

CENTER FOR BUSINESS TRANSFORMATION

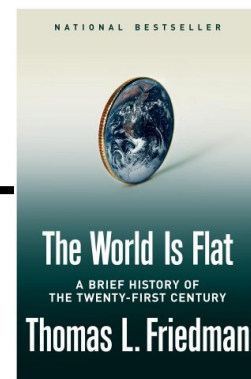
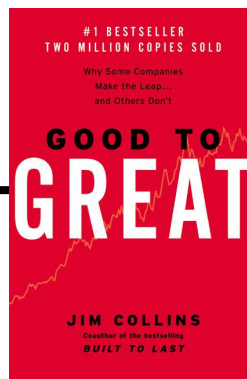
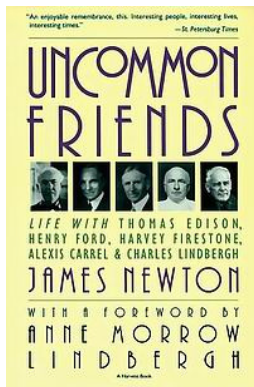
INCORPORATED

Collaboration: Yesterday, Today and Tomorrow

By Robert H. Brown and Dr. Bradley M. Greene



In order to understand our current and future needs for collaboration for business innovation and improvement, we must first understand from where we have come. To do this, we would like to use three books representing the past, present, and future of American and global business: Uncommon Friends, by James Newton, Good-to-Great, by Jim Collins and The World is Flat, by Thomas Friedman.



THE CHANGING ROLE OF COLLABORATION

Uncommon Friends: Collaborative Innovation

In the early part of the twentieth century collaborative innovation shaped the world that we live in today. In the book, Uncommon Friends, James Newton invites us into the worlds of Thomas Edison, Henry Ford, Harvey Firestone, Alexis Carrel, and Charles Lindbergh, told through the eyes of a young man invited into the land of giants. They spent countless hours in Edison's laboratory, on family vacations, driving across the country, and other environments both formal and informal. Most of their time together was spent discussing the needs of society and mankind such as: the use of natural resources, an unbalanced dependence on foreign resources, medical and health needs, the role of government and education.

Interestingly enough, with over two thousand patents between them, there is little evidence that they directly collaborated on anything except a project to create a synthetic/organic substitute for rubber and an artificial heart. One of the craziest ideas in which they invested large amounts of time and money was the quest for making every component of automobiles out of soy beans. However, it was evident that indirectly, through both serious discussions and exchange of jokes they encouraged, inspired and learned from one another. This passion and respect for one another lead to innovation and improvement that in turn has inspired thousands of others and changed the world as we know it.

Henry Ford had a goal to build products that his workers could afford. In 1914, he made an unprecedented business decision to double the wages of the workers in his factories (which in turn forced other large companies to do the same). Ford almost single-handedly created a middle class in America that did not exist prior to that time and simultaneously exploded the market for Ford products.

In the early part of the twentieth century, business innovation through collaboration shaped the world as we know it today. James Newton shares a summary of these great innovators and leaves us and you with a charge.

“They were all such distinct personalities and yet had certain great qualities in common. They thought and acted as pioneers; they specialized in the impossible and created the breakthroughs. They were the leading edge in their generations. They were the questers, the seekers, the explorers, with an astonishing awareness of the needs of their age and beyond. They believed.”

The emerging middle class stimulated by the innovation of Henry Ford, created an economy in America that experienced unprecedented growth. One innovation lead to another and businesses formed around them. Over the course of the century, as markets matured and grew, companies continued to grow more and more complex. These complexities would inhibit innovation for many years to come. Organizations of today that have paralyzing internal complexity will not meet the ever changing demands of the future. Driven by ever

increasing competitive pressure, the past twenty years have represented a time of internal collaboration focused on business improvement. For our purposes we have titled this era, the world of Good-to-Great.

INTERNAL MEDICINE FOR BUSINESS

Jim Collins's best seller, Good-to-Great hit a home run in business all over the world by unraveling some tried and true principles of what takes a good company to a level of greatness. As you read on, never doubt that all the principles taught in "Good-to-Great" are important and should be learned from by every executive leader who seeks organizational greatness.

