporate capability to deliver what's required.

- What are the realities? What's needed to spur the *collaborative shift*?
- Why have the Alliance Best Practices seemed to have stalled out?
- What can be done to deliver higher levels of collaboration?
- What new levels of thinking are needed?
- What is the new paradigm for the future?

Critical Issues

The business world has been poised for a *collaborative shift* for more than two decades. Despite the verbal interest in alliances by many CEOs in surveys, the reality has been far from stellar -- more talk than action, more smoke than fire, more heat than light.

While well positioned, Alliance Managers have largely not been the leaders of the impending *Collaborative Shift*; often being marginalized and isolated; few have gone on to become corporate CEOs. This must change. Opportunity is beckoning.

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This White Paper is a special adaptation for the Alliance Profession derived from a forthcoming book on

Collaborative Excellence for Leaders.

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WHITE PAPER

The Architecture of Collaborative Excellence

Alliances 4.0 -- How to Spur and Sustain the Collaborative Shift



By Robert Porter Lynch with commentary by my colleague, Stephen C. Rogers.

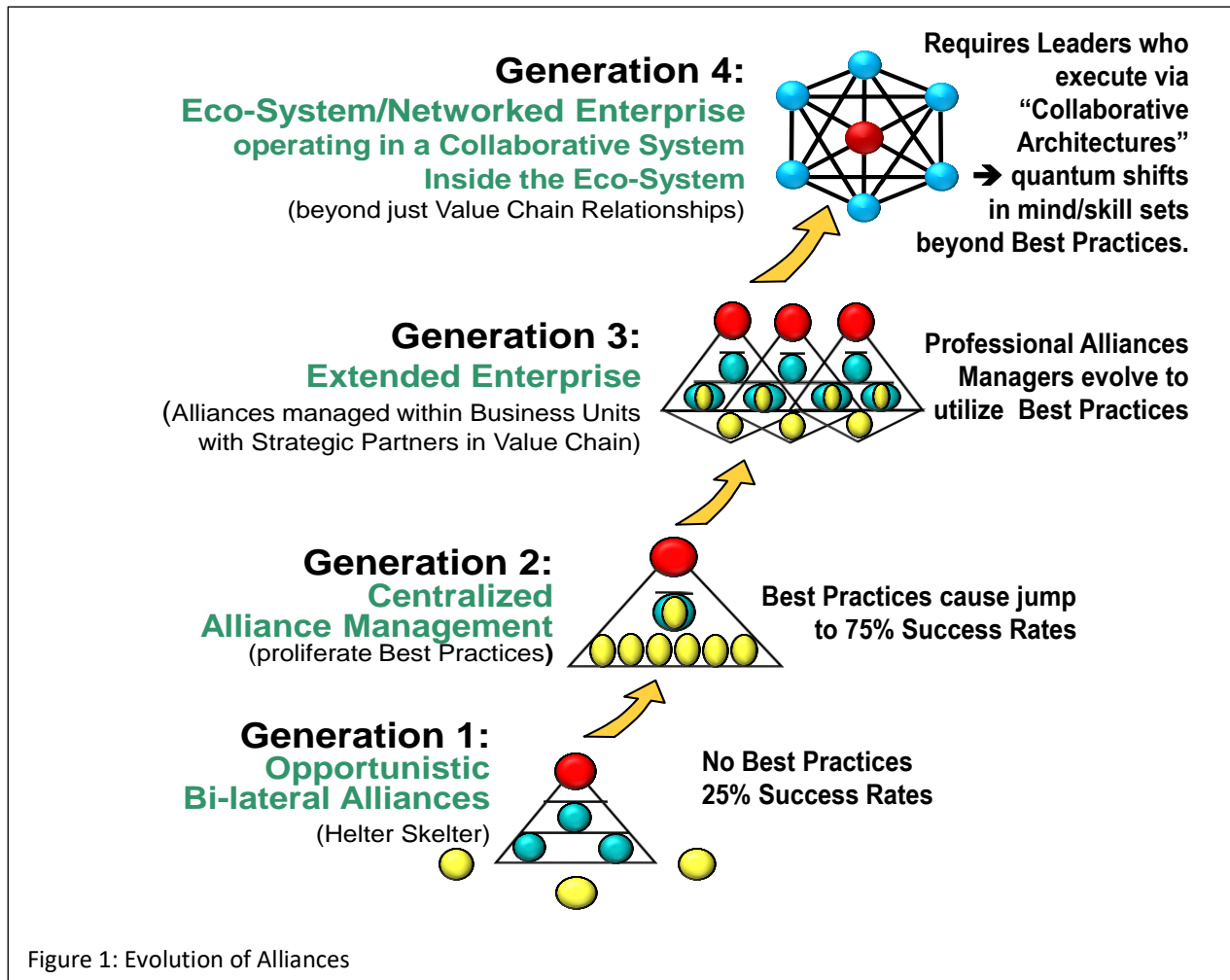
Part 1: Alliances and the Collaborative Shift

The business world is changing at a bewildering pace. In no other period in the history have we encountered so much change so fast (with the exception of wartime). Collaboration plays a central role in this change – it’s termed the *Collaborative Shift*.

Next Gen Alliances 4.0

With the advent of strategic alliances in the 1990s, a burst of enthusiasm emerged. CEOs began to recognize the value of alliances and collaboration.

For the most part, through the 1990s, alliances were ad-hoc affairs – launched and managed by champions who believed in external collaborations. Many were girded by newly published *best practices*, but for the most part these were “helter-skelter” alliances created by entrepreneurial venturers who wanted to extend or expand their business reach. This was Alliances 1.0 (see Figure 1). In the late 1990s, a number of alliance practitioners formed the Association of Strategic Alliance Professionals (ASAP), which focused on developing Alliance Managers who were proficient and certified in *best practices*. Alliances 2.0 was born.



The dream of creating a Networked Enterprise of connected companies producing an integrated stream of value was initiated and became the focus of attention by 2002.

As alliance managers began to be certified and Alliances 3.0 made alliances the domain of professionalism, alliances were extended across the value chain from R&D to Sales & Distribution.

We are still entering the 4th phase of alliances -- NextGen 4.0, a stage of deeper complexity where alliances play a role, but not necessarily center stage as “collaboration,” “partnering,” and “alignment” become the top of mind issues for generating competitive advantage.

Best Practices were sufficient to enable Alliances to reach the 3.0 stage. We will need Collaborative Systems Architecture to reach the Next Generation.

While the business Eco-System will call for alliances, and lots of them, there will be a far greater need for collaboration as a foundation for handling the speed, innovation, and adaptive agility needed in a fast-moving, rapidly changing world.

However, despite the success rate brought about by using Alliances, something stalled. Alliances were expected to be the “lead arrow,” catalyzing a larger “collaborative shift” in business. That shift has never really materialized, but neither is it dead by any means.

- *What is necessary to unleash the power of collaboration?*
- *What’s holding things back?*
- *What shifts in thinking are required?*
- *Who should be leading the shift?*
- *What’s necessary to make it sustainable?*

NextGen 4.0 – Value Networks within Business Eco-Systems – requires a bold new approach, adapting alliance best practices, but journeying much deeper into *collaborative systems thinking*, which must be proliferated widely throughout the members of the network to ensure sustainability

***We need not abandon our Best Practices;
just incorporate them in the Collaborative Systems Architecture***

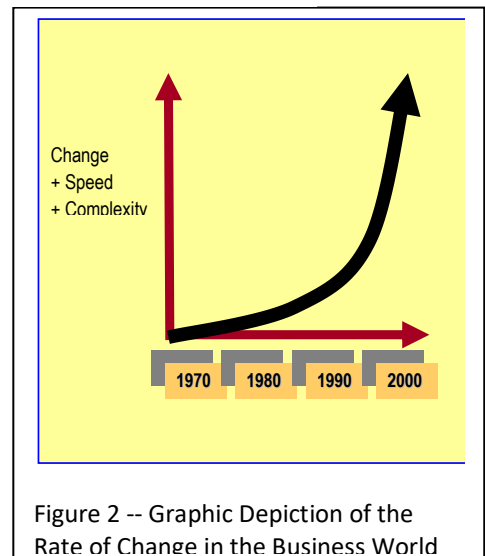
The New Era of Change, Speed, & Complexity

Change, speed, and complexity are the by-words of our age. In workshops conducted over the last twenty years, our team has asked over twenty thousand senior executives all over the U.S. Canada, and Europe to express, graphically, the impact of the rate of change/speed/complexity since 1970.

Amazingly, for well over 90 % of the executive responses, the curve looks like Figure 2:¹

The implications of this phenomenon, from a relatively more predictable, slow-time world where businesses were largely autonomous, to an integrated fast-time world are massive. It affects every aspect of strategy and operations.

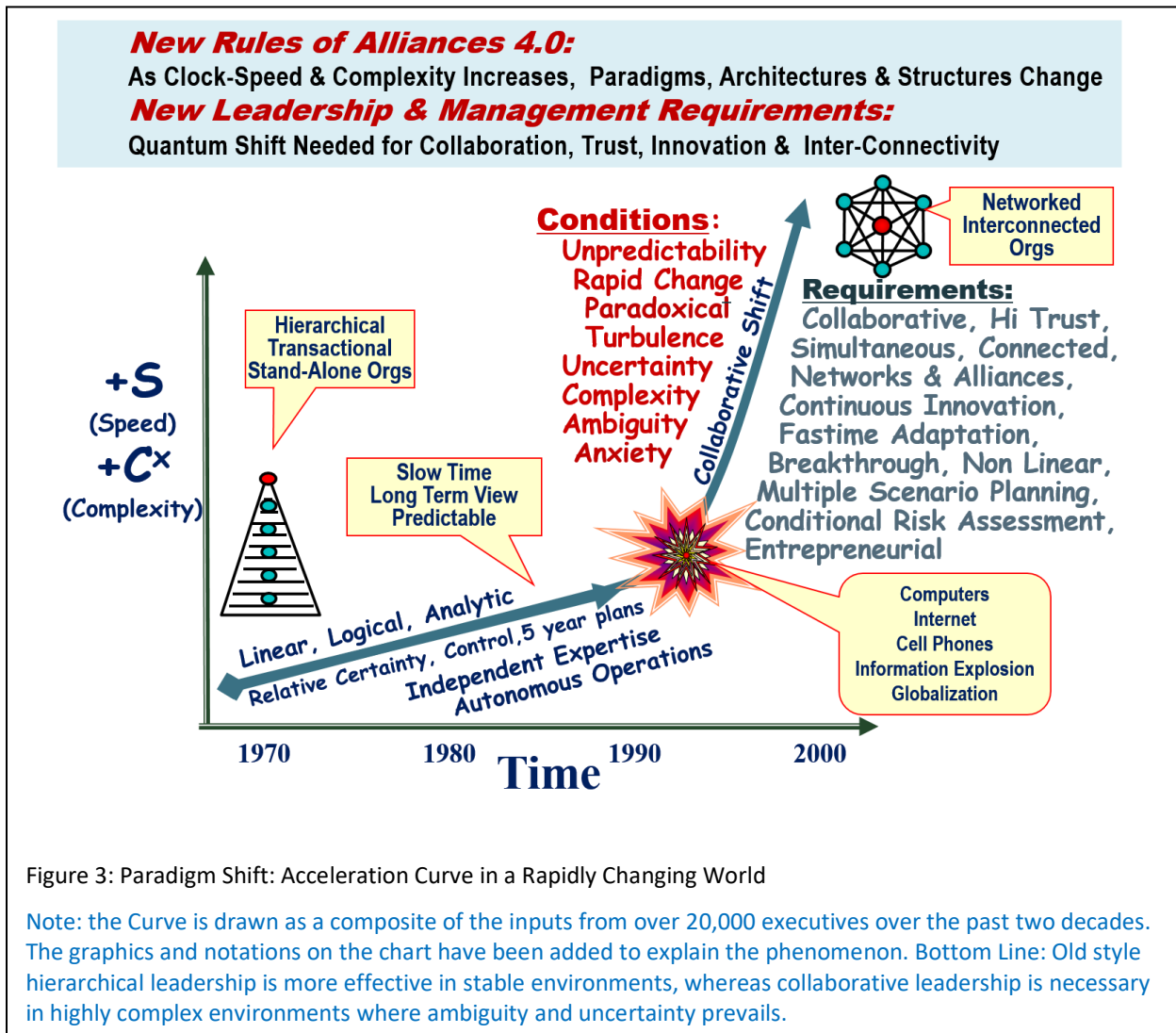
This astounding concurrence represents the dazzling shift that has rocked the very foundations of organizational thinking. But with this shift, executives, professions, and academicians have been caught flat-footed.



¹ The only difference among these 90% was the point of inflection where the curve changes direction radically. For those in very rapid change industries, such as high tech, the point was generally between 1986 and 1990. For those in slower changing businesses, such as petro-chemicals the point tended toward 1995-1998. The primary reasons for the shift cited by executives were: computers, faxes, globalization, cell phones, then the internet, each compounding upon the other. This curve is a “Baby Boomer” perspective. Ironically, those who entered into the business world after about 2000 draw only the skyrocketing part of the curve – they have no perspective on what the world looked like in the 1960-1980 period.

In the first half of this era (1970-1990), the business world was slower moving, a period of relative predictable change, characterized by five and ten year strategic plans and three year sales forecasts. Organizations stood as independent entities that *transacted* business independently, alone, and predominantly hierarchically. The rules of management in this earlier era have been developed from years of experience, handed down through generations of tradition, built into corporate culture, and augmented by the esteemed learning from our business schools.

However, the quantum nature of the shift has massive impacts on the nature of business. The conditions of rapid change, increasing speed, and heightened uncertainty have created a set of conditions where many of the old rules simply don't apply. (see Figure 3). Study this Figure because it tells a compelling story about the complex nature of the paradigm shift.



It's vital in understanding this chart that business *conditions* determine what kinds of *requirements* are needed:

| <u>Conditions:</u> | <u>Requirements:</u> |
|---|---|
| <ul style="list-style-type: none">• Unpredictability Rapid Change Paradox• Turbulence Uncertainty Ambiguity Complexity Anxiety | Collaboration, High Trust, Continuous Innovation, Simultaneous Connected Networks & Alliances, Fasttime Adaptation, Breakthrough, Non Linear Shifting, Rapid Obsolescence, Entrepreneurial |

These requirements are a **Paradigm Shift**, and thus necessitate a powerful new **Design Systems Architecture** to underpin it. Most corporate leaders were never equipped for this shift. And business schools are not providing new levels of thinking.

What we have also learned from the last thirty years on the front lines and in the trenches is that heightened levels of speed, complexity, and change are handled far more agilely in collaborative environments.

However, an “installed base” of *legacy management* has limited not just the power of alliances, but also the impact of collaboration in the larger view.

Alliance Best Practices alone are actually a “sub-set” of collaborative systems, thus insufficient to address the magnitude of the collaborative shift – a holistic systems approach is essential if the collaborative shift is to be sustainable.

As a profession, we must ask the questions:

- “How do we leverage our wisdom for greater impact?”
- What obstacles that have prevented or retarded the *collaborative shift*?

Legacy Thinking Blocking the Collaborative Shift

Human nature shows us that we tend to act according to what we *believe* is true. In the case of business, those beliefs are deeply engrained on the culture of corporations.

These beliefs occupy precious real estate in the brain;
it’s called “mind share” or “top of mind.”

In many cases these beliefs are actually not true, or sometimes true, or true only in certain conditions. It is our responsibility to replace these faulty beliefs with those that actually produce the best results.²

Let’s go through the list of faulty beliefs first. Throughout this paper we map out the counter-balancing truths required to engage and energize people and trigger a quantum jump that’s in sync with the tune of the times.

² There are also times when the legacy thinking works better, which will be discussed in the section on Certainty vs Ambiguity

- **Misconceptions & Misguidance:** Too many leaders are guided by fallacious myths like “survival of the fittest.”

Reality: Darwin wrote (in the *Descent of Man*) that *collaboration was the primary cause of human evolution*. Further, we now know that *Culture*, (not personality) is the #1 determinant of human behavior; (note: leaders are the primary determinant of culture). Few grasp the magnitude of these opportunities. While adversarial interaction makes good drama, it seldom produces innovation, teamwork, and value creation.

- **Trapped in Muddled Thinking:** Too often leaders -- coming from widely different backgrounds, beliefs, and experiences -- fail to realize the impact of their amalgam of contradictory beliefs, misaligned insights, fundamentally flawed thinking, fragmented tools and techniques not designed for the enormity of the task unifying and aligning a complex organization.

Reality: This problem is multiplied by too many “muddled models” promoted by myopic subject matter experts that actually confuse, confound, and “complexify” the essence of leadership. Leaders must embrace their responsibility from a holistic *systems perspective*. What’s more confounding is the confusion about culture:

Fundamentally, there are three types of cultures, strategies, and leadership

frameworks: *Adversarial*, *Transactional*, and *Collaborative* – which have become muddled, convoluted, intermingled, and juxtaposed – consequently obfuscating and diminishing the real value produced by collaboration. (Most cultures are tragically muddled.)

- **Allure of Combat:** There is an adrenaline rush when competition shifts from “doing your best” to “annihilate the enemy” – the realm of combat and conflict, It’s the same allure that attracts people to the fights or watching a movie with killing and explosions. The Romans’ Gladiatorial Games exploited this perverse instinct. We see it today in the polarization of politics into the good and bad guys.

