Alliances 4.0:
The Fourth Wave of Collaborations

Today's Alliance Professionals Have an Important
Role to Play in Tomorrow's Collaborative Shift

By Robert Porter Lynch, CA-AM

Powerful strategic forces are now driving a Fourth Alliance Wave: Alliances 4.0. This new wave will be characterized not by alliances in the traditional sense, but by the collaborative architectures that underpin them and are morphing into a multitude of different forms and uses.

The Collaborative Shift is, in its essence, a paradigm shift creating a massive opportunity for alliance professionals to produce enormous value for their companies. Our ability to unify, align, transcend, integrate, and spawn new innovations will be our trademark of the future. Opportunity is beckoning.

This article addresses these questions:

- What are the driving forces?
- What do we need to do to spur the Collaborative Shift?
- 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?
- How can alliance professionals use these shifts to enter the C-suite?

To write it, I interviewed more than two dozen individuals, from managers to C-suite executives, including alliance, supply chain, and project management professionals. What was surprising was that there was far more convergence on these issues and solutions than I'd experienced before.

Setting the Stage

Despite verbal interest in alliances by many CEOs in surveys, the reality has been far from stellar—more talk than action, more smoke than fire. What's more, there is a massive chasm between the level of collaboration needed to be successful and current corporate capabilities to deliver what's required. Alliance professionals are the best positioned to catalyze the shift and fill the gap.

Every year businesses that are still entangled in archaic thinking squander billions of dollars. The alliance profession is perfectly poised to be the "lead arrow" propelling business into a new era.

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We are sitting on a treasure trove of insights and capabilities that can bring a sense of meaning to people, honorable purpose to companies, and economic rewards to key stakeholders. Yet we've often allowed ourselves to be pigeonholed into the "alliance management" role. Alliance leaders, reframed as "masters of collaboration," can ride atop the Fourth Alliance Wave's Collaborative Shift, propelled on a trajectory into the C-suite.

The Driving Forces

To understand our future, it's essential to understand the strategic drivers behind the winds of change (see Figure 1, "Converging Forces Driving the Collaborative Shift").

Massive multiple forces are generating a tectonic shift in the business landscape. While each force presents a unique set of demands, problems, and opportunities, combined they are changing the foundations of competitive advantage and our conceptions of commerce.

Converging Forces Driving the Collaborative Shift

Force #1
Digital Transformation
- Speed & Agility
- Complexity & Simplicity
- Security & Risk Management

Force #2
Socio-Technical Integration
- Technology Hybridization
- Human & Workplace Change
- Integration Across Boundaries

INNOVATION

Force #3
Competitive Advantage
- Leadership & Growth
- Paradigm Shifting
- Alliances & Acquisitions

Force #4
Value Creation
- Battle of Value Networks (chains)
- New Business & Economic Models
- Fast, Efficient, Reliable Execution

COVID
Sustainable
Development Goals
Resignations

**SOCIAL
CHANGE**

Figure 1: Converging Forces Driving the Collaborative Shift

Force #1: Digital Transformation

While the digital age started in the 1980s, this dominant driver will continue to define the future of business in the following ways:

Speed, Agility, and Trust. The race is won by the swiftest and most agile, whether it be speed to market, innovation, or being the most adaptive to changing markets and technologies. From decades in the trenches, we've learned that collaboration is often faster in the long run than the unproductive grind of laborious transactional negotiations and cumbersome hand-offs. While collaboration requires more time up front, **Cindy Warren**, vice president of Janssen Business Development, Neuroscience, Johnson & Johnson Innovation, observed: "When navigating the organizational matrix, trust is imperative. It dramatically increases the flow of useful information that cuts through webs of complexity and enables us to be synchronized and faster at decision making, as well as providing early warning signals to avoid emerging difficulties that could send us off the rails." Alliance managers know how to build trust better than any other profession.

Complexity. Digital transformation, with its vast interconnectivities, generates enormous complexity in an ever-expanding universe of interlinking constellations of ecosystems. Collaboration can help corral and tame complexity. **Mark Leposky**, executive vice president of global operations at Callaway Golf, told me what gave his company an edge when the COVID-19 crisis hit: "Complexity is not your enemy. Seek to solve problems that are too challenging for everyone else. This attitude can create competitive advantage. Don't be afraid to drive breakthroughs and create new paradigms if your performance is reaching the point of diminishing returns. When we ran into manufacturing difficulties needing new innovations, we created alliances to help us solve problems—and do it faster too."