We could spend time digging in to the topics of Level 5 Leadership, the Bus and the Hedgehog Concept etc., but we would like to share and expand on some simple observations instead. Collins writes:

"As you immerse yourself in the coming chapters, keep one key point in mind. This book is not about the old economy. Nor is it about the new economy. It is not even about the companies you're reading about, or even about business per se. It is ultimately about one thing: the timeless principles of good to great. It's about how you take a good organization and turn it into one that produces sustained great results, using whatever definition of results best applies to your organization."

While Collins's point about the *timeless* nature of the principles is valid, we must lay them against the landscape of the current business environment. For instance, the study is based on companies going from 'good to great' over a fifteen year period of time. The average time period for these eleven companies was from 1976-1991. The executive leader and leadership team of today does not have fifteen years to set out on a long, steady course. In addition, applying a focused hedgehog concept to a company may have been critical to success thirty years ago, but the company of today that latches onto a hedgehog that is not agile, flexible and innovative and driven by collaboration will not be part of the global marketplace and more than likely will not even exist in fifteen years.

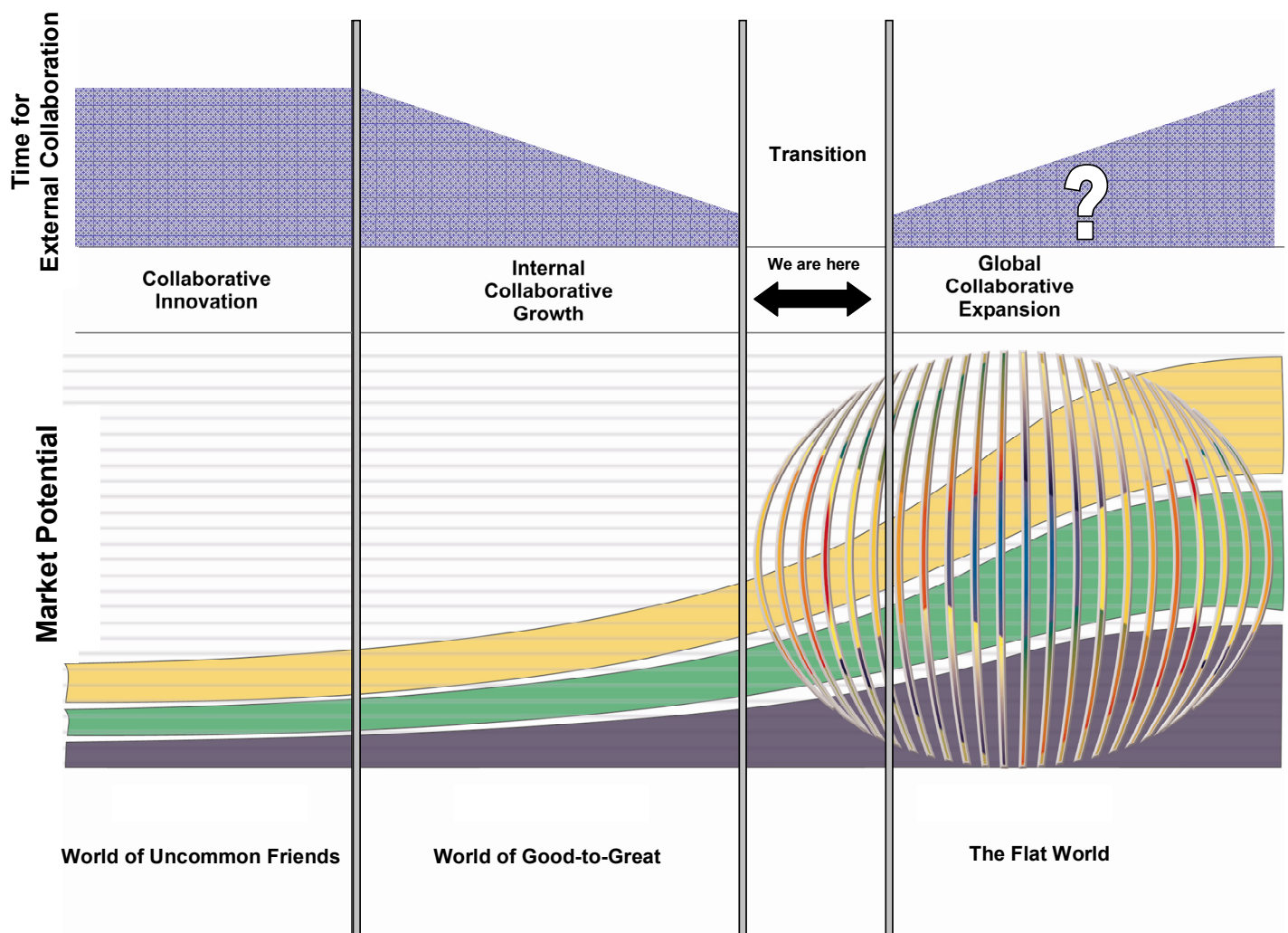
Most of us read Good-to-Great and found some of the answers to critical questions. How do I lead this company and my team towards greatness? However, as we were reading, the world had already changed. Since 1996, 5 of the 11 'Good to Great' companies underperformed the S&P 500 in at least 5 of 10 years and one underperformed every year.