My colleague, *Steve Rogers* comments:

- **Winner Take All:** As its basis, unbridled capitalism has an attitude of all out competition with a “winner take all” aspiration. While collaboration can indeed allow a company to win and gain competitive advantage, it takes time and is more complex to manage. Adversarial approaches are far easier to understand conceptually – if I take it away from someone else, I win. This is not to say capitalism does not work with collaboration, just that it is easy to extrapolate 1:1 relationship win/lose outcomes into I win - You lose. Business is far more complex than that and it is that complexity that makes collaboration a powerful way to win in a complex world. The problem is that it is often more subtle and less obvious, requiring “beneath the surface” thinking (mental calculus) rather than the simple mental arithmetic of adversarial action.

[RPL: it’s like the difference between sex and love: sex is easier to get, have, and is transient; while love is harder to find, takes a large amount of effort to maintain and grow, can break easily, requires work to keep, and can be an ultimate fulfillment for those who cherish it. There is something emotionally satisfying in a Winner Take All approach, particularly if you win – domination, elimination of an enemy, self-righteous indignation and on and on. This is what litigatory lawyers try to sell their clients and rake in big fees.]

Reality: Fear, Anger, and combativeness, as a general rule, produce far more heat than light; at best it's wasted energy, and destructive at worst. The optimum approach combines and aligns the energies of collaboration and competitiveness, as every great sports team understands.

- **Alpha Male Syndrome:** Playing John Wayne in business is magnetic for some; it certainly looks and feels macho, bravado. It's filled with passionate intensity – revenge, heroic materialism, power and control. Combat is often the fast fallback position when people don't get what they want from normal negotiations. Angry, frustrated, greedy, and insecure leaders will likely travel this route. They may choose an outside "enemy" (e.g. competitor) to focus attention away from their own weakness.

Reality: Collaboration is significantly more difficult, requires restraint, honor, self-control and courage. It takes wisdom, forbearance, discipline, ethics, and trust-building. These higher order qualities use more brains and heart than brawn and force; more astuteness and alignment than bluster and bravado, and more leverage than raw power.

- **Beyond Management:** The essence of *management* has been to *seek the efficient use of resources*.

This approach can neither catalyze nor sustain change; it needs more:

Collaborative Excellence – working together when the stakes are high -- which must come from both leaders and managers working together as champions seeking a quantum jump in thinking, possibility, and performance.

Steve Rogers comments:

- **Narrow Scope:** Alliances and alliance professionals typically work on projects – marketing efforts, research projects, supply agreements, distribution channel agreements, etc. This one-to-one company orientation makes broader business-wide and even industry-wide influence more difficult because many alliance professionals do not work in multiple entity environments, but rather simpler one-on-one collaborations.

General Managers are dealing in a multiple entity world of many suppliers, customers, internal businesses, functions, and stakeholders. They seldom see the alliance approach as a broadly applicable solution when dealing with multiple entities and also may see it as a resource intensive approach (alliance organizations can only manage so many alliances).

- **Loyalty is passé.** Downsizing and outsourcing have gutted company loyalty to people. People do not see a career with one company as a highly sought after professional goal – job and company hopping is seen as the norm and, in fact, does have some advantages because it enables people to learn different approaches in different companies and thus become more adaptable. The result is that people change constantly. Business relationships and teams are in constant churn; instability is the norm, making it far more attractive to act transactionally – just get the job done efficiently and quickly, don't spend a lot time on relationships, because they won't matter in the long run.

Reality: Alliance professionals must start thinking as “architects,” not just managers. This enables the *design and alignment of organizational functioning*. When neither leaders nor managers understand this inner architecture, we build faulty structures with shabby interconnections. For example, think of a construction company erecting a building. Would they consider moving forward without an architectural blueprint? Absolutely not. (And don’t think for a moment that a Business Plan will substitute for a solid design architecture).

- **Beyond Best Practices:** While practices are useful component in any business, they can be deceptively alluring, seeming to provide a pathway of improvement, yet at the same time giving a very incomplete framework for leadership to understand, communicate and implement real systems change. Additionally, best practices carry an inner weakness – there are too many of them, so only professionals can remember them. Thus those outside the profession can’t see the big picture, in simple form.

Reality: Without a simple, straight-forward design architecture, the best practices look like a bowl of spaghetti to our colleagues running our business ventures with us.

To use the construction analogy again, if we were erecting a building, we’d actually break the blueprints down into subsystems: the foundation, the structural framework, the plumbing system, the electrical system, the HVAC (heating, ventilating, & air conditioning) system, and so forth.

Steve Rogers comments:

- **Churning Downward:** When key players who champion collaboration leave their positions, the loss of leadership and sponsorship and constancy of purpose makes it easy for their successors to return to adversarial norms which almost everyone is familiar with.
- **Depletion on Management:** Worse, this issue is a major negative influence on management ranks, even more than leadership. Leaders assume because the organization has “learned” one stage of the collaborative architecture it will be an institutionalized given and retained when the next level of skill is added.

The problem is that the organization is no longer the same because people churn has brought in people from other organizations, who are not familiar with previously expanded concepts won through difficult collaboration efforts across functions and companies.

More importantly these new people are not experienced with the partners involved or in the collaborative approaches used to change the more common competitive adversarial approaches.

- **Corporate Amnesia:** companies often “forget” their best practices – both collaborative and adversarial.

[RPL: Think of best practices as the “tools and techniques” of a master craftsman. In by-gone years craftsmen would mentor an apprentice, providing not just tools and techniques, but wisdom, insights, and a heart-felt sense of the craft. This doesn’t happen in the bureaucratic mega-corporate world.

The combination of no lingering “craft wisdom” and no sustainable frameworks for the next edition of management or leaders leaves a void.]

So too must we break the Collaborative Excellence Systems Architecture down into these subsystems. (see Figure 4: Collaborative Excellence Architecture, which will be later explained in detail)

Then we can then hang our detailed best processes & practices within the Systems Architecture. While the best practices will change and evolve over time, the architectural principles – the “DNA” remains steady.

What’s more, the Collaborative Excellence Architecture provides the frameworks for *any* collaborative endeavor, not just alliances, making it a “universal passport” for much broader application – opening the avenue for alliance professionals to evolve into experts in collaboration – the next generation of organizational transformation.

Business leaders are more likely to seek solutions to broad problems via Collaborative Excellence than alliances.

- **Beyond Tools:** Although collaboration tools can be helpful, if the design architecture is flawed or incomplete, adding new technological tools is like a mechanic trying to rebuild a blown car engine with only a screwdriver. The engine needs a complete rebuild/overhaul, or replacement with a modern engine with computer controls.

Reality: Tools, while valuable, are for enabling the “mechanics” of management, while architecture is for modern age design champions who are dedicated to leading the collaborative shift, then imbedding the design into the management infrastructure, including its tool sets.



Figure 4: Collaborative Excellence Architecture

Steve Rogers comments:

- **Businesses are focused on results:** Pressures from the stock market and venture capital investment returns reinforce short term results more often than longer term results. More importantly, cause and effect is easier to see in the short term. However, this often only sees the symptoms of a problem or cause of success. Collaborative results typically take longer to emerge and the various elements that come together to deliver those results are less clear and harder to identify because some are quantitative changes and others are qualitative relational interactions that encourage people to apply their talents in unexpected ways.

[RPL: Wall Street analysts and even academics often overlook the underlying root causes that cause success, seemingly wearing polaroid lenses that filter out methods, only to see results. The 6 Frameworks of Collaborative Architecture act like an X-ray to enable a leader to reveal the actual “hidden factors for success.”]

- **Fluidity & Rapid Change:** Even more problematic is that the fluidity of business results can change a collaborative partner’s business reality which can result in inability or unwillingness to continue to honor the initial agreements that formed the basis of the collaboration.

Changing business reality can also trigger people churn and apply quick-fix adversarial reactions.

- **Beyond Strategy:** While strategic thinking aims at seeing the “big picture” and converting it into a game plan for the future, strategy can easily miss the mark because its aim is narrow: to create competitive advantage, while overlooking the systems design necessary for strategic execution. It’s like the sound of one hand clapping – strategy must be married to a design architecture that can be executed fast and flawlessly.

Reality: By making Collaborative Excellence a core strategic design strength, leaders can adapt strategy to fit existing strengths while exploiting the competition’s weakness, and then seek partners, suppliers, and customers that you can “dance with” no matter what the tune.

- **Beyond Alliances:** While alliances represent a sector of the Collaborative Systems Shift, corporate leaders are seeking something more applicable to a broader realm, including internal teamwork, accelerating innovation, and the ability to achieve agility in a fast moving world.

Reality: Senior executives are yearning for something they can’t quite pin-point; and alliance professionals are not rising to meet this challenge. Collaborative Excellence holds the strategic key to open the doors to an entirely new level of competitive advantage.

Steve Rogers comments:

- **Best Practices:** Making collaboration work within ecosystems is less about best practices -- although they can be applied successfully in a targeted fashion -- and more about mindset, influence and organizational culture.

Reality: The collaborative mindset and culture leads a company to look for business opportunities that provide suppliers and customers prospects to win along with the company and to sustain those approaches as business conditions change, seeking to create innovative solutions, trust and empathy – a tough but fair reputation that requires performance driven results but also understanding of the other entities’ needs for results, winning, and value sharing as well.

- **Beyond Management:** While it is true that Leadership is necessary to *triggering* the shift, Management is critical to *sustaining* it – it’s far more than just resource efficiency. Management must embed and institutionalize the architecture, mindset and the techniques of collaboration into the organization in a way that will last and weather the inevitable people churn at both the operational and the leadership levels.

Reality: Both Collaborative Leadership and Management Excellence is critical to triggering and sustaining the shift.

Whether Leadership or Management is more important is not the point – situationally both are vital at different points in the shift. But in today’s world Leadership is king and Management it thought of as bureaucratic and a negative trait. Wrong!!! Without both, each applied at the right time, the shift will fail. At some points Leadership leads, but at other points Management leads because leaders can’t handle all the nuts and bolts of the shift.

[RPL: Leadership and Management should be more like “dance partners” – in tune with each other, integrating in a “high-team, high-trust” culture that essentially becomes “glue” and “alignment system” that creates a powerful synergy in the organization.]

- **Lamentations of an Alliance Professional:** Many of us in the alliance profession bemoan often spending more than 50% of our time trying to manage internal politics. Moreover, often our external alliances are more psychically rewarding than our internal affairs inside our parent companies.

Reality: Internal alliances are scarce, internal politics rampant, and mis-alignment between divisions prolific. In other words, the collaborations externally are seldom mirrored internally.

Why?

First, because our parent companies don't know how to manage collaboratively.

Second, alliance managers are seldom positioned to impact the culture, nor have the alliance best practices been adapted to a larger, more generic applications across a wide range of situations and strategies.

These are the basic underlying critical issues that make adversarial and transactional responses more common than collaborative ones. Everyone knows how to be adversarial and use common adversarial tools like bidding or power negotiation.

Collaborative approaches are often more narrowly focused on alliance partners and less often used in regular business because they are not as broadly disseminated, observed and applied across an organization.

The necessary chemistry between collaborative partners is often hard to describe and transfer to other business relationships whose chemistry is different.

Moreover, alliance professionals promulgate alliance best practices, *not collaborative best practices.*

Figure 5 represents some of the many areas where the next generation of alliance professionals can use their core capabilities by applying the essence of the Collaborative Excellence Architecture.

This represents a bold new future for the Alliance profession as well as a breakthrough in organizational performance.

Wide Variety of Applications for Collaborative Excellence Architecture



Figure 5: Applications of Collaborative Excellence Architecture

Critical Mass Required

The *Collaborative Shift* is, in the larger context, about transforming an organization's culture. It's no easy task and should never be taken lightly. .

To trigger a shift, we need:

- 1) the right systems architecture,
- 2) a catalytic rationale to aim the initiative,
- 3) a critical mass of key leaders & senior managers who can take quick and wise action to sustain a multi-dimensional competitive edge.

By the nature of their role, alliance managers in the past have cut too narrow an organizational swath, thus failing to multiply /leverage their essential collaborative skills more broadly across functions.

This is the massive opportunity for alliance management – for those interested in rising into the leadership ranks and making a massive contribution to their organization.

Steve Rogers comments:

While critical mass is vital, due to the constantly accelerating change in the business environment, critical mass must still be balanced with the ability to do new things in a “non-critical mass” environment.

For example, companies should use immersive learning labs and application workshops to test and develop new approaches and practices that can be tailored to the problem, opportunity, specific cross-company engagements, and, in particular to the individual personalities and inherent skill sets involved.

For important strategic relationships, even more important is the ability to fit/customize, situationally. the approach to the unique the circumstances of each business relationship. Don't use a rigid set of standard solutions, but rather engage in both a strategic and empathetic approach to alignment.

Who will Emerge to Lead the Collaborative Shift?

This is not just a philosophical or academic question. The launch of the *Collaborative Shift* has struggled for twenty five years. The problem has been vexing for many of us who have had the vision, the commitment, and the yearning for a new way for business to strike a more cordant note.

In addition to the obstacles outlined earlier, the world of business is flooded with antithetical views, philosophies, and practices that emerge from the conflicting approaches of adversarial, transactional, and collaborative thinking.

Who or what institutions or leaders might be the vanguard for moving the Collaborative Shift to a new, bold, sustainable level?

Steve Rogers Comments on Leading the New Era of Change, Speed, & Complexity:

Where will the new ideas could come from? Leading edge business thinking is trying to cope with this rapidly increasing clock speed through four means:

- 1) **Academia**,
- 2) **Business Press**,
- 3) **Consultants** and
- 4) **Practitioners & Professions**

- 1) **Academia** -- Business schools are exploring new approaches but they have to prove everything quantitatively before they publish an article. Academia's publish or perish culture requires lengthy data based research and, as a result, drives narrow studies that take time to statistically validate, causing them to always be behind the curve. Only a very few ever become strong advocates or publish a practical book.

More importantly, they focus on the concept but rarely deal with what it takes to apply and institutionalize new approaches. They often get trapped in citing other academics and not understanding what really happens in the field. This generates very little creativity, and no one with field experience to challenge them with the insights and observations from the school of hard knocks.

Academia brings an abundance of analytics and quantification, unbalanced by intuition and imagination, leaving them stuck in obsolete paradigms that prevent them from having real foresight. I'm not convinced everything in business can or should be quantified/quantifiable. Because individual humans are a big part of the equation, and the qualitative aspects are simply too big and abstract, so any theory will have so many exceptions and nuances as to be rendered unmanageable.

And business schools are also terribly fragmented into specialized departments; no group of academics oversees the nature of a collaborative systems design architecture.

- 2) **Business Press** – This sector is more timely in describing new approaches to deal with this speed/change/complexity curve, particularly in more detailed investigative reporting articles in top end magazines and web sites (think Fortune, Bloomberg-BusinessWeek, Fast Company, Inc. Magazine, Wall Street Journal, New York Times, Financial Times, etc.).

While much more timely, the issue here is the “knowledge” is far more anecdotal and rarely extrapolated across different company experiences to create a more generally applicable set of principles applicable across industries. The business press, because of the nature of fast publishing, covers a “story” but not an “issue,” not to mention doing systematic long-term analysis.

- 3) **Consulting Firms** -- The major ones (such as McKinsey, A. T. Kearney, Bain, Deloitte, Booz Allen Hamilton, etc.) are revenue-driven but also combine the research, concept development, and the business model/methodology elements that allow a wider set of principles and actions that can be packaged and sold. A couple things should be noted from my experience as a former corporate client:
- a. Once a “package” sells, it has a product life; and the length of that life actually keeps it from being at the leading edge of the speed/complexity/change curve.
 - b. Each service package is a business-focused effort, but rarely is a systemic approach that crosses all the functions in a company; instead it tends to be *functionally* or *topically* focused – think *functionally* like HR consulting or Supply Chain consulting or Marketing consulting; or think *topically* like Strategy or Change Management or Alliance Management. None of these

systemically address, from a holistic perspective, the dynamically changing business environment that companies, managers and leaders face today.

- c. Competing consulting firms are fighting for the same customers, so they tend to build multiple models to cover the same concepts or they take each other's models and either add details or additional boundary thoughts to differentiate themselves. The bottom line is that they hype/create a trend and a market, into which they can sell a service; but there's very little breakthrough thinking.

The smaller, independent consultants are more likely to write books and may break some new ground with creative, advanced thinking. But again, this thought leadership tends to be narrow, around single *functions* or *topics* based on their unique expertise.

- 4) **Practitioners & Professions** -- This is the final frontier. We are the ones drawing upon the three groups (above) while combining with our own experience, analysis, and hands-on operation of businesses to deal with this rapidly changing environment.

However, the Practitioner's knowledge is often unique to each company's business situation, or the practitioners involved. In many cases companies do not want to disclose exactly what they are doing for competitive reasons (think "stealth bomber effect"). And they tend to be anecdotal in an environment where very few companies have the time or resources to document and synthesize the approaches they used before being faced with a new emerging issue that consumes their attention. Certainly their goal is not to build a systemic architecture re-applicable across companies and industries, for which few practitioners are equipped.

What's left on the final frontier are the Professions that are most likely to embrace a systems perspective – such as the Supply Chain Management profession, or Strategic Planning, or Strategic Alliances or Organization Development; these two last-noted professions are more likely to embrace systemic architecture than most others.

Ultimately, if we are to create the momentum to break down the obstacles to the *Collaborative Shift*, it will come from a combination of quantitative thinking from academia and consultants, combined with a systematic synthesis of anecdotal thinking from the business press and practitioners/professionals.

And fundamentally we must find practical models that work and be integrated into a holistic architecture -- *art and science!* – that's what must be imbedded and engrained deeply into the corporate culture, especially within both leadership and management.