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Security and Risk Management. Digital transformation has triggered colossal risk problems in every corner of commerce; it's more than just cybersecurity. Rapid change triggers uncertainty, ambiguity, and unpredictable patterns of behavior, driving risk managers crazy. Most risk managers come from the fields of technology, law, insurance, and compliance. They don't recognize that *human adaptation* difficulties escalate risks by up to an additional 30 percent, especially in adversarial or transactional cultures.

Background: The Evolution of Alliances

Strategic alliances have been around for several hundred years, in a variety of forms including joint ventures and franchises. Here's a short history of how alliances have evolved:

Alliances 1.0 – Alliances that were essentially "deals" relying solely on the quality of the leaders who formed and operated them. These experienced as much as 75 percent failure rates based on the transactional interactions underpinning their creation.

Alliances 2.0 – Two-partner alliances that embraced ASAP's best practices, producing 75 percent success rates.

Alliances 3.0 – Multipartner alliances and ecosystem collaborations driven largely by the emerging digital revolution.

Alliances 4.0 – The Collaborative Shift in process now, as businesses recognize the value alliance professionals bring as an essential dynamic for sustainable competitive advantage.

Force #2: Socio-Technical Integration

Technology Hybridization. Integration of technologies has been happening ever since humans harnessed horses to wagons. This relentless march will continue as long as people have imagination. The least risky approach is to use existing "cooked technologies." This enabled the iPhone to rise like a rocket when launched in 2007: there were no new technologies; it was just a matter of integration—"connecting the boxes"—a strategy well suited to those who master collaboration.

Integration Across Boundaries. Engineering schools have been less than stellar at teaching how to optimize human factors in building cross-functional bridges between specialized experts. While seldom recognized, integration is one of the most powerful processes in the alliance toolbox. **Drew Quinlan**, CA-AM, vice president of strategic alliances (ISVs and GSIs) at RingCentral, said: "We focus a lot of our attention on integrations that customers can't get anywhere else. The more integrated we are, the more our value goes up and the more competitive advantage we gain." Cindy Warren at J&J elaborated on the importance of internal alignment and integration: "Alliance leaders are like orchestra conductors, creating a symphony. They first have to make sure they are creating the internal alignments to make it easier for the external governance to be effective. They must also acknowledge the importance of the power brokers who will influence decision making to mobilize resources. In this role as integrator they can influence without authority, and intercede to fix breakdowns quickly. It all comes down to leadership."

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Distrust and Dissatisfaction in the Workplace. What stressed CEOs did not expect was that mass resignations would compound the replacement of retirees, imperiling efforts to attract and retain an excellent workforce. This also overshadowed a virtually unnoticed, but perilous millennial "pandemic of distrust" (see Figure 2, "The Pandemic of Distrust"). At a time when "chronic distrusters" are demanding greater workplace engagement, they are poorly equipped to foster engagement for themselves. Their level of distrust is 50 to 100 percent greater than that of the baby-boomer generation they are replacing. Alliance leaders must seize the high ground, embedding our powerful "architectures of trust" into organizational culture.
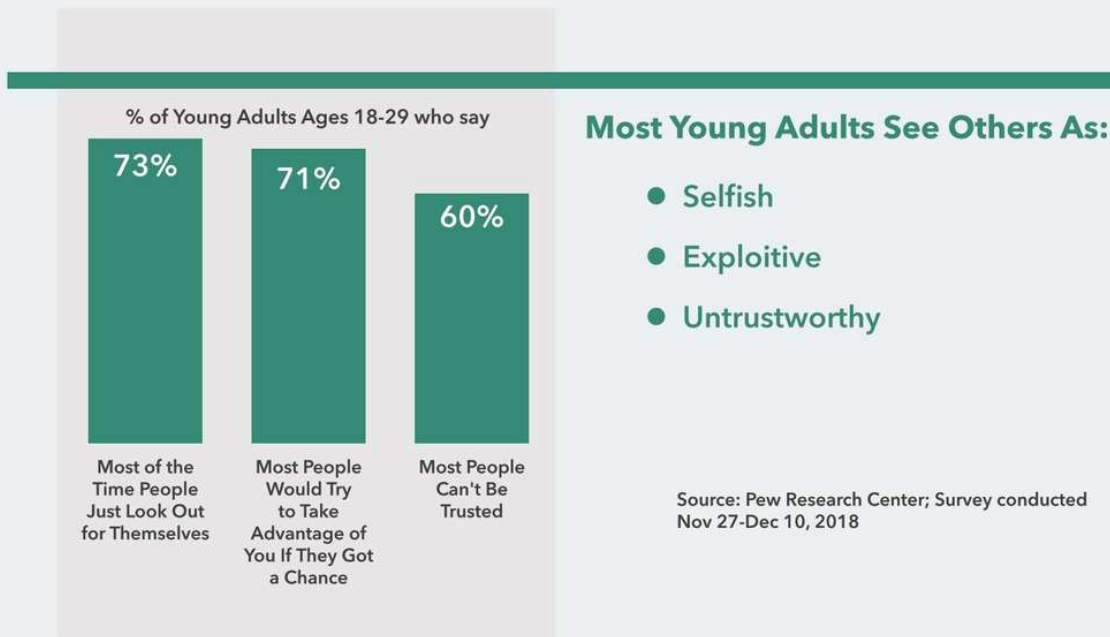