Why the Alliance Profession should be the Vanguard

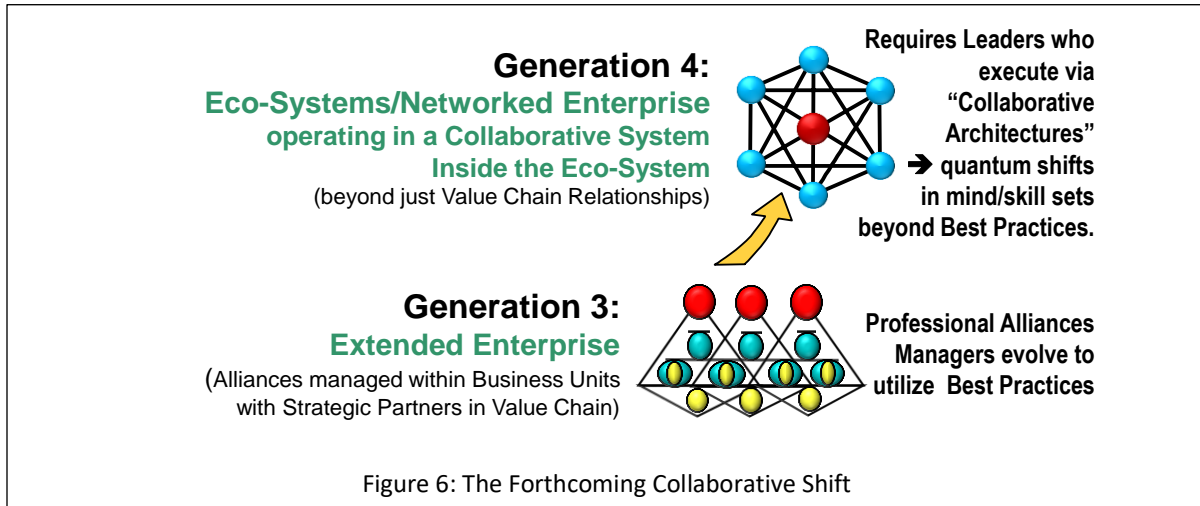
Of all the professions, *the Alliance Profession is the best poised, has the largest vision, broadest scope, is most amenable to championing collaboration, and has the most to gain.* Perhaps the Organization Development Profession runs a far second, because this career is not strategically positioned to have a bold impact. The Fundamental Question is:

**Does the Strategic Alliance Profession have the vision, energy, will,
and commitment to lead the Collaborative Shift?**

Part 2: Alliances 4.0 -- Beyond Best Practices

In response to the changes and shifts, alliances have emerged as a major force in business, evolving through four distinct generational stages (see Figures 3 or Figure 6).

As Alliance Professionals we've been trying to enter the fourth stage – the Eco-System/ Networked Enterprise -- for over two decades, with marginal results.



We haven't failed, but, to be realistic, we haven't had stellar results either.

There is an obvious reason: Alliance Best Practices were designed for a variety of inter-corporate liaisons, but were *not specifically designed* to address the multitude of collaborative requirements demanded by the complexities and intricacies of the Value Network paradigm.

The Alliance Profession is the best poised, has the largest vision and broadest scope, is most amenable to championing collaboration, and has the most to gain by leading the Collaborative Shift. We are actually being constrained by keeping our focus on our stalwart Best Practices – the processes and actions needed to produce great alliance results, but not aimed at Collaborative Excellence.

Value Networks (aka Eco-Systems) have been embedded into business for centuries,³ but it only recently, with the massive demand for speed and innovation, have alliances come to the fore. We mustn't take the symbolic nature of alliances too literally – alliances must come to mean a broad range of collaborations enabling people and organizations to work interactively.

³ Value Networks are actually not new, just misunderstood and every generation morphs a new version; the current model is called "eco-systems." Global trade networks on sea and land of the 1600s spawned insurance networks to ensure ships (Lloyds of London, founded in 1686, is still thriving). During the American Revolution, networks were established within the Colonies: Committees of Safety (militia) and Committees of Correspondence (thought leadership and Revolutionary coordination). Railroad networks and telegraph networks proliferated in the 1800s; electric, radio, and then television networks spread during the 20th century. The International Banking network was set up in 1944 at Bretton Woods. Japanese supply networks spawned Toyota's global growth. ASAP featured Ard Pieter de Man's studies of emerging networks in 2002.

Far More than Best Practices are Needed for the Future

As a Profession, we need to recognize that Alliances 4.0 is a major paradigm shift needing a strong yet simple *systems architecture* that can be used across the value network.

The Alliance Profession has been an alluring magnet attracting those *predisposed* to collaborative thinking. But, for the most part, we have not armed our champions adequately to create sustainable transformation. Our Alliance Best Practices are simply inadequate to be fully embraced. We know this from thirty years of alliance implementation. In retrospect:

- How many companies have had a stellar track record of alliance formation and management, then key leaders left, including their alliance champion, and the legacy of alliances disappeared like a puff of smoke?
- How many CEOs & CFOs “tolerated” the alliance function, but never really *believed* in its value?
- Why have we not been convincing enough to create a sweeping tide of change?

There’s nothing “wrong” about our venerable Best Practices, which we have revered for three decades.⁴ These practices have enabled collaboration to generate successful new business models across the globe.

But there is something very powerful that’s “missing.” This paper proposes a bold new future, a shift in paradigms to gain the heralded high ground.



Steve Rogers comments:

Additionally, there’s a second reason for not applying to the full range of collaborative relationships -- there are simply too many best practices to learn and apply to such an extensive range of potential collaborative relationships.

Too many tools makes the choice of which tool to use too complex and too hard to train into the organization.

At Procter & Gamble the supply chain relationship management system failed in the 1990s for just that reason. The one I installed – the 2001 Version of ASAP’s Best Practices Handbook – was simpler, easier to grasp, and succeeded quite well.

The first version had two binders full of best practices – nobody but the system owners knew what they all were or had time to figure out how to use them in day to day work where the workload was about solving problems instead of applying best practices.

The ASAP 2001 version had a simple Phase Process, to which the Best Practice were linked. We were able to adapt that architecture to our Supply Relationships with the addition of some supply chain concepts.

⁴ This author pioneered alliance best practices with *The Practical Guide to Joint Ventures & Corporate Alliances* in 1987, *Business Alliances: The Hidden Competitive Weapon* in 1993, and the *Alliance Best Practices Handbooks* that underpin the Association of Strategic Alliance Professionals (versions in 1995, 2001, & 2008).

Our Strength May Now Be Our Paradoxical Weakness

Most Alliance Professionals have come to our field “pre-wired” with positive beliefs about the importance of integrating across corporate boundaries. Essentially Alliance Best Practices have been the “song” the “choir” was seeking, the actions that soothed the soul’s yearning for doing the right thing for the right reasons.

Our Professional Association (ASAP) has provided a safe haven of “brethren” – brothers and sisters – that have needed external confirmation that their missionary zeal has been worth the effort: to suffer the slings and arrows of outrageous fortune on the home front, knowing their peers would confirm their clear-headed thinking and steadfast courage.

What’s Been Missing?

But back on the home front, in the corporate trenches, alliance managers continue to take punishing fire. Most maintain it has always been harder to create internal alliances than an external alliance, even with their deepest competitor.

Why? Because most corporate cultures simply aren’t collaborative to start with.

Thus, for so many corporations, their culture’s “immunal rejection response” still recognizes alliances as a “foreign entity.” Finding a collaborative brother or sister in another company’s alliance program is a spiritual breath of life.

While alliance best practices are a sub-set of collaborative practices, they are far too narrow to serve as the “power-train” of the collaborative shift.⁵

Steve Rogers comments:

I believe the reason CEO’s and CFO’s only “tolerated” the use of alliances is less related to the use of best practices and more related to the fact that alliances are viewed as “*special relationships*” not normal relationships, thus, by definition, limited to a very few partners with whom a deep relationship has been developed.

At P&G we had 40,000 suppliers and probably less than 500 corporate-wide alliances, including customer, financial and R&D alliances, not just Supply alliances.

Therefore CEO’s and CFO’s see alliances as a *specialty tool* that is not broadly applicable to regular business relationships (and they are probably right I might add).

Alliances are seen as *business area dependent*. And if they fail to deliver results (due to non-relationship reasons like technology development or an acquisition – the 25% that fail even with the use of best practices) – and so when near-term results are critical, more adversarial or transactional approaches are perceived to have far better odds of success, and less risky in the eyes of senior leaders, especially the people working on it are not experts in all in alliance best practices.

⁵ If they were, we would have seen alliance best practices becoming the “engine” used for internal alliances, team building, and innovation systems, to mention a few.

Our Best Practices have are not seen as the pathway to building collaborative cultures, nor generating high performance teams, nor catalyzing innovation, nor embracing a leadership model for collaboration, nor managing complexity.

That's why a broader Collaborative Systems Architecture (which actually invisibly underpins the alliance best practices) is essential.

In truth, Collaborative Systems Architecture has always been the foundation and inner design structure of the Alliance Profession.⁶ However, it was never made visible, never clearly articulated, and never systematized in simple ways.⁷ In Part 4 we will outline the Collaborative Architecture and its Frameworks in detail.

The Plague of Cultural Misalignment

Collaborative Excellence is essential to underpin the *collaborative shift*. However, the problem is that most companies are miserably misaligned, mixing *adversarial*, *transactional*, and *collaborative* styles into a muddled, confused, corporate culture, and then extending this misalignment into their Value Network. (see Appendix 2 for more detail).

Steve Rogers comments:

On the topic of “What’s Been Missing” and internal collaboration, I would go even further. Alliances have become a “function” within the company, and, ironically *Alliance Managers are a big part of the problem because they, unwittingly, actually compete with other functions*, such as Sales, Production, Purchasing, Marketing, and so forth.

Too often the result is internal rivalry and functional arrogance even around similar activities and efforts, complicated by different functional vocabularies.

In the new paradigm Alliance Managers must focus on the *outcomes* sought by the other functions, and be part of teams that escalate and accelerate those collaborations.

Alliance *managers* must emerge to become *leaders* who embed the collaborative spirit in the entire organization. However, they frequently become self-isolated and differentiated, so they lack the transformative and integrative skills, language, and capacities to transfer their alliance learnings to a larger venue.

This is essentially the problem and the goal if the Alliance Profession is to evolve to be the lead arrow in the Collaborative Shift.

⁶ The Collaborative Systems Architecture has always been there all the time, but hidden, partially explored around the edges, and poorly mapped. As an analogy, think of a 1500s map of the Americas with coastal regions outlined, and the inland mass ill-defined and fuzzy. The Collaborative Architecture outlined in this White Paper is not the last of the exploration, but rather the first circumnavigation to set the foundation for a new era of exploration.

⁷ I must admit a major personal *mia-culpa* here. As one of the most ardent advocates of Best Practices dating way back to the mid-1980s, understanding and revealing the “inner foundational design” has always been an objective. But it has taken over thirty years for that inner design to be clear enough to be articulated in very simple, straight forward terms. The criteria for the systems design architecture was simplicity, effectiveness, and breadth of application, which required years of field testing in a wide variety of non-alliance situations.

To make matters worse, many new senior executives entering the corporation seem compelled to put their “mark” on the company, often reintroducing non-productive, non-value added programs and policies that are counter-productive or even destructive, leaving a mess in their wake. Customers, suppliers, and former alliance partners are left with an aversion to reenter the game together because of the reputational stain.

What is Culture?

While invisible, culture is like radio waves, pervasive and everywhere. Culture tells people what is expected of them, what is valued by leaders, what beliefs they should hold, how people should interact, what they should achieve and protect, how they will be rewarded or punished, and what is important.

Culture, more than any other factor (including personality), will determine human behavior.

Thus *Leadership is the most influential factor in determining culture, and, by extrapolation, human behavior.*

That’s why a collaborative leadership model is so vital to performance. And why any initiative to ensure long-term sustainability must be imbedded in corporate culture.

Steve Rogers comments:

This is a huge issue. I believe that *Reward Systems are what drives this misalignment. Each function and business in a company has its own reward system – often with different what counts factors and KPI’s (key performance indicators). No function/business unit gets any points for helping another function/business meet its KPI’s at any expense to its own even when the company overall wins.*

The internal boundary issues that require collaboration to overcome are not part of the reward equation.

I led a organizational redesign between R&D and Supply Chain and was nominated for a corporate award, co-sponsored by R&D.

But the corporate Supply Chain leader disqualified it because it was not purely supply chain enough. Sad but true.

In the many years I have studied leadership and collaboration, it’s ironic that the only leaders who talk about the importance of culture are the collaborative leaders

What Impacts Culture?

Steve Rogers comments:

I submit it is *both Leadership and Management.*

Leadership makes elements of culture into values and beliefs.

Management makes those elements expected in day to day operations.

Leadership is necessary to trigger and spark cultural change. But once the change is launched, Management installs and reinforces the behaviors, norms and social activities that embed it into the organization so it actually becomes culture.

The Fad of the Year

Every year a group of companies introduce the latest new buzz with great fanfare and extraordinary promises that will create new profits and transform industries.

Most don't last, but the investment of time, and the energy needed to reverse the damage can suck the energy out of an organization.

Steve Rogers comments:

New executives don't just reintroduce old approaches, but they also pump up the latest fad – driven by new buzz words created by business schools, the business press and consultants.

It can become a “program of the year” issue where *leadership assumes last year's program is fully institutionalized and the new one is a “net addition” to the company's skill system.*

How do we know we are Ready for a Paradigm Shift?

When great intentions yield mediocre results; when the tried-and-true ceases to work, when every attempt to fix things is met with frustration and failure....

Then it's likely the design has reached its limits, and the paradigm is ready to shift.

Opportunity is present, Creative vision is called for, and Bold Action in New Dimensions is the nature of things to come.....-- Robert Porter Lynch

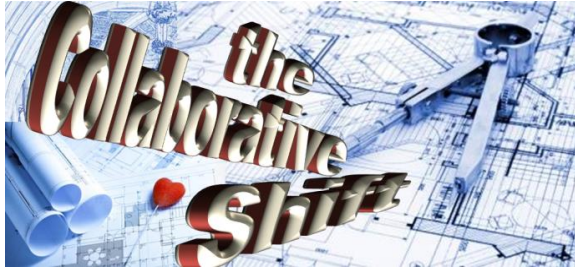
See Appendix 1 for details on Paradigm Shifting

A new strategic line of thinking is necessary.

The Collaborative Shift that has been yearning to jump out of the starting gate has been impeded by trying to solve problems with the same levels of thinking we have used for the last 30 years.

Part 3: The Collaborative Paradigm Shift

Empowering the *Collaborative Shift* is not just a matter of layering on a more extensive set of Best Practices.



Why?

Alliances 4.0 is fundamentally far more than alliances, it's a *Collaborative Paradigm Shift*.

For corporations to be effective at empowering their organizations to function faster, more adroitly, and symbiotically, collaborative systems thinking must be proliferated widely - both internally and in value networks.

It's a profound journey, not to be attempted superficially.

Paradigm Shifts are not just about “*doing things differently*”

*it's thinking differently,
envisioning differently,
discerning differently,
measuring differently,
designing differently,
speaking differently,
acting differently,
valuing differently,
treating people differently,
asking questions differently,
experiencing your world differently.*

A bold new approach is essential.

These profound differences require a fundamentally different “Systems Design Architecture”, not merely tweaking old stuff designed for a legacy paradigm.

Systems Architecture -- Why a New Order of Proficiency is Needed

Eco-Systems (aka Value Networks)⁸ are “systems” which embrace a **quantum jump in complexity** with **multiple partners** and **complex integrations** to adapt to change, engage in **massive leaps in innovation** and create sustainable improvements to their collective competitive advantage.

⁸ In the Value Network/Ecosystem discussion, the principle difference in concepts is that *entities that are not in the direct value network are included in the ecosystem*. e.g. an outside supplier with an exclusive alliance with our major competitor and doing no business with our company is not part of our Value Network, but would be part of the industry Ecosystem.

This, in turn, demands an **exponential increase in the level of collaboration** needed to succeed – levels often seen in emergency situations, but not the normal modus operandi.

Complexity and the Law of Compounding Interfaces

Alliances are the step-children of uncertain risks and opportunities. Going beyond alliances to the Networked Enterprise engages a massive increase in the number and level of both risks and organizational interfaces.

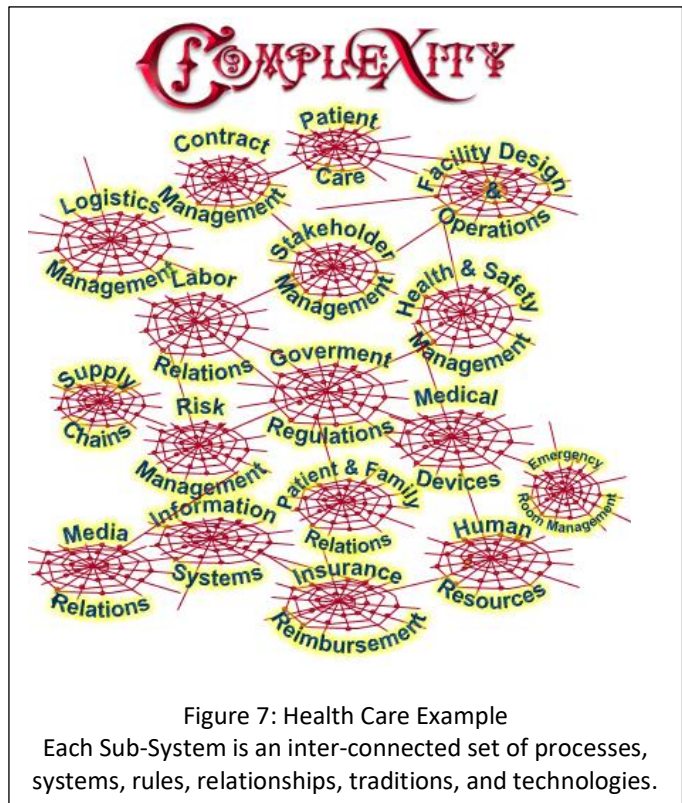
Uncertainty breeds ambiguity, and ambiguity is the seed of business failures. Becoming more adversarial, and throwing more legal penalties at the problem only makes the problem exponentially worse, like throwing sand into gears.

21st Century Enterprise is a typically a series of complex, interconnected networks as illustrated in Figure 7.

The more entities in a collaborative venture – whether it be cross-functional integration within a business unit or a value chain integration -- the more complex it is to organize and manage.

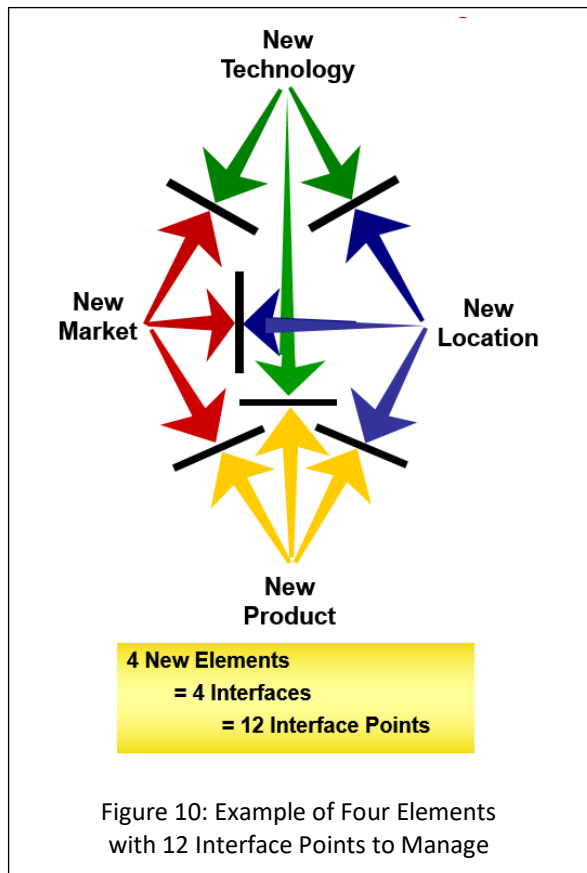
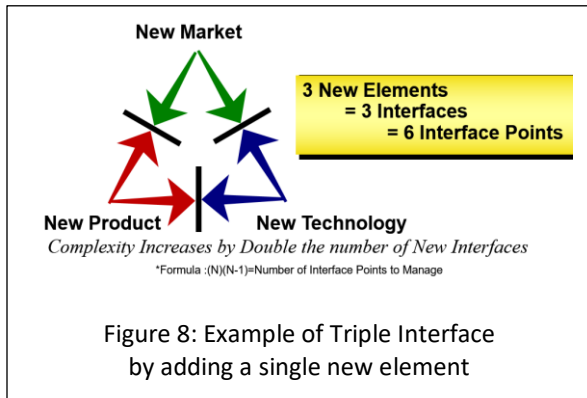
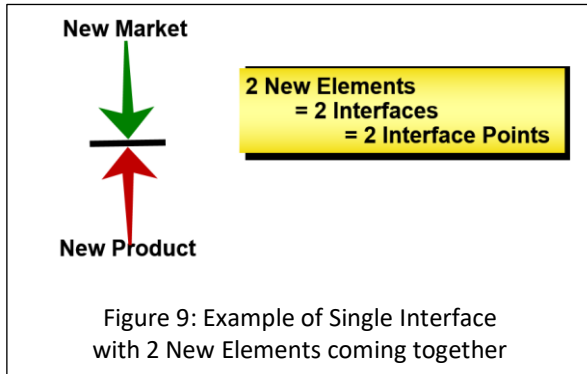
Understanding the dynamics of a network requires, at a minimum, to grasp the “Law of Compounding Interfaces & Risks” (below).

And that complexity accelerates and escalates at a very non-linear rate. To understand the non-linear phenomenon (see Figures 8, 9, & 10)



Law of Compounding Interfaces/Risks

- ***The Greater the Multitude of Interfaces,***
- ***The Greater the Levels of Uncertainties & Complexities,***
- ***The Greater the Risks of Multiple Failures & Non-Value Added Work***
- ***Most of the Breakdowns will Occur at Non-Collaborative Interfaces.***



Think of a sports analogy – the knee is an interface between two major bones; it’s the place where breakdowns are the most common. Managing interfaces is critical to the Networked Enterprise, especially because there are so many of them. Every time another interface is added, the number of interface points increases dramatically, increasing the chances of a breakdown if the dynamics of the interface are poorly managed.

This can happen when there are personality clashes across the interface, or intensely different cultures, incompatible technologies, divergent strategies, onerous contracts, mismatched accounting/reporting systems, or even when a person at the interface is replaced by someone unfamiliar or unqualified. These are common problems in any interconnected organizational system.

As illustrated in Figure 10, with four elements (such as four different companies in the Network) there are 12 different Interface points to integrate, manage, and synchronize. Each one presents a point of a potential breakdown, which can trigger more breakdowns. This is why major projects or “Big Bang” rollouts are so difficult to produce flawlessly, especially if the players have never worked together before.

Further, the condition of the Interface is critical to its performance. Interwoven into each of these interfaces lies a set of different *belief systems and supporting methods* that either align the networks or, the worst case, cause fragmentation and misalignment.

The three fundamentally different modes of interface interaction produce very different results:

- *Collaborative* interfaces are interactive, neural, trustworthy, and foster innovation.
- *Transactional* interfaces⁹ are serial, useful for exchange, and require quid-pro-quo
- *Adversarial* interfaces are dysfunctional, distrustful, divisive, and destroy value for at least one entity.



Figure 11:
Modes of
Interface
Interaction

Each of these three interface modes (Figure 11) has a massive impact on the functioning of a complex network on factors such as:

1. **Speed of Delivery**
2. **Coordination of Effort**
3. **Human Energy/Enthusiasm**
4. **Alignment of Goals**
5. **Collaborative Innovation**
6. **Litigation & Adjudication**
7. **Integration & Planning**
8. **Redundancy & Duplication**
9. **Productivity & Learning**
10. **Joint Problem Solving**
11. **Teamwork & Synchronicity**
12. **Proactive Initiation or Reactive Repetition**

Figure 7: Health Care Example

Each Sub-System is an inter-connected set of processes, systems, rules, relationships, traditions, and technologies. graphically depicts the complex interfaces in a complex network. Each of the sub-networks have a myriad of internal and external interfaces where people manage objectives, outcomes, and risks.

In *collaborative* systems, the interfaces are far more likely to flow quickly, create less non-value added work, solve a myriad of problems quickly, and generate innovative ideas.

A case in point: our team conducted a detailed study of over 90 major construction projects to determine the impact on of collaborative cultures on very complex “mega projects”-- typically seven years long and seven billion in expenses. (see Figure 12: Example of Complex Interconnected Mega Project)

The Return on Investment (ROI) requirements demand on time/on budget project delivery, because the “all-in costs” (expenses plus revenue lost) for an overrun are about \$1 million/hour (yes, you read that right!)

⁹ Transactional interfaces are still valuable in situations that don’t require innovation, problem-solving, rapid change, synergy, and alignment of complex organizational interaction.

Best-in-Class Collaboration Results

Based on our team’s analysis of the 90 mega-projects,¹⁰ we assessed success rates of each type of construction model (indicated in Figure 13: Success Rates Linked to Modes of Interface Interaction

Companies that were truly committed to a “partnering” relationship had a profound competitive advantage far exceeding 25%.

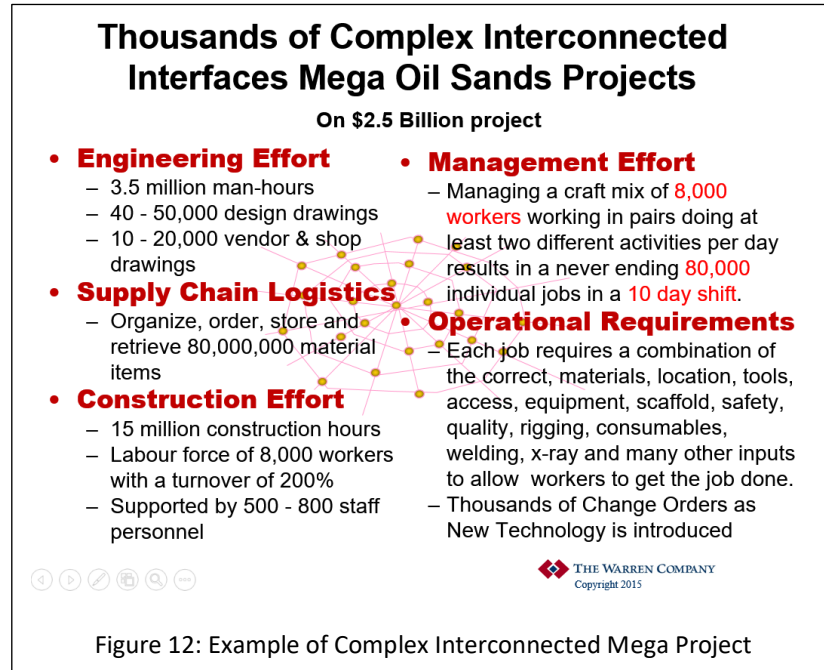


Figure 12: Example of Complex Interconnected Mega Project

Commitment to Integrity & Fair Play

Gaining competitive advantage through collaborative relationships must start with senior leadership making a powerful commitment to building trust. One of the Mega Project leaders, Steve Bass of Devon Energy, stated his perspective on collaboration:

Our philosophy is a “value delivery model” – it looks at total value with suppliers working together as a team, not just low cost. Productive supplier relationships are essential for value delivery to work.

Our Corporate Values are central to our supply chain; this means having integrity, being open, forthright and honest with our suppliers, and being committed to our mission and purpose – to have passion in improving our business and building trust with our suppliers.

).

Under the weight of complexity and risk, *transactional* and *adversarial systems* are far more likely to break down. In the worst case, the *Adversarial Delivery* model (which represented the majority of the projects) produced the very worst results, with many projects delivering 100% over time and 100% over budget, along with extensive litigation, and burning through an average of five project managers over the course of the project.

¹⁰ See: [Future Path of Mega Projects](#) by Professor George Jergeas & Robert Porter Lynch

| Project Delivery | ADVERSARIAL | TRANSACTIONAL | COLLABORATIVE |
|---|------------------|---------------|----------------|
| % Chance of On-Time, On-Budget, On-Target Project Delivery | Under 10% | 20-30% | 80-100% |

Figure 13: Success Rates Linked to Modes of Interface Interaction¹¹

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Difficulty with Mergers

The Mega Project analysis gives us deeper insight into the basic difficulty faced by the Mergers and Acquisitions profession. Integration at the interfaces (Law of Compounding Interfaces) looms large.

In an acquisition there are tens of thousands (or more) interfaces that must be carefully orchestrated and managed. If the acquiring company is not inherently collaborative, and neither is the target company, the interfaces will be poisoned; good people in the target company will either resist or exit for another job, all spelling a recipe for failure. No wonder the acquisition success rate is about 30%.

¹¹ Our estimates are supported by other research at the Construction Industry Institute at the University of Texas at Austin.

Quantum Jumps Require Systems Architecture

The *Quantum Jump in Complexity* that accompanies *Collaborative Paradigm Shift* requires far more than just Alliance Best Practices, it requires a *New Universal Architecture* to power the shift, and a more *Generic Version of Best Practices* applicable to a wide variety of circumstances.

Thus it's vital to understand the nature of "architecture:" Collaborative Architecture is required for three basic reasons:

1. Cross-Functional Synergy:
To make a system perform so that the whole -- the outputs -- are greater than the sum of the parts -- the inputs. . (see Appendix 3 for more complete description)
2. Pattern Recognition & Prediction:
To enable the human mind to comprehend the system through a series of pattern recognitions and predictions, which reduce fear, uncertainty, and chaos, opening the pathway for constructive action. (see Appendix 4 for more complete understanding of the importance of this factor and Appendix 5 for twelve standards for good architecture.)
3. Overcoming Skepticism:
A very large portion of corporate leaders are *skeptics of collaboration* -- they aren't against it per se, but there are so many unanswered questions, concerns, doubts, and risks countered by strong advocates against collaboration. Thus the skeptics' doubt is greater than their belief, resulting in being trapped in analysis paralysis and adversarial reversion.

Architecture is a series of design frameworks, principles, methodologies, and interconnectivities uniting a system's components into a functional, synergistic whole.

Architecture is the synthesis & fusion of Art, Wisdom, and Science, interweaving strategic, human, operational, competitive and technical factors together to create sustainable synergy.

Steve Rogers comments:

Adversarial approaches are often the norm because they more clearly map to highly competitive situations.

The skepticism is driven by the externally simplistic and short term view that "*if you lose, then I win.*"

Maybe this works in one-time transactions between buyer and seller, (e.g. buying a home, car, eBay, etc.) but it does NOT work in situations with repetitive transactions where the history of the relationship influences the current relationship.

In addition leaders under pressure look for more control over the situation and collaboration seemingly provides less control, because it requires cooperative not unilateral decision making. Because short-term outcomes can change as the short-term becomes long-term -- the short-term is more visible, but the long-term is much more uncertain, so a win today feels better than something that is more sustainable longer term but, by definition, less certain. This is why a powerful trust framework is so essential.

Finally adversarial approaches are more familiar and so leaders find them more comfortable, especially when rivalries drive decisions.

Great Architecture has critical elements that make it powerful:

- It's a System where:
 - The whole is greater than the *sum of the parts*.
 - Core Truths, Key Logical Concepts and Conditions, Guiding Principles, and Key Factors for Success (both universal and situational/conditional) are evident and symbiotic.
 - Diagnostic Analysis and Principles-Guided Prescriptive Corrective Actions are tailorable and applicable to unique situations and conditions
 - The System is integrated sufficiently to be Sustainable Under Stress
 - Essential Principles, Fundamental Rules, and Best Processes/Practices can be used universally to create similar results.
 - Cause & Effect Relationships are logical and understandable.
 - Consistent Language, Powerful Underlying Attitudinal Belief Systems and Consistent Actions are integrally linked the to the core frameworks.
- It's Leverageable – the following be done to increase and extend its impact:
 - Learnable – it can be taught by a Master who can teach it to others, who can, in turn, teach it to others, enabling it to multiply.
 - Replicable – it will work successfully in a variety of circumstances
 - Reliable – has inherent stability, safety, and certainty.
 - Scalable – it will work in large organizations as well as small scale situations.



The Quest for Synergy

Synergy has been the elusive dream of businesses and organizations for over a century.

But it has been elusive. Why? What's been missing? What has caused us to miss the mark? What mind-traps have we been caught in? Why is the Collaborative Shift struggling to get out of the gate?

Complex Problems must be solved with a higher level of thinking than that which created the problem. -- Einstein

The problem is first in the conception – attempting to link disjointed organizations or forcing the conflicting cultures without a unifying systems architecture.

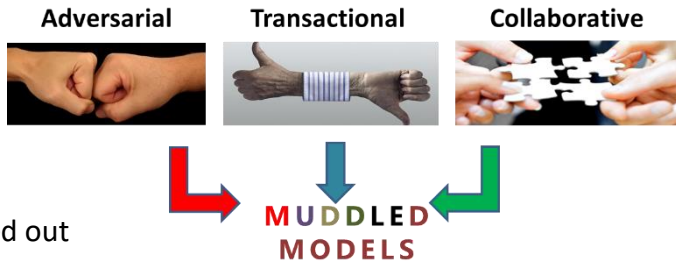
Synergy manifests in Collaborative Systems – Synergy is a natural outcome of *collaborative* design architectures, both in nature & business -- beyond practices, tools, and techniques..

However, synergy will seldom manifest without trust between the components in the system. That's why *transactional* and *adversarial* systems seldom manifest synergy (and why Acquisitions Professionals are constantly vexed).

What our minds can conceive, our character can achieve. -- Edison

Beware the Curse of Muddled Models

One of the biggest obstacles in creating a Collaborative Systems Architecture has originated from subject matter experts (ranging from professors to authors to consulting companies) that create their own proprietary models -- narrow bands of thinking -- never attempting to create integrated systems architecture.¹² Thus no architecture for collaboration in fields like marketing, accounting, strategy, or leadership ever evolved.



Further, as subject matter experts carved out their little corner of the world, the result was a disjointed set of models cobbled together into a pastiche of often-conflicting or dis-integrated approaches to everything from trust building to organizational transformation. (see Appendix 6 for more on the Curse of Muddled Models).

The Collaborative Excellence Systems Architecture aims at creating a *fully integrated design system* where all the frameworks have been field tested, documented, and proven in a wide number of industries as diverse as automotive, aerospace, military, airlines, steel, insurance, food, consumer goods, sports, and research & development.

These have proven to create quantum jumps in competitive advantage, often exceeding 20% greater than the norm. In the big picture, it's competitive advantage that ultimately generates sustainable profitability.

Senior Executive Post-Partum Implosion

Collaborative Excellence is not a new idea, but it is certainly an unfulfilled quest.