% of Young Adults Ages 18-29 who say

73% Most of the Time People Just Look Out for Themselves

71% Most People Would Try to Take Advantage of You If They Got a Chance

60% Most People Can't Be Trusted

Most Young Adults See Others As:

- Selfish
- Exploitive
- Untrustworthy

Source: Pew Research Center; Survey conducted Nov 27-Dec 10, 2018

Figure 2: The Pandemic of Distrust

Force #3: Competitive Advantage

International research firms annually survey CEOs across the globe to determine what's "top of mind." Senior executives are under extreme pressure to find every leading-edge advantage they can, striving to grow revenues, market share, and profits. It takes far more than strategy or operational excellence.

Leadership, Innovation, and Growth. CEOs are compelled to cultivate leaders who will aggressively create strategic advantages, orchestrate new business models, attract new customers, increase productivity, and, most important, innovate. Innovation requires an intense emphasis on *culture*, which is the number-one determinant of human behavior—and *leadership* is the primary determinant of culture. RingCentral's Drew Quinlan stated it clearly: "I focus on hiring and training to help create a culture where the primary focus is to help others be successful. If we figure out how to create mutual benefit for others—including our customers and partners—then we will most likely figure out how to create benefit for us. It's an iterative, ongoing progression. If we get off-track, our high-trust culture enables us to get 'just in time information' that forces us to rethink what we are doing. It also helps our people find greater meaning and purpose in their work."

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Rapidly Changing Paradigms. Technology change has outpaced the ability of organizations and humans to keep up. Collaborative organizations are far more agile, creative, adaptive, and innovative, while displaying far less resistance to change.

The speedy development of COVID-19 vaccines was the result of multiple collaborations involving innovative development, testing, and distribution based on years of building trusted networks by alliance creators. Had these not been in place, the process would have taken three to five times longer.

Complex project implementation, notorious for running over time and budget, is improved significantly by collaboration, especially when technologies and requirements are apt to change during the delivery cycle. The chances of on-time/budget delivery doubles or even triples when collaboration underpins complex project rollouts. The Global Alliance of Project Performance Standards (GAPPS) has begun integrating many of our advanced collaboration practices and leadership methods into project management. Every alliance professional should reach out to their project management counterparts to explore ways to build collaborative operations across the project delivery ecosphere, synchronized to execute fast in the face of complexity.

Alliances and Acquisitions. CEOs seek any form of business structure that gains advantage. Compared to acquisitions, alliances have compelling pluses: better due diligence on cultural interfaces, thus less cumbersome to integrate; lessened culture clashes that drive out key personnel; and two to three times higher success rates. Consequently, the collaborative processes embedded in alliances are beneficial to dealmakers acquiring a new company. We need to make senior executives more aware of this value.

Force #4: Value Creation

We hear the clarion call from the C-suite: "Create Value." By implication it's a recognition of the shift from *price* and *cost* to *value*, but it often fails to define important strategic, operational, and financial impacts.

Battle of Value Networks. Astute strategists recognize that value is no longer created just by one independent, stand-alone company. In ousting GM from its top spot in the auto industry, Toyota demonstrated that the strategic game is an end-to-end (E2E) gambit requiring every player in the value chain to produce maximum impact. This necessitates shifting the relationship between each member of the chain from *transactional vendors* to *trustworthy collaborators*, which in turn transforms the serial "chain" into a powerful *value network*, with each partner sharing information, imagination, and innovation.

The power of value networks became evident when major disruptions hit supply chains. **Rosemary Coates**, founder of the Reshoring Institute, which helps supply chains reestablish in North America, explained: "Collaborative supply chains performed far better and were absolutely essential in responding to the COVID pandemic. Suppliers and buyers created much more innovative and rapid responses when acting like partners than those who were adversarial or transactional." As alliance management integrates with supply chain management, the Fourth Wave will see E2E winners that capitalize on fast-time value networks.

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ISO 44001. Collaborative business management standards are important, yet many alliance professionals regard them as cumbersome. Instead, some smaller companies are opting to certify all their employees in alliance management (CA-AM, CSAP), thus rapidly embedding the collaborative spirit and skills into their culture. ISO 44001 will most likely take hold within value networks by ensuring tighter E2E collaboration, marginalizing those lacking certification.

Collaborative Contracting. Historically contracts have attempted to ensure certainty, which is extremely difficult in today's rapidly changing business environment. Too many lawyers, with the presumed goal of reducing risk, generate onerous legal contracts that "poison the well" at the outset. What's overlooked is that the best way to reduce risk is not through penalties, which encourage arduous operations and expensive litigation, but by creating success at the outset with best collaborative practices. Meanwhile, far more flexible contract frameworks are emerging. Canadian lawyer **Richard Venerus**, certified in ISO 44001, formulates agreements aimed at creating value by fortifying collaborative principles.

Collaborative Economics. Massive financial gains are created by shifting from adversarial win-lose and transactional bargaining to collaborative value creation. We now can predict trust's impact on profits. Collaborative economics requires a major swing away from the old-style cost-revenue analysis. Drew Quinlan at RingCentral explained: "We now look for the long-term value we create, focusing on both what metrics senior execs care about most, as well as core value measures, such as customer lifetime value (versus quarterly revenue). This requires understanding all the players in the network, how they measure value, and what the joint value proposition must be. We receive four times the return this way. When we hire people, we look for value seekers and value creators." When the C-suite and boards of directors embrace the economic power of collaboration, the Fourth Wave will become a tsunami.

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New Business and Economic Models. The need for value creation is spawning a multitude of new commercial arrangements and business models. **Jay McBain**, principal analyst for channels, partnerships, and ecosystems at Forrester Research, has stated (citing research from Accenture) that "76% of CEOs (in every industry) think that their current business model will be unrecognizable in five years." **John Barker**, associate director of partnership development at Simply Do Ideas in the UK, senses how new models emerge: "New millennial nuances demonstrate that relationships can be built over video calls, and metrified through social media via AI

sentiment analysis. Partnership creation will be assisted by Match.com-style dynamics making collaboration more of a meritocracy. Changing embedded business mindsets will be the major obstacle, including upgrading business metrics from the bottom line to the 'double bottom line' of social and environmental values."

Anoop Nathwani and **Peter Simoons**, alliance practitioners in Europe, emphasize using a holistic systems approach to understand the interactive dynamics of speed, innovation, integration, customer trust, supplier reliability, sales force agility, and especially the mindsets of key leaders.

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Innovation

Virtually every C-suite survey cites innovation as a central objective. While senior execs seek to build an "Innovation Engine," because of misconceptions, they seldom know how.

The first misconception is that innovation is the equivalent of "new technologies." Actually, innovation (as distinguished from "invention") is anything that creates new value. Second, innovation has eight key elements, most of which are non-technical (see Figure 3, "Innovation Engine"). Third, today the preponderance of innovation comes not from a single brilliant person, but from *collaborative innovation*—teams with different perspectives that work together from ideation to development to commercialization.