Interviews with dozens recently retired senior executives who were champions of collaboration during their very stellar careers revealed some very unsettling commentary:

- *We built a great set of companies –with inspired people, innovative, and highly profitable. When I sold the company, the new owners promptly disassembled everything we built, turned our supply chain alliances into a bunch of angry vendors, quality fell apart, and customers left in droves. Today it's just a shell of its former self.*

¹² Notes: There are certainly conditions where either *adversarial* or *transactional* approaches work better, depending on the conditions and situations. The point is that these decisions should be made with a clarity of purpose, not by unconscious random selection.

It's also essential to differentiate a "model" which was designed for a specific application from an "architecture" which broadly frames the systems design.

- *Our alliance program produced only 30% of our company's revenues, but over 50% of its profits. Unfortunately control was more important than results. The new CEO blew up the alliance strategy because he wanted complete control. Profits and stock prices plummeted. I decided to retire, but, in the end, the taste of losing haunts me.*
- *We changed the culture from adversarial to collaborative, and watched our revenues jump, our profits double, and innovation blossomed everywhere. When I left, everything reverted back to the old habits, and profits dropped dramatically.*

When asked what went wrong, executives lamented that they never had a compelling design architecture they could imbed in the culture to sustain their collaborative initiatives.

Steve Rogers comments:

I was in a couple businesses that had excellent dynamic leaders, but no strong managers. The result was catastrophic failure – too many ideas and too little executional management. Both businesses became highly unprofitable because big ideas imploded without strong management and both ended up being sold off piecemeal – lots of lost jobs that did not have to happen.

I believe the concept of leaders delegating to managers who are closer to the complexity and understand it better is a concept that is missing in this architecture. In fact I do not think leaders are the ones that have to address the complexities of projects and multi-party collaborations – it is the core management team that deals with this day in and day out.

The leaders provide the direction and resource allocation but they simply are not and SHOULD NOT be in the trenches grappling with the enemy (complexity) directly.

Those closest to the action find the most innovative ways to win. The concepts of leadership, management and situational leadership/management combine to deliver the results.

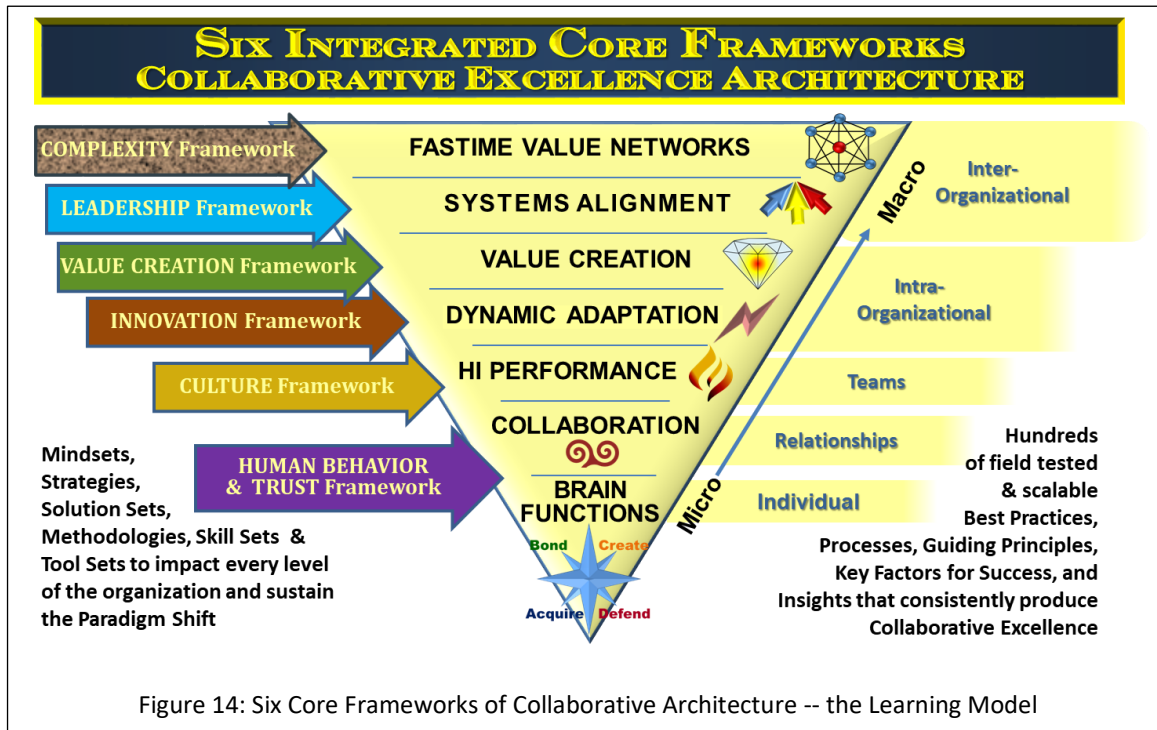
***Trust is the underpinning of all Collaborative Enterprises.
Without a great trust framework, the system unravels.***

Part 4: Six Core Frameworks of Collaborative Excellence

Codifying & Learning the Architecture's Building Blocks

Yes, there is no doubt we need a solid, dependable Architecture of Collaboration, but that alone is insufficient – we need a means of codifying it, teaching & learning it, and transmitting it to thousands of people if it is to be broadly impactful and sustainable. Any design must be, at its core, simple, logical, and easy to comprehend – otherwise no one will remember it.

These six frameworks are simple, easy to learn & remember, elegant to use, In Figure 14 the



design starts at the “micro” level with the brain and human behavior, and walks up the inverted pyramid with the elements required for collaboration at the individual and interpersonal levels, with each segment being seamlessly woven into the building block for the next segment, ultimately expanding to complex organizational systems.¹³

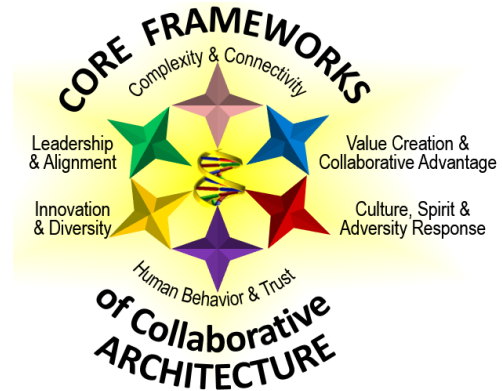
30 years in the making to discover, design, develop & test the first fully integrated architecture that elegantly connects six organizational levels to produce up to a 25% competitive advantage.

It's been field-tested and produces measurable results, while optimizing time and resources.

¹³ Note: These six core architectures were chosen because they have the highest impact and leverage on outcomes – the *building blocks* of collaborative excellence, and are universal to virtually every condition, strategy, or requirement of Collaborative Excellence.

Overview of the Six Core Collaborative Architectures

Having been engaged in examining the fundamental causes of success and failure in thousands of alliances and other collaborative ventures, large-scale projects, mergers, acquisitions, and turnarounds, we've determined there are six key areas where joint initiatives took the critical path toward success or failure, victory or defeat. These become the basic foundation of the Collaborative Systems Architecture. (Outlined below)



The first, most basic framework is unequivocally TRUST. It is the foundation of all collaborative enterprise. Without trust, a massive psychic vacuum is filled with FUDD – Fear, Uncertainty, Doubt, and Divisiveness.

To understand Trust, we first need a framework for understanding Human Behavior:

#1a: Four-DRIVE HUMAN BEHAVIOR “FOUNDATIONAL” Framework



Developed by mentor and colleague Paul Lawrence of Harvard Business School

- Elegant, simple & straightforward -- the $E=mc^2$ of Human Behavior (Far better than Maslow's Hierarchy)
- Four Drives of the Brain explains why people are “driven” to act, predicts and prescribes behavior.
- Backed up by breakthrough neuro-chemistry research conducted with Prof. Lawrence. Neuro-Chemistry of the Brain provides deep insight into Trust & Fear
- Explains how Fear defeats Collaboration – and how to overcome the fear factor
- Flows directly into the Trust & Culture Architectures



Value Delivered

- ➔ Quickly Understand Dysfunctions
- ➔ ReAlign & ReBalance Individuals & Teams
- ➔ Foundation of Trust Architecture

All the Frameworks are based on Science, Research and Tested Practical Experience.

These are guided by “natural” processes based on the DNA programming of normal humans.

Tip: Ensure these six frameworks are embodied in every organizational function, and especially in recruitment, hiring, and performance review of senior leaders and managers.

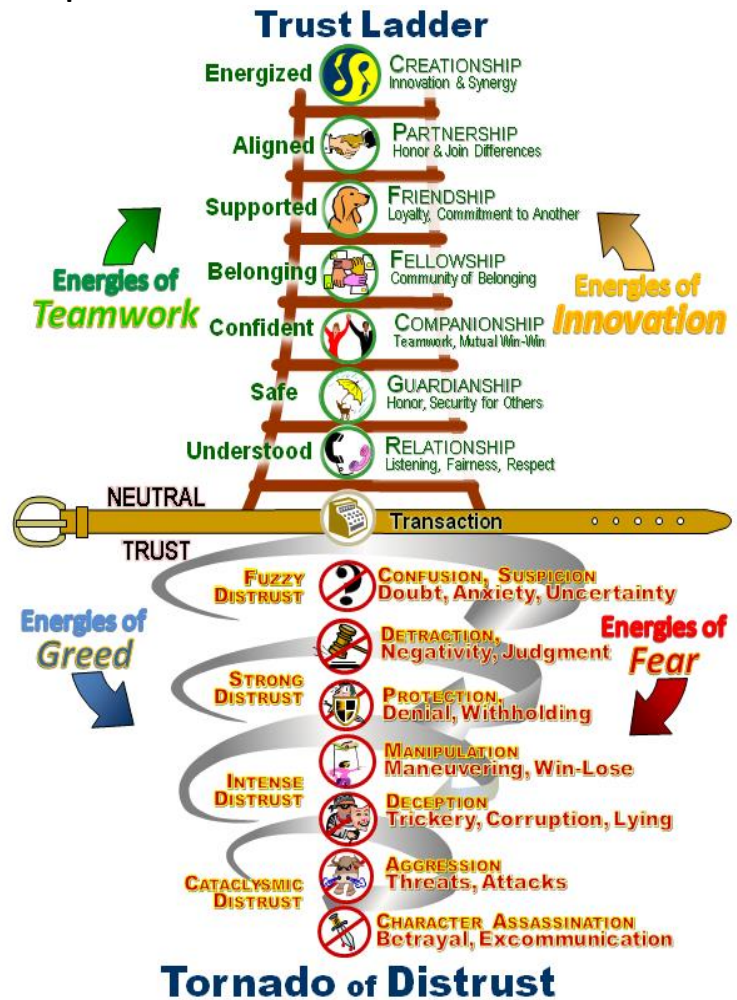
#1b: TRUST FRAMEWORK



Human Behavior Framework makes a fluid transition into the Trust Framework

Elegant and simple to use

- Trust Ladder & Tornado of Distrust -- powerful tools to create extraordinary relationships.
- Based on Breakthroughs in Neuro-Chemistry
- Includes quick and straightforward tools to assess and build Trust:
 - 8 Principles of Trust
 - Critical Operating Principles
 - How to Rebuild Trust
- Without trust (Tornado of Distrust):
 - Impossible to generate high performance teamwork
 - Very difficult to produce consistent innovation
 - Risky to attempt developing alliances and collaborations
 - Highly challenging for leader to align organization
- Breakthrough modeling to understand *Economics of Trust*, Value Creation and exactly how trust generates productivity, performance, profitability and competitive advantage.



Value Delivered

- ➔ Rapid Diagnosis of Trust Breakdowns
- ➔ Prescription to Rebuild/Sustain Trust
- ➔ Sets Foundation for Understanding How Culture Impacts Behavior

Without Trust, High Performance Teamwork is an illusion

Tornado of Distrust

EIGHT TRUST PRINCIPLES

1. **F**airness & Reciprocity
2. **A**ccountability & Integrity
3. **R**espect & Empathy
4. **T**ruthfulness, Courage
5. **H**onourable Purpose
6. **E**thics & Excellence
7. **S**afety & Security
8. **T**ransparency & Openness

#2: CULTURE FRAMEWORK



Trust Framework flows seamlessly into the Culture Framework

Enables leaders to “design” culture of the Collaborative System spawning superior high performance teamwork

Why is Culture so Important?

- Between $\frac{2}{3}$ & $\frac{3}{4}$ of all human behavior is determined by *culture* (not personality)
- Leaders are #1 determinant of culture – making Leadership the *Primary Lever of Change*, and Managers are the #2 determinant, embedding and reinforcing cultural principles into the organization.
- Culture Framework enables Leaders to spot flaws and misguided thinking immediately and take rapid corrective action
- The “**START**” Model of Culture (*Spirit, Trust, Adversity Response, & Teamwork*) is powerful, elegantly simple, and easy to unite teams and alliances.
- Collaborative Cultures:
 - Produce 25% better results (speed, innovation, adaptability, profitability, etc.) than Adversarial Cultures
 - Retain wandering Millennials who experience Collaborative Culture as “family”
 - Propel Innovation & Value Creation in a sustainable cycle of continuous advance



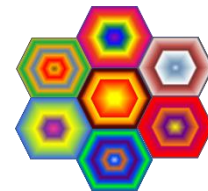
Value Delivered

- ➔ Provides both Leaders & Managers with Mindsets, Tools, & Frameworks for Building Great Cultures
- ➔ Enables Rapid Diagnosis and Correction of Culture Problems such as hiring, rewards, and measures of success
- ➔ Easy for engineers and technical people to understand
- ➔ Enables pivotal middle and upper middle management to invest their time in communicating and rewarding the mindset shift.

The idea of Collaborative Systems “Architecture” is that leaders & managers can step back, fully conceptualize the kaleidoscopic dynamics, not getting bogged down in the details of everyday “sturm und drang” (turmoil & stress), then

assess the situation from a perspective of wisdom and insight, taking corrective action.

From a practical perspective, leaders and managers can run through the 6 Frameworks like a 6-Point Checklist, evaluating which elements are missing or dysfunctional



#3: INNOVATION FRAMEWORK



Culture Framework makes a fluid transition into the Innovation Framework

Enables Rapid Adaptation in Fast Moving World

Explains how Trust can enable Diversity of Thinking to produce an “engine” of innovation running on “free fuel” – ideas

Reveals potent framework for unlocking Co-Creative Power of Cross-Functional Teams

- Builds Versatile, Multi-Pronged Innovation Engine to generate expansive Forms & Sources of Innovation to increase competitiveness
- Jump-starts innovation by identifying numerous “Triggers” that spur new levels of insights
- Engages 10 Best Processes for maximizing innovation
- Replicable and easy to understand.... Utilizes *creative inquiry* methodology to unleash hidden ideas
- Uses Creative Inquiry methodology to shift thinking to higher orders of insight
- Produces great results, in high trust, high collaboration cultures
- Transforms Diversity of Thinking, Ideas and Cultures into Massive Innovation Asset
- Uses Collaborative Innovation as a primary mechanism for Collaborative Advantage, Competitive Advantage, and Adaptation to Rapid Change
- Enables Every Employee to become a Collaborative Innovator



Value Delivered

- ➔ Sustainable Innovation “Engine” that can double innovation
- ➔ Generate New Value from Existing Resources
- ➔ Maximize Value from Alliances & Collaborations
- ➔ Sets Foundation for Value Creation & Investment Decision Making



Culture is the Hidden Competitive Weapon in the arsenal of Collaborative Excellence.

Because it’s largely invisible to all (except for those who understand collaborative architecture), it is nearly impossible to duplicate.

When the Innovation Engine is engaged, the ability of the system to adapt, morph, realign, and create new linkages is compelling.

#4: VALUE CREATION & COMPETITIVE ADVANTAGE FRAMEWORK



Innovation Framework makes a fluid transition into the Value Creation, Collaborative Economics and Competitive Advantage Framework

Profitable Economic Engine for Value Creation

- Creates high levels of Productivity
- Uses Trust & Innovation to reduce Non-Value Added Work & cross-boundary inefficiency
- Reduces Risk and Litigation by up to 30%
- Doubles chances of on-time/budget Project Delivery
- Accelerates End-to-End Value Chain competitiveness
- Turns Breakdowns into Breakthroughs
- Enables People and Organizations with Limited Resources to gain Competitive Advantage
- Value Maximization Model transforms the innovation “engine” into substantial competitive advantage – think of it as “collaborative advantage”
- Powerful Tools to generate new value (Including Trust’s Impact on Profit Assessment)



Value Delivered

- ➔ Sustainable Competitive Advantage
- ➔ Generate New Value from Entire Value Chain
- ➔ Generates 10-25% better return on human capital derived from the “triumph of small numbers” contributed from each of the collaborative frameworks



How many times have you heard some executive command a team to “Create Value?”

But have you ever thought about it in depth?

What course in Business School is dedicated to Value Creation?

For the most part, Value Creation has been an elusive dream in the pontifical mind. Our approach capitalizes on collaborative architectures to adapt and maximize value in ways adversarial & transactional systems simply cannot.



#5: LEADERSHIP & MANAGEMENT ALIGNMENT FRAMEWORK



Value Creation Framework makes a fluid transition into the Leadership Framework

Four Alignments approach to leadership is a Systems Breakthrough

Leadership has traditionally been agglomeration of styles, traits, characteristics, and habits. This level of thinking is *not effective* – it sub-optimizes talent and bogs things down.

Our breakthrough is *Reframing Leadership* as an Integrated System of Four Alignments

- Enables Leadership to set new direction & Management to drive in the new direction and spur operational, cultural and dynamic realignment implementation
- Like playing “4-Dimensional Chess”
- Fast to Implement , Easy to Learn, Rapid Returns
- Nearly impossible for competitors to duplicate
- Greatly enhances ability to create synergies – the unfulfilled quest of leaders for centuries – because synergy flourishes *Aligned Collaborative Systems*
- Guiding Framework for how to (& not to) Transform Organizations and overcome Resistance to Change
- Empowers managers to build highly effective cross-boundary collaborations, tearing down silos, and triggering new levels of innovation and productivity



Value Delivered

- ➔ Synergistic System Producing Massive Advantage & Employee Engagement
- ➔ Produces 4-Dimensional Alignment for Complex Systems and Value Networks
- ➔ Enables Teams, Cross-Functional Integration, Strategic Alliances & Eco-System Value Networks to function at a higher level
- ➔ Protects Collaborative Systems from successful attacks by Adversarial Rivals

Just as Trust is the Central Organizing Principle for Collaborative Cultures, so is Leadership the Central Aligning Principle for Complex Systems.

Four Dimensional Alignment does for a Complex Eco-System what Gravity does for the Planet – holding the many dynamic driving forces together, preventing disparate parts from flying off in a myriad of directions.



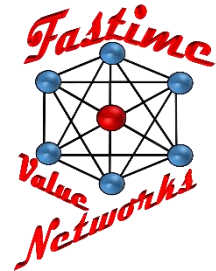
#6: COMPLEXITY & CONNECTIVITY FRAMEWORK



Fluid transition from the Leadership & Alignment Framework into the Complexity and Connectivity Framework

Today's Complex Systems are fluid, with dynamic forces intersecting with

strategic aims. Without an understanding of the way the forces interact, leaders typically resort to old, ineffective command and control methods, often turning the system adversarially in upon itself, like an auto-immune disease, foolishly turning partners against themselves, destroying the synergies that nourished them.



The Complexity & Connectivity Framework provides:

- Leaders with clear guidance and options on how to address complex projects and multi-member alliances, keeping the system aligned, balanced, & integrated
- Fluid Interaction in the Eco-System, continuous innovation & dynamic realignment
- Create Agreements & Alliances that enhance teamwork and alignment of interests
- Massive Competitive Advantage by doubling innovation flow across the network
- Provides Risk Managers with a Guidance System to assess culture, uncertainty, and alignment. lowering risk by up to 30%
- Redesign complex projects to ensure massive benefits from collaboration and avoidance of drawbacks of the Law of Compounding Interfaces/Risks
- Methods & Tools to Anticipate & Thwart Breakdowns before they happen, diagnose Compounding Risks & Fragile Breakdown Points and Turn Breakdowns into Breakthroughs
- Gain Positive Benefit from the Law of Unintended Consequences
- Utilize ISO 44001 – Collaborative Business Relationship Management – to build high performance Value Networks



Value Delivered

- ➔ Multiple Applications in a Wide Variety of Complex Organizational Systems
- ➔ Prevents poor decision-making and mis-diagnosed Cause & Effect relationships.
- ➔ Significantly increases success rates of teams, projects, turnarounds, alliances, and organizational transformations.
- ➔ Enables Value Networks to function within internal organizations & entire value chains
- ➔ Produces the “elusive” Synergy that has been the quest of competitive advantage by aligning diverse and opposing energies which can be transformed into insights and innovation, speed, and rapid adaptation.

Part 5: Value Proposition

Most companies that lose their competitive edge don't suffer a cataclysmic death – they fade away from slow erosion of spirit and creeping corrosion of their essential drive to win.

Inspiration is replaced with perspiration, then exasperation, finally exhaustion.

When measured, this erosion and corrosion certainly manifests in the bottom line (which is actually a poor *lagging indicator* of what are more significant leading indicators) – usually spread across the spectrum of organizational functioning.

This erosion and corrosion is typically a creeping incremental decline, known as the “Tyranny of Small Numbers”

The Rationale & Value Generated by the Collaborative Shift

Shifting and transforming a company, particularly a very large one, is a massive task for CEOs, particularly because there are so many moving parts, people, processes, and imbedded thinking. Unless a company is in bankruptcy and needs an instant turnaround, a more reasonable collaborative strategy is called for.

The Collaborative Excellence strategy and value proposition aims at restoring vitality and shifting the very foundation of Competitive Advantage creating a supercharged competitiveness through Collaborative Advantage – the capacity to align entire organizations and value chains with the power of Collaborative Excellence.



This is done through the “*Triumph of Small Numbers*”

Collaborative Excellence -- Alliance 4.0 -- The Game Changer

Here's how it works:

Each of the Six Frameworks produces at least a 3%-5% advantage, which accumulates to 20% or more.

We've tested this in real life, in hundreds of case studies, in over a dozen industries, with data from client engagements, third party experiences, and personal anecdotes.



In complex organizational systems where integration of functions is essential, where speed is critical, and where change is rapid and/or uncertain, a collaborative system producing real synergies is paramount.

Productivity losses in non-synergistic systems (e.g. *Transactional & Adversarial*) are far too high, and tend to be crushed by rivals who bring a more collaborative strategy into a market. This is what happened when Toyota and Honda (both highly collaborative) challenge GM and Ford (both overly transactional and adversarial). This is easily measured in terms of Non-Value Added work, escalating costs, and customer dissatisfaction.

For example, in one major North American healthcare system, our team measured the amount of non-value added work. The system was fragmented, showed little collaboration across functions, had proven to be highly resistant to change, and costs were rising extravagantly.

The system's culture would rate somewhere between *transactional* and *adversarial*.

It's not coincidental that the amount of Non-Value Added work (as measured by the amount of actual work that contributed directly or indirectly to the Patient's Health) was an extraordinary 94%!

Conversely, the Mayo Clinic is highly collaborative, produces the highest cure rates, lowest cost-of-delivery rates, shortest times for recovery, and highest customer satisfaction.

If you want to do a quick mental test the assertion whether *collaborative* systems are far more efficient and productive than their *adversarial* and *transactional* counterparts, just assess what happens to Utility Companies during a major emergency.

Everyone works together, cumbersome hierarchies emulsify, assistance teams cross state borders, decisions are made on site, equipment shows up without bureaucratic requisitions, safety considerations prevail over union rules, everyone works together talking across functional divisions, lawyers get out of the way, government regulators stop being a pain in the butt, and decisions are made in a tenth of the time. Employees comment that they often get more done in a week during an emergency than in a year in normal conditions.

Below are areas where Collaborative Excellence will demonstrate significant impacts:

- Recruitment of Best People
- Flexibility/Adaptability
- Cross Functionality Integration
- Increased Communications
- Increased Trust & Teamwork
- Increased Employee Retention
- Increased Problem Solving
- Increased Innovation
- Increased Speed & Flow
- Increased Value Creation
- Increased Operational Performance
- Increased Productivity
- Continuous Cost Reductions
- Lower Supplier Transaction Costs
- Lower Employee Turnover
- Higher Millennial Generation Retention
- Stronger Commitment to Best Practices
- Better Quality Upgrading
- Continuous Improvements
- Future Strategic Positioning
- Productivity & Training
- More Investment in R&D
- Risk-Reward & Value Sharing
- User Friendliness
- Better Information Sharing
- Stronger Customer Retention
- Better Customer Service
- Increased Alliance Success Rates
- More Rapid Market Penetration
- Quicker response to Competitive Threats
- Better, More Integrated Solutions
- Decreased Risks & Breakdowns
- Mining Value from Eco-System Partners
- Positive Outcomes from the Law of Unintended Consequences (Law of Serendipity)

All translating into two sustainable, regenerative, long-term line impacts: **Competitive Advantage and Bottom Line Profitability**

Collaborative Excellence is not another new “Management Flavor” of the month, it’s been a top-of-mind quest for decades.

Applications of Collaborative Excellence Architecture



However the quest has been extremely difficult to sustain when senior executives move on.

The Six Frameworks in the Collaborative Excellence Architecture shift the quest to a new level that takes collaboration from a state of “intuitive reckoning” to a systems design that is replicable, adaptable, sustainable, and leverageable across a very wide variety of situations wherever complexity and connectivity is required for long-term success.

Part 6: Road to the C-Suite

After two decades of excellent professionalism, we must deal with the reality that alliance professionals have generally not risen to C-Suite levels.

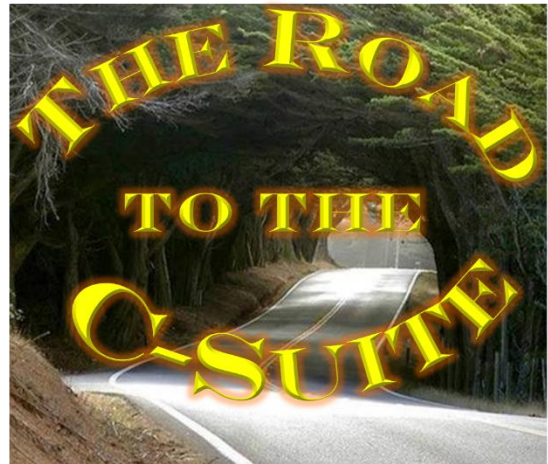
Doing more of the same, expecting a different result is foolhardy.

Upward mobility will depend on expanding the value we can produce for our companies, not just for our alliances.

In the nearly twenty years since the founding of the Association of Strategic Alliance Professionals (ASAP) the world has embraced alliances, collaboration, and interconnected eco-systems as normal and valuable.

Two decades ago, the word “alliances,” used to be shunned and scorned; now it’s embraced, cherished, and endorsed.

Why, then, are we -- the strongest advocates of alliances -- not seeing more C-Suite recognition for Managing Alliances?



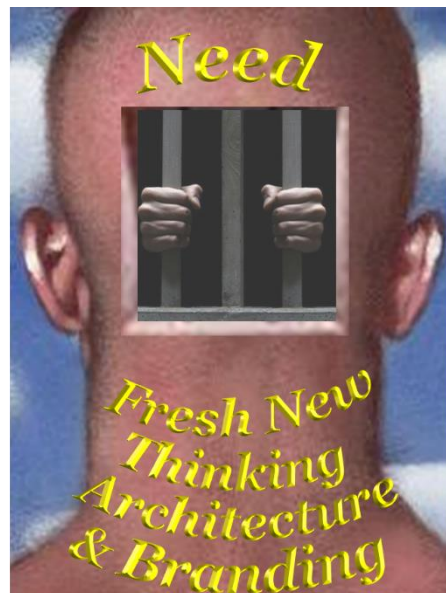
When we founded ASAP, the vision was the alliance profession would be a natural path into the senior leadership team because of the multi-dimensional thinking, strategies, and insights our mindsets and skillsets brought to bear.

We were wrong. We underestimated the resistance and overestimated our ability to communicate our value after we produced great results.

Why we are Stuck

Generally, as Alliance Managers we’ve been:

- Too Tactical – we need to be more strategic and focused on sustainable competitive advantage
- Too Cost Driven – we need to be more articulate about how we create more demonstrable value
- Too Transactional – we’ve been trapped in this line of thinking since our founding, which has sub-optimized the real power of collaboration



- Too Muddled – we constantly get trapped in the swirling vortex of conflicting and misaligned business philosophies (*Adversarial vs Transactional vs Collaborative*)
- Too Protective – among other professions and functional specialties, we are too protective, isolated, and marginalized.
- Too Managerial – while management is an essential factor in stable operations, there are times when leading and championing is the cutting edge that must be used to cut through the clutter of fuzzy thinking.

Remastering our Future

All-too-often Alliance Professionals are pigeon-holed on fringe of corporate structure, where our talent has been sub-optimized.

We must become *Masters of Collaboration* bringing new levels of value to stakeholders.

We must *migrate/imbed Collaborative Excellence and our new messages in centers of power*

We must be welcomed everywhere complexity requires trust and teamwork – every project, department, cross-functional team, supply chain, as well as alliances

We need to change the way people think about Collaboration itself, and the blockages they have. The changes required to move to a higher level are “Elevations of Thought and Action” – a leadership challenge we must meet.

Control is still a big issue; lawyers and finance are the guardians of risk and the bottom line -- the controllers of corporate decision-making. Nothing is inherently wrong with their roles, but we need to address the fact that, at the current level of thinking, Legal Agreements & Financial Controls do not create successful collaborations. We must be able to demonstrate a way to REDUCE RISKS by Collaboration (this is much easier than it sounds).



The Game Changer Strategy requires shifting to a more powerful stance

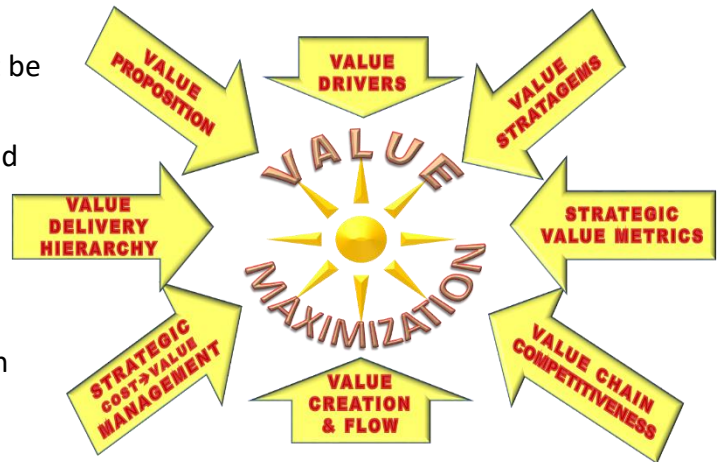
- From Alliance Management → Collaborative Leadership
- From Best Practices → Collaborative Systems Design
- From simply Operational Performance → Strategic & Competitive Leverage
- From Cost → Value Creation & Risk Reduction

Value Delivery & Risk Reduction

We must demonstrate that *collaboration* delivers more value and reduces risks far better than *adversarial* or *transactional* tactics wherever complexity reigns.

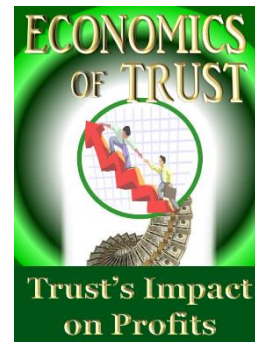
Our business colleagues must see us as far more than alliance Professionals; we must be regarded and positioned as Value Creators, Value Deliverers, and Value Maximizers.

Value Maximization is a Discipline – an integration of key value elements. It must be part of your team’s core thinking – and mastered by senior management. It should have been part of Business 101 – so anyone who is just “good” at Value Max Thinking is better than everyone else.



The value can be achieved rapidly through the *Economics of Trust* which produces significant Increases in Productivity & Profitability from its leverage upon:

- Increases in Speed & Flow
- Increases in Innovation & Problem Solving
- Reduction in Non-Value Added Work (Lean)
- Reduction in Breakdowns @ Interfaces
- Reduction in Job Turnover & Disengagement
- Increases in Simplicity, Synchronicity & Synergy



The *GAME CHANGER STRATEGY* means alliance professionals:

1. **Become COLLABORATIVE SYSTEMS Orchestrators**
Symphony of Synergies -- Not Just Alliance Professionals
2. **THINK, SPEAK & DESIGN Differently – Shift THE Architecture**
Advocate, Champion, Demonstrate the Collaborative Imperative
3. **Show LOWER RISK, HIGHER SUCCESS, GREATER PROFIT**
through Collaborative Strategies, Culture, Operational Best Practices
4. **Demonstrate VALUE & COMPETITIVE ADVANTAGE**
that is MEASURABLE that becomes MONEY
5. **Interact with POWER CENTERS in your Company**
Understand Transactional, Deal Mentality - *Shift & Elevate* Game of Business
6. **EDUCATE, BUILD TRUST & BUILD CAPABILITIES**
in the New ARCHITECTURES – people must feel stronger as a result

Part 7: How to Implement Collaborative Excellence

Putting the Six Core Frameworks of the Collaborative Excellence Architecture into organizations is not as simple as writing a book about it. Studies show that people only retain a small portion of what they read (and fewer people are reading anymore). This problem of learning is accentuated where a paradigm shift is involved, because it requires a shift in thinking, mindsets, attitudes, conceptions, and skills.

Three things need to be in place for a paradigm shift to occur successfully:

1. **Clear, compelling “architecture”** can be conceived, communicated, and operationalized that produces significant improvement/value over the old paradigm.
2. **Effective methodology** is in place for the new paradigm to be *learned* by normal people with reasonable intelligence. This must be a simple *immersive learning* and *action-planning experience* that can be easily scaled/adapted to a broad set of applications.
3. **Critical mass** of leaders and managers to learn the new system together (as a team) in order to communicate to others in the organization, implement successfully, and self-correct if the results are not up to par. Long-term dependence on outside consultants is not advisable – the capabilities must be imbedded internally to be sustainable.

The most effective methodology is delivered in Five Steps: ¹⁴

Step One: Executive Briefing & Planning– No initiative of this importance can start without Senior Sponsorship and Leadership Team buy-in. They must be briefed on the content of the material, and have sufficient understanding to be able to act as sponsors and champions. Because the organizational language and thinking will shift, senior leaders must be able to conversant, skilled, and ready to lead the charge.

The outcome of the Executive Briefing is to develop a plan for implementation, with emphasis on target sections within the organization where internal champions already exist and the initiative is most likely to succeed – producing “quick hits.”

Step Two: Diagnostic Health Check – Before launching a program, it’s essential to do a health check assessment the organization to determine base-line issues, pinpoint critical areas needing special attention, customizing the approach, and being sure to retain key strengths upon which to build a program.

Once the assessment is complete, it’s vital to feed-back the data, first to senior management and then to those who took the survey to get their input/buy-in, then aim at engaging those affected by the change in developing an action-plan for corrective achievement.