Collaborative innovation is based on the fundamental principle that differentials in thinking generate new paradigms (see Figure 4, "Source of Collaborative Innovation"), but these only manifest when trust is present. When people don't trust each other, polarization and conflictive behavior results.
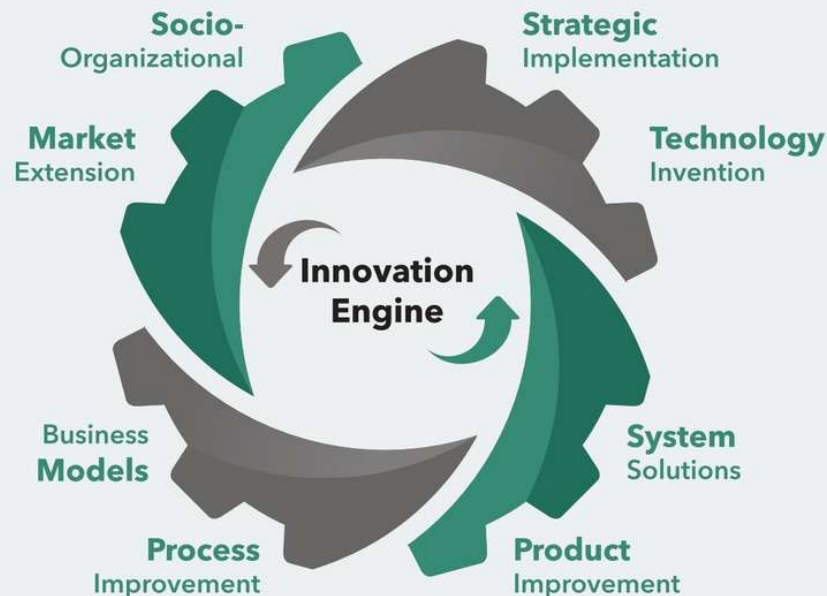

Figure 3: Innovation Engine

Again, alliance professionals have a distinct advantage because we are good at being the key integrators enabling sharing and communications for rapid completion of innovation process flows. As a profession we need to develop the capacity to realign organizations and entire value networks in the ecosystem to adapt dynamically.

Leading the Collaborative Shift

In the short run, the Collaborative Shift will be spearheaded by leaders who sincerely believe in its enormous value. In the long run, John Barker observed, the shift will require "a combination of industry, academia, and government with a joint vision for the future of industry that enhances society and embraces policies aligned with UN Sustainability Goals."

Managers *ride* waves; leaders *make* waves, lots of them. **Andrew Yeomans**, global alliance lead for alliance and integration management at UCB Pharma, urged: "We must harness the winds of collaborative change and break through the old dogmas that shackle us. Go forth; be evangelists; make bold yet conscious choices to become masters of the Collaborative Shift, or risk remaining inconsequential players."

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And as **Kerry Desberg**, chief marketing officer at Impartner, advocated: "Be a transformer, don't wait for someone else to connect the dots. If you don't, your competition will. Make micro-improvements every day; that way you won't be dated. Be sure everyone is synchronized to maximize the impact."

Great evangelists like these show how simple ideas can tackle complex problems, with straightforward and memorable messages linked to inspiring metrics that compel senior executives to respond with: "How can you do that for us?"

A Call to Action

After reading this, what will you do? Will you just file it away? Circulate and share it? Use it to create a presentation in your own words, adapted to your organization? Will you sit down with senior executives and peers to discuss the opportunities and impact of the Collaborative Shift? Will you position alliances as the foundational architecture to propel a larger Fourth Wave that can create a bold new future?

The C-suite is begging for new ideas. It's time to seize the high ground. The strategic alliance profession has what it takes to lead. Are you ready?

Robert Porter Lynch is the founder of the Association of Strategic Alliance Professionals (ASAP) and author of several seminal books on alliance best practices, along with other books on collaborative excellence forthcoming soon. ∎

Differentials in Thinking Are the Principal Source of Innovation

New Paradigm Generation Comes from People Who *Do Not Think Alike*

Figure 4: Source of Collaborative Innovation