¹⁴ Note: Installing Collaborative Excellence Architecture can be initiated in small or large scale. Any implementation would benefit by understanding [Organizational Transformation](#)

Step Three: Immersive Learning Labs/Workshops which *both teach and practically apply* the Collaborative Excellence Architecture, addressing real day-to-day objectives, strategic initiatives, and imbedding capabilities in your organization.

Step Four: Establish Pilot Projects that produce quick results to reinforce the value of the Collaborative Excellence program. This provides measurable evidence and core learning for wider applications.

Step Five: Train Internal Capability Builders from the corps of internal trainers, onboarding specialists, and HR/OD professionals to ensure the program is institutionalized well into for the future.

Immersive Learning -- Multiple Versions Available

The pivot-point for launching a Collaborative Excellence Initiative is the Immersive Learning Experience for essential leaders and managers, augmented by videos, written materials, podcasts, webinars, and other supplemental materials.

We know that people learn three times better when they are able to apply their learning to real-life circumstances, problems, and opportunities. For this reason we have designed a 2-day intensive Master Course in six versions for:

- Senior Executives & Emerging Leaders
- Finance & Risk Managers
- Acquisition & Alliance Professionals
- Engineering & Science Professionals
- Supply Chain Professionals
- Human Resource Professionals

80-20 Rule: Each version is designed such that 80% of the core architectures are common to all versions – enabling different professions to communicate fluidly with each other. For each version, 20% is custom tailored to the unique context of that profession, using examples each profession can relate to.

Because the Learning Program Design aims at immediate application, rather than use a preponderance of case studies, the participants will apply solutions to their own real-world issues – a real life case study.

We strongly urge leaders to bring teams to the sessions to ensure a critical mass they've of dedicated practitioners can introduce Collaborative Excellence as an orchestrated initiative in a company, team, or alliance.



Advanced “Deep-Dive” Workshops

While the 2-Day Master Course is designed as a robust Immersive Learning Experience, we recognize that many professionals will want significantly more advanced understanding and application. For this reason we have additional workshops:



Value of the Immersive Learning Experience

- We will be using the most impactful world-class adult learning methodologies.
- You will gain insights, frameworks, language, and tools in an intense 2 day session. However, your head will not be force-fed with too much information too fast (the “fire-hose” approach). You will have time to discuss in your teams, figure out the best application pathway, and work out difficulties and obstacles.
- We focus on building your capability to perform in the crucible of action.
- We encourage you to bring several members of your implementation teams to enhance your ability to have a higher impact via a stronger critical mass.
- The sessions are in “workshop” format, meaning you will be applying your learning to real life situation in real time. (Note: this is significantly different from a seminar format which focuses on discussion, but does not aim at building leadership & action capabilities.)

Customization:

- **Internal Teams & Alliances:**
If you wish us to bring a the Collaborative Excellence program directly to your organization for your team and alliance partners, we are most willing to work with your leadership
- **Independent Advanced Modules for your Team:** If one of our advanced workshops is particularly important to your organization's situation, we will help design and deliver one or more modules to your internal teams and alliances, as long as the participants have taken the prerequisite Master Class.

If people can't immediately apply something they've learned, three weeks later they will have forgotten 80% of what they learned.

However, if they can apply learning immediately, they remember 80% three weeks later.

That's how we measure value.

Diagnostics & Support:

- We can provide diagnostic surveys prior to your sessions to ascertain base-line profiles, then feedback this data to your leadership teams, and examine post-learning results to validate our value proposition.
- We can provide coaching support to you or your teams between the program sessions or after the program for follow-up support.
- Upgrade your internal training and change management teams with the new *Game Changer* strategy.

Few organizations (or people) ever produce more than 50% of their potential.

This is because most organizations are complexified with muddled leadership, misaligned functions, wasted time and energy, useless non-value added work, misconceptions about human behavior, conflict, turmoil, strife, and misguided understanding about how value is really created.

Our Systems Architecture aligns beliefs, ideas, evidence, and best practices into collaborative interactions that produces excellence – concrete results: competitive advantage, productivity, performance, and profitability.

Appendices

For Advanced Thinkers (these were the out-takes from the original draft)

Appendix 1: Paradigm Shifting

Appendix 2: Culture, Leadership, & Economic Frameworks

Appendix 3: The Nature of Architecture

Appendix 4: Brain as a Pattern Recognition & Prediction Machine

Appendix 5: Twelve Standards of Architectural Excellence

Appendix 6: Curse of Muddled Models

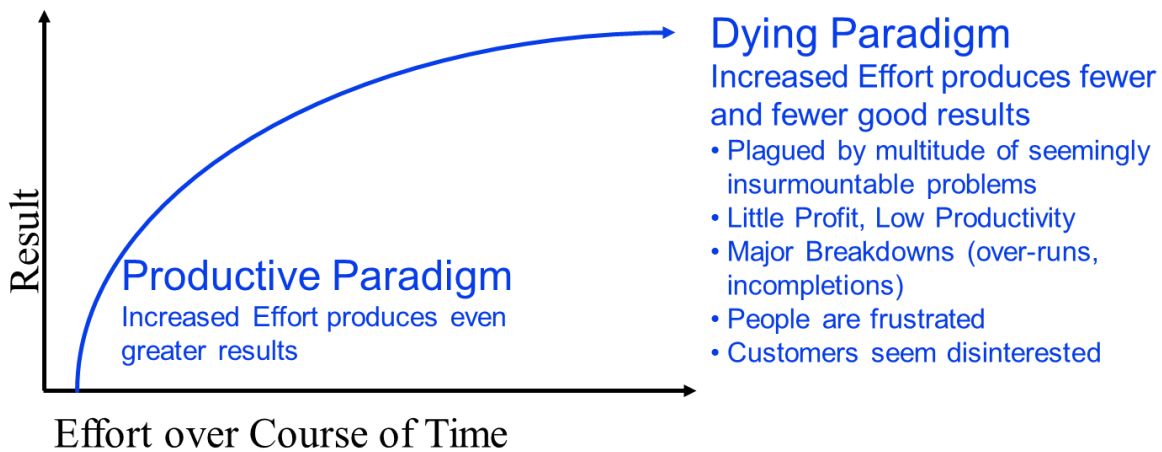
Appendix 7: Immersive Learning Experience

Appendix 8: Lean Management Example

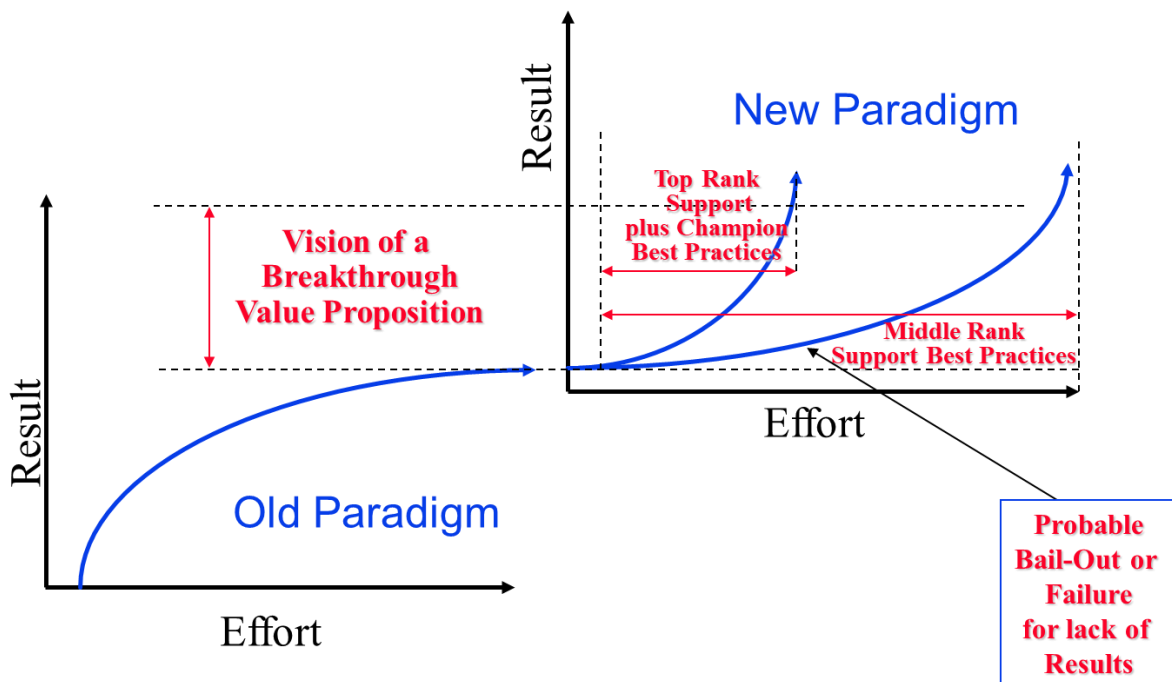
Appendix 1- Paradigm Shifting

How to Know a Paradigm is Broken or come to the End of its Life Cycle

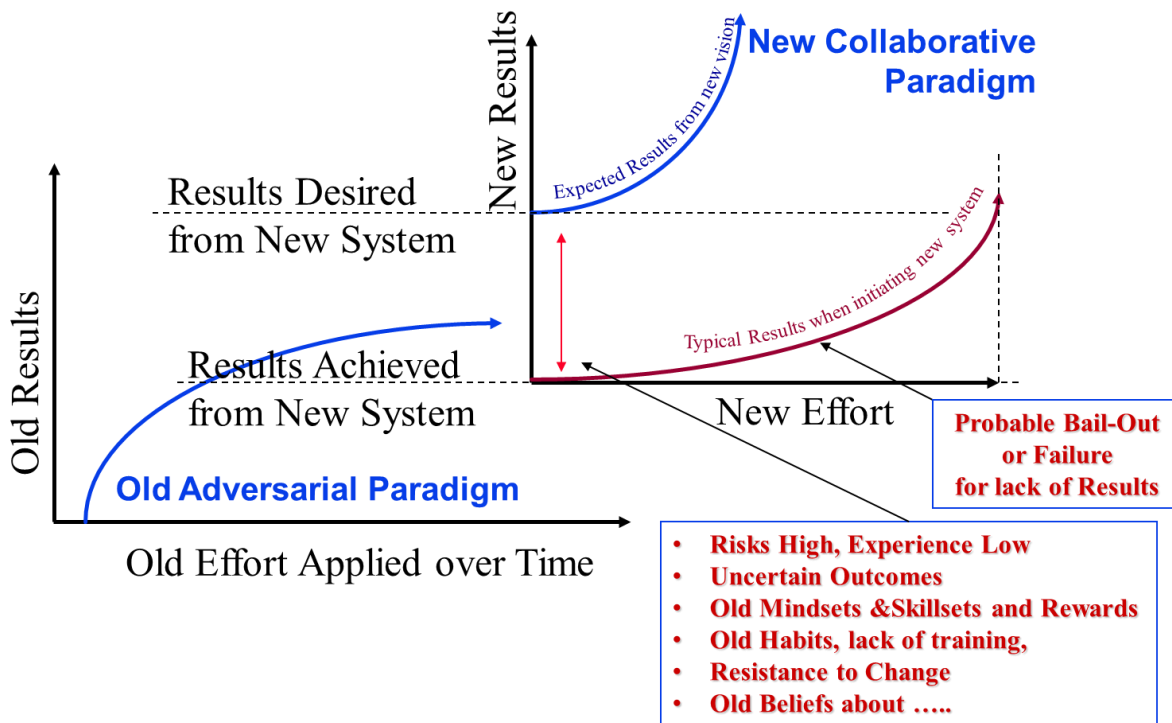
Symptoms of a Dying Paradigm



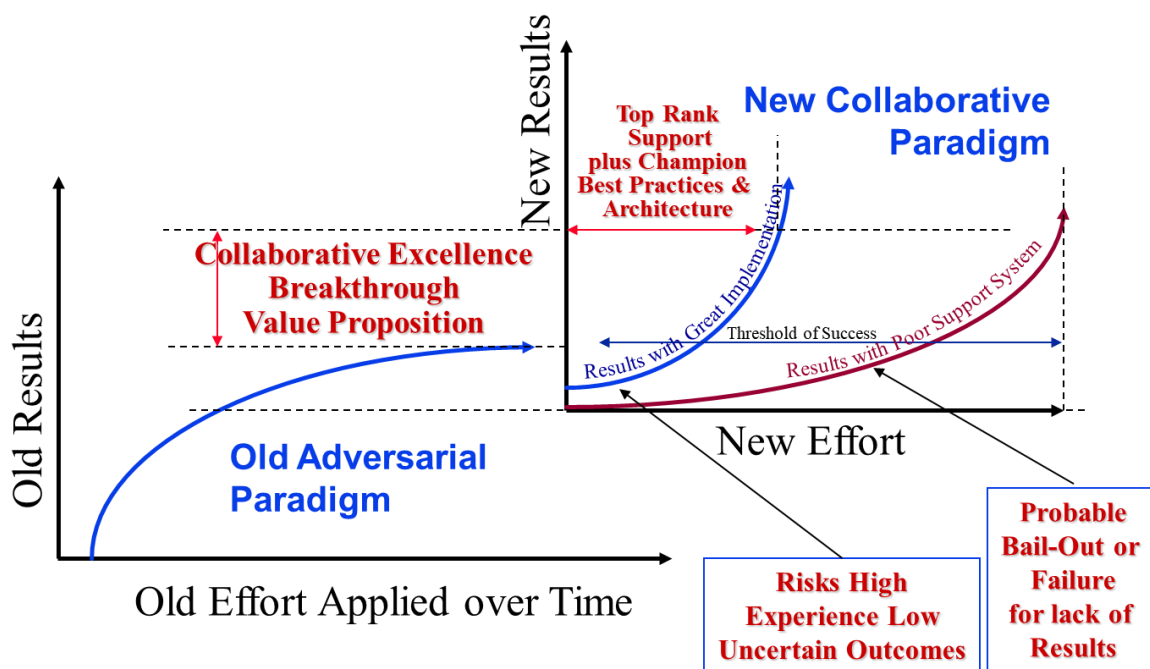
Shifting Paradigms



The Difficulty in Shifting Paradigms



Shifting Paradigms



READINESS FOR A SHIFT

When great intentions yield mediocre results,

When the tried-and-true ceases to work,

When every attempt to fix things

is met with frustration and failure....

Then probably your life cycle's design

has reached its limits,

And the paradigm is ready to shift.

Opportunity is present,

Creative vision is called for,

And bold action in new dimensions

is the nature of things to come.....

Appendix 2 – Three Culture, Leadership, & Economic Frameworks

Table 1: Three Basic Styles of Culture & Leadership

| | Adversarial | Transactional | Collaborative |
|---|---|---|--|
| Key Beliefs | Business is a "Psychological War Game;" Winning comes from Power | Trading, Bargaining, & Differential Views on Value Produces Economic Exchange | Extreme Value is Generated when people work in teams to Push the Envelope on Performance |
| Behaviors | Argumentative, Money Rules, Use Age, Experience, Position or Budget to get your way, "dog eat dog" | Squeezing & Positioning enables you to get the best result in Negotiations, throw a bone to sweeten the deal | Co-Creative, Teamwork, Trustworthiness, Highly Ethical & Honest; Maximize what's in the best interests of the whole |
| Rules of the Game | Pressure others; Winning is a result of Cunning & Craftiness; Hype your importance; Protect your backside; Don't Trust Others or you will get screwed; Everything is Win – Lose | Take advantage of every opportunity, Exploit weaknesses; Timing is critical; Perception is everything; Trust but verify; Use lawyers to ensure protection; Everything is a "deal" | Create value & competitive advantage by using Teamwork (internally) & Alliances (externally). Close integration between operating units, suppliers & Close attention to customers/client; Strive for Win-Win |
| View about Risk Management and Creating "Synergy" | Synergy is an impossible dream, (don't even think about it.). Manage Risk with tough contracts & tougher legal team empowered to litigate. Squeeze your vendors, manipulate your customers. | Synergy is derived from High Efficiency. Competitive Advantage & Profit comes from low cost of production. Risk Management, insurance, & risk shedding to limit losses. | Synergy is a result of high levels of trust, teamwork, and alignment of goals & values. Use high trust & teamwork to reduce risk. Work together to eliminate non-value added work. The biggest risk is failure to adapt & innovate to emerging risks and opportunities |
| Value Proposition | Minimum Required to Close a Sale; Squeeze vendors in supply chain; Buy Low, Sell High | Competitive Price, Acceptable Quality; transact through supply chains | Performance Excellence thru Value-Networks, Good Price, Speed, and Innovation |
| Framework for Negotiations | Winning is essential for me; I get more if I push, squeeze, and threaten to ensure I leave nothing on the table. I'm stronger if you're weak | What happens to you is your business. Long term relationships are only the product of me getting what I need/want. Switch suppliers to get best deal. | A Win/Win is essential to create productive long-term relationships to mutually thrive. Use our different needs & perspectives as the source of collaborative innovation. |
| Competitive Advantage | Gained from Size & Money | Gained from Proprietary Information & Bargaining | Gained from Value Co-Creation Teamwork and Sharing |
| Information Sharing | Horde Information – It's power – others can't be trusted to hold it | Limit sharing of information, consolidate info at the center of power. | The more information people have in the field, the better they can decentralize decision-making and innovate quickly. |
| Trust Level | Distrust, Deception, Aggression, & Manipulation Prevalent | Caveat Emptor (buyer beware) Trust is elusive and unsustainable | Trust is essential to generating a continuous stream of new value |

Seldom are the lines delineated as clearly as defined above – many organizations will demonstrate a broad mixture of pockets of all three. Similarly, leaders may create a muddled style of leadership, mixing and matching a wide variety of often contradictory beliefs, methods, rewards and measures, creating muddled results.

Appendix 3 – The Nature of Architecture

Levels:

There are essentially for “levels” to examine any system, from the high level to the down-to-earth:

Architecture is a series of design frameworks, principles, methodologies, and interconnectivities uniting a system’s components into a functional, synergistic whole.

1. Architecture: A Systems Design that provides a conceptual pattern or framework, alignments of subsystems, balance of forces & needs, integration of functions, and capacity for reconfiguration as needs change.
2. Model: a part of a System that gives working insights into how something might function.
3. Process: A series or string of practices that will produce an intended result. It might be devoid of context – Why Lean Management normally fails
4. Practice: An action that as a high likelihood of producing a positive result, especially when used within the right/complementary architectures, models, and processes.

What is Systems Design Architecture?

- Holistic/Comprehensive addressing complex interconnects.
 - Requires Alignment, Balance, and Integration of the components
Requires people and methods to Align, Balance, and Integrate
- Architecture means a design framework and methodology that *Connects Disparate Functions into a Synergistic Whole*. The energies and internal forces of the component parts must function better in a system than independently.
 - Synergy is difficult to manifest in adversarial and transactional systems, but more likely to flourish in collaborative systems -- that’s why culture is so important.
 - The energies and internal forces of the component parts must function better in a system than independently.
- Good design architecture is replicable, diagnosable, measurable, remediable, and alignable, replicable, adaptable, scaleable, duplicatable, leverageable, and integrated
- Good Architecture embraces:
 - Functional Performance
 - Inter-functional Integrations, including human interfaces
 - Governance (control) & Structure
 - Stress & Load Factors
 - Risk Management
 - Design & Beauty
 - Specifications & Requirements

Great architecture should be:

- simple at the surface, and then progressively inwardly intricate.
- logically rational,
- ethically solid,
- emotionally satisfying,
- replicable and scaleable,
- contains key factors and preconditions for success
- diagnoseable when something is awry,
- predictive and prescriptive,
- standards of excellence with clear breakdown & stress criteria
- can be integrated with other similar architectures
- lowers risk and increases returns/rewards,
- definitively distinguishable and different
- actionable with clear processes & practices
- produce better results than lesser alternatives,
- open for improvement , dynamic adaptation, and innovation over time.

Collaborative Architecture enables a team to design, integrate, and maximize synergy, making things fluid and seamless.

- Enables large numbers of people to shift from *Tactical, Transactional, Hierarchical* thinking to *Collaborative, Trust-based thinking and behaviors*.

Why is a New Order of Proficiency Needed?

- Value Networks are emerging in the Eco-System as the natural evolution of needing solutions to complexity required beyond bilateral (1+1) alliances
- Value Networks embrace a **quantum jump in complexity** with multiple partners and complex integrations to adapt to change, engage in massive leaps in innovation and create sustainable improvements in competitive advantage.
- This, in turn, demands an *exponential increase* in Collaboration to succeed.
 - Requiring Proficiency in Collaborative Systems Excellence
- The nature of Complexity requires far more than the Best Practices that underpinned prior versions of alliances (Generations 1.0-3.0)
- Being successful at Collaborative Systems embraces, but requires more than Alliance Best Practices and major changes in understanding risk. While Alliances can be *managed* with Best Practices, Value Networks must be *led* with *Collaborative Systems Architectures*.

Has this been field tested?

- The EcoSystem Architecture is actually not that new.
 - Deployed at Chrysler from 1992-98 with massive success – it was called the Collaborative Enterprise.
 - Supply Systems at Toyota and Honda have used it for years with massive competitive advantage
 - Mayo Clinic has used it for over 100 years with 25% better results than Transactional Health Care
 - It's been tested in High Tech & Pharma internationally.
 - Used to rebuild the Santa Monica Expressway



International Collaborative Leadership & Innovation Institute

Appendix 4 -- Brain as Pattern Recognition & Prediction Machine

Brain seeks to find meaning in everything it processes. The search for meaning often begins with the brain's pattern recognition mechanism. It wants to see something holistic, complete upon which the brain can then predict the outcome and take appropriate action. Think of why we watch the weather report before going to bed or upon arising in the morning – we need to see the weather pattern, understand the prediction, and take appropriate action in the clothes to wear or the time to get to work. The brain wants to understand safety issues, risks, certainty, enjoyment, difficulties ahead.

Architecture integrates patterns in the mind which are supported by belief systems – patterns become paradigms, belief systems then frame future patterns and paradigms.

Architecture is the design framework into which the brain integrates its pattern recognition and prediction processes.

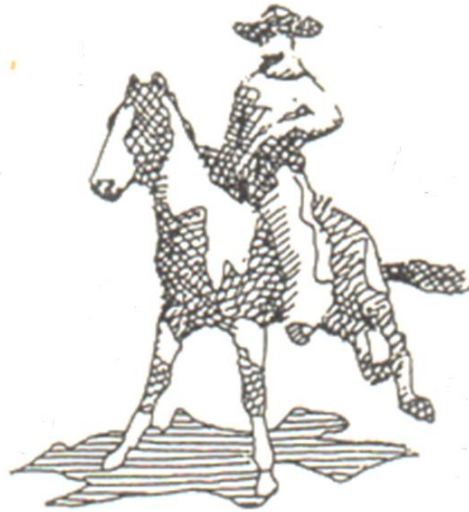
The brain abhors a “blob” – an incomplete, incongruous, abnormal, ambiguous, or contradictory pattern. When it sees such a blob, the uncertainty will either register as something not valued and disregarded, or something dangerous to be feared.

To understand the nature of Pattern Recognition and its relationship to “architecture” of anything, look at this first picture:



What does your brain recognize? What is your brain trying to do with this seemingly unclear pattern? Do you feel a sense of anxiety, confusion, and perhaps even distrust as you look at this picture? Or do you just discount the whole set of blobs as irrelevant or inconsequential?

Now look at the picture on the next page. What patterns does your mind now recognize?



Yes, it's a picture (symbol) of a cowboy riding a horse. This pattern recognition is the basic "architecture" the brain was trying to find in the first picture. There are actually three "sub-architectures" in this depiction: Horse, Cowboy, and Shadow.

Do you feel a sense of relief that the ambiguity and uncertainty is gone? Do you have a heightened sense of security that the pattern doesn't represent a threat? Does the image have more utility?

Leaders must be able to communicate their messages through simple brain recognition "maps" – which we call "architecture" – the inherent design of something that we can relate to, connect with, and trust.

*Just as space abhors a vacuum,
the brain abhors a confused pattern.*

*Patterns are needed to enable
Predictions to guide our actions*

Appendix 5: Twelve Standards of Architectural Excellence

TWELVE STANDARDS FOR

During our assessment of Best Processes and Best Practices, we apply stringent standards to ensure the quality of the outcome.

- 1) **Applicable:** *Is there a clear “flow” of the practices in an orderly or rational sequence? Does the principle or practice have applicability to nearly all situations, regardless of industry or culture?*
- 2) **Actionable:** *Will the principle truly work in practice, or is it just nice theory? Are the Actions clear, concise, and linked to the practice, principle, or process?*
- 3) **Understandable:** *Can this principle or process be simply communicated to those involved?*
- 4) **Verifiable:** *Can we clearly observe the changes when the principle or practice is put into place?*
- 5) **Measurable:** *Is there a method of measuring this principle's/process' effectiveness in action?*
- 6) **Controllable:** *Will the principle enable more effective control of direction, intensity, speed, etc of the alliance?*
- 7) **Diagnosable:** *Is it clear what “not to do?” When there is a problem, can we see the problem clearly, do we have a way to recognize the misapplication of the principle/process?*
- 8) **Prescribable:** *If an element is missing, can the principle/process be injected into the system to cause a cure?*
- 9) **Replicable:** *Can we recreate a positive result, time and again?*
- 10) **Trainable:** *Can operational managers successfully acquire the skills and knowledge required for implementation?*
- 11) **Valuable:** *Is the principle/process really essential, or merely a superfluous nicety?*
- 12) **Predictable:** *Can we foresee, in advance, the positive or negative results? Are there ‘preconditions’ for success needed in advance of a program launch?”*

Appendix 6: The Curse of Muddled Models

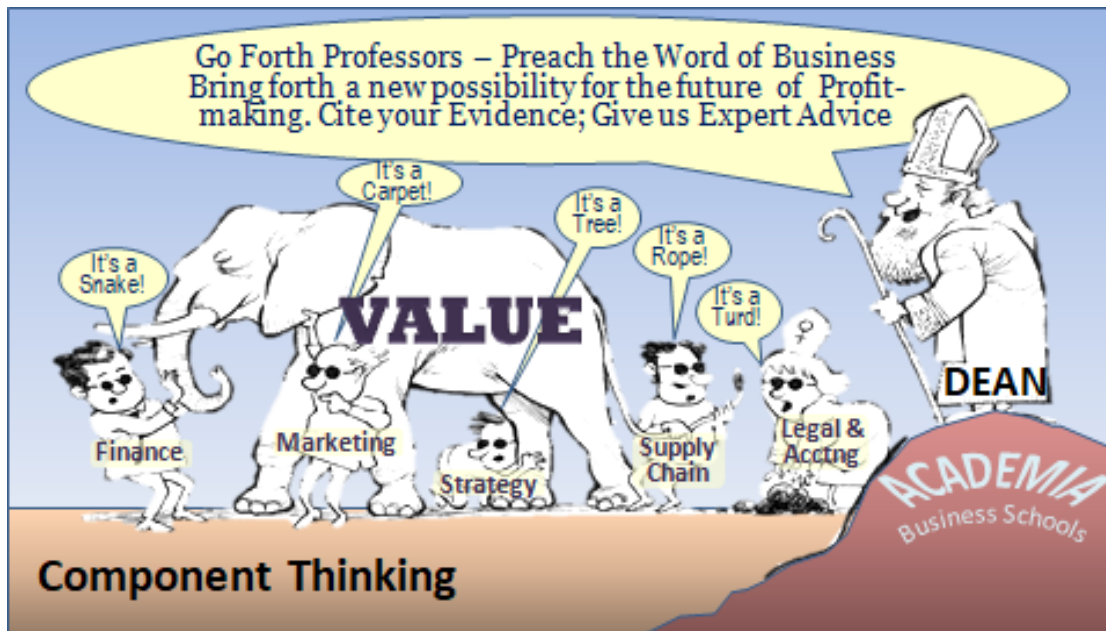


Figure 15: Fragmented Subject Matter Expertise

Muddled Modeling & Component Thinking

The greatest difficulty in implementing Collaborative Systems Excellence is the massive “installed base” of muddled thinking, fragmented models, and fractured component expertise thrown at decision-makers every day by business schools and subject matter experts. Typically they smatter the brain’s pattern recognition system with ideas that have not been integrated into a system, or are actually contrary collaborative excellence. When ambiguity and uncertainty lies ahead, leaders all-too-often turn to their “palace guard” (i.e. lawyers and accountants) who, in the name of safety and protection, impose strictures and constraints that inadvertently trigger the corporate auto-immune system against itself.

When fractured subject matter experts create their own proprietary models, they actually increase the chasms between concepts and best practices, producing monstrosities of design that look like Figure 6.



The Mating of a Chicken, Frog, Worm, Shark, & Butterfly doth not make an Eagle.

Figure 16: Results from Lack of Systems Integration

Appendix 7: Immersive Learning Experience

Because of the “installed base” of legacy thinking and muddled modeling imbedded in the minds of so many leaders, an intense re-framing learning journey is essential. A “smattering of this and a tweak of that” is simply unproductive.

Learning Collaborative Excellence requires, at least for Leadership Teams, an Immersive Learning Experience. The re-learning journey has three fundamental components: the “Three A’s” (see Figure 7)

1. *Awareness* explains WHY something is so important
2. *Architecture* provides a logical framework of WHAT the system looks like
3. *Action* tells us HOW to produce great results.

This is the way the mind learns.

Each and every module in the Workshop Program is designed with this Triple A Learning Loop

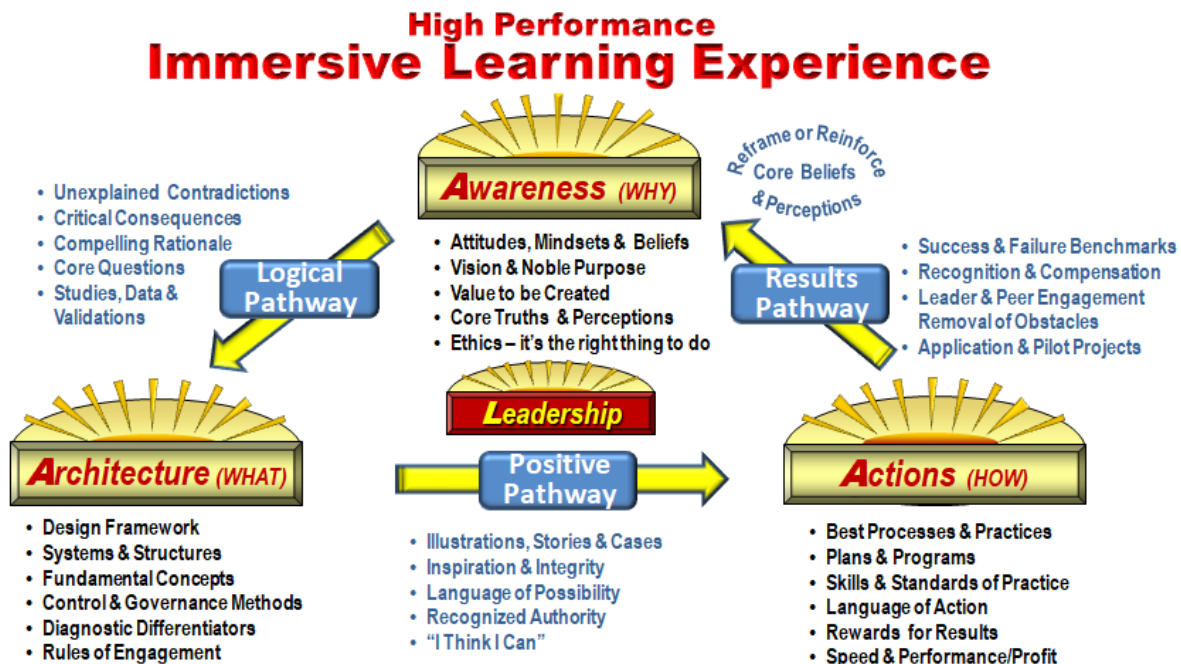


Figure 17: Triple A Immersive Learning Experience

What’s Unique from Other Programs?

What’s makes this program different from all the others I’ve attended?

First, most likely all the programs you’ve attended in the past were fragmented – you received advice and models from one authority that did not integrate their model with another authority. Thus you had to create a patchwork of frameworks, methods, and mindsets that may not really have created synergistic impact with the other models.

We have ensured that our models and frameworks all fit together seamlessly, so that one framework elegantly dovetails into the next.

We believe this to be the first fully integrated collaborative systems excellence program ever delivered.

Second, all too many management and business schools amalgamate a pastiche of strategies and methods, some of which are *adversarial*, some *transactional*, and others *collaborative*.

We have fastidiously ensured that all our approaches capitalize on creating a collaborative system – all the way from the neuro-chemistry of the brain to large-scale organizational transformation.

Third, our workshops integrates scientific studies with the wisdom of the ages, along with best practices, tested operational strategies and universal fundamentals of human behavior a holistic, integrated, easy-to-use architecture that will culminate in a revelation that will show you:

- What really causes humans to act the way they do
- The best leadership methods that will produce highest performance
- What causes people to distrust, fight, and destroy each other
- How trust is actually hard-wired into the brain's DNA and how to access it quickly
- How to build a world of trust and avoid the traps of guile and manipulation
- How to align teams on a common goal
- How to create synergy and unleash innovation

How to spot the untrustworthy and limit any damage they might do.

Because our approach begins at the universal level of human behavioral trust-building, it helps transcend and transform cultural differences.

What you learn can be (and has been) used in a wide variety of cultures across the globe.

Appendix 8: Lean Management Example – Trust is Essential

A foundation of trust is essential to enable the full range of potential positive outcomes.

For example, Lean Management has been a very popular means of removing Non-Value Added work from complex organizational functions.

However, 90% of Lean Management implementations fail.¹⁵

Why?

Because the implementation teams consistently overlook the need to have a trust-worthy foundation for a collaborative culture that's essential for Lean to work. This is because the Lean black-belt experts (often engineers) believed that things like trust and culture are irrelevant or, because they can't be governed by a process, must be bypassed.

This is especially important to companies that are struggling and implement lean to increase productivity and profitability. When a Lean initiative begins, if there is no culture of trust, when workers hear the term "Lean," they turn sour and even sabotage the effort, unwilling to contribute ideas that would result in their own layoffs.

Our team has engaged in launching numerous Lean projects. We've had the opposite results: 90% success.

Why?

Because we won't launch a Lean initiative if:

- the culture is adverse,
- trust is not engendered by senior executives, and
- employee recommendations won't be implemented
- layoffs will result by employees suggesting improvements

Building Collaborative Excellence into a Lean initiative greatly enhances the success and the performance.

The same goes for any Organizational Transformation, new Strategic Initiative, Launch of a New Business, or Innovation Initiative.

¹⁵ according to the Lean Management Institute

The Alliance Profession is perfectly poised to be the “lead arrow” aiming at a bold new future by harnessing the Power of Collaborative Excellence.

It has the largest potential and broadest scope, is most amenable to championing collaboration, and has the most to gain by leading the Collaborative Shift.

*But does the Strategic Alliance Profession have what it takes to lead?
-- the fortitude, vision, and commitment --*

Joint initiative between



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