How has our economy and businesses changed over the past ten years? How has the world changed? E-mail did not become a standard tool for businesses until the mid-90's. How many competitors do you have today compared to ten years ago? Where are they located? We are suggesting that our business environment has changed more in the last ten years than in the previous fifty.

The valuable principles learned from Collins and his team must be laid against the landscape of a Flattening World. Do we have fifteen years to streamline our company processes or get all the right people on the bus and in the right seats? The fact is that our competitor may have designed out many of the processes we have and the seats in the bus are located in other countries.

Collaboration Time-Based Continuum

As the Collaboration Time-Based Continuum graphic illustrates, the time for external collaboration has dwindled in the past 50 years. We believe that the world is changing so rapidly that the transition window is closing.



ing on internal collaboration and is opening a new era where external collaboration will again define greatness. As executives, one question that we must begin to answer is how do we prepare ourselves to do the very thing for which we have no time? Living in the era of Good-to-Great, we have been so busy that some would say we've been asleep.

THE FLAT WORLD

The World is Flat by Thomas Friedman is another best seller that has received much attention as of late. Friedman, on his journeys as a columnist for the New York Times, put together a timeline of world events that he calls flatteners that together have changed the world we live in and it has all happened while we've been asleep. One of his reasons for writing this book was to create an awakening in America. Again, we will not go into the details of the ten flatteners but rather tell you a story that is a first hand example of Friedman's theories and his theme of 'while we were sleeping'.

It was March 12th of 2001 and I (Rob) was facilitating an improvement event at a major aircraft manufacturer. This was my second year there and had gotten to know many people and know them well. The team had implemented many improvements that together had reduced manufacturing lead-times from 30 days to 3 days on over a thousand aircraft components in both the single engine and corporate jet product lines. I tell you this, because quite frankly we were proud of our improvement efforts. Break-time was 10am. At 10:15, workers returned with news that was sending shock-waves thru the entire company and industry: Toyota had officially certified it's first single engine aircraft in a top secret flight in Mojave California. More information followed. The plane had no rivets. The most expensive part of an aircraft is the installation of rivets, which makes up 60% of the cost of an airplane. Toyota's rivet-less plane would sell for \$185k and cost less than \$25k to make.

In the improvement event that I was facilitating, eighty percent of my participants installed rivets for a living. We were developing ways to do it faster and better? What do you say? "We can catch them, let's keep at it." No one in the industry even knew Toyota had a desire to make planes. The whole industry was sleeping. Their world had changed and radically.

Months later, after realizing that the aircraft world as we knew it would go on, at least for now, I began to investigate the rest of the story. The story is one of collaboration and innovation at Toyota that includes not only ventures into planes, but also biomedical, forestation, and even sweet potatoes in China, Venezuela, and Australia. Some reports say that they are using byproducts of the sweet potatoes as a source of resins for automotive and airplane parts. What the Uncommon Friends sought to do with soybeans, Toyota is on their way to accomplishing with sweet potatoes.

There is no doubt the world is changing, and that 2.5 billion potential consumers between China and India alone will probably double the global marketplace. However, Friedman points out that while the marketplace will most certainly grow larger; it is also most certainly growing more complex. Those companies that will survive and prosper in the Flat world will have to learn to collaborate with others. Toyota alone has over 100 active partnerships and joint-ventures. That defines collaboration on a global scale.

BARRIERS TO COLLABORATION

The companies already adept at the type of collaboration that will be required in a Flat World, have figured out ways to minimize or eliminate some of the natural barriers to effective collaboration such as the time and the quality of time spent.

Time for Collaboration

One observation of the book Uncommon Friends is the amount of time spent in conversation by Edison, Ford, Firestone, Carrel, and Lindbergh. The very structure and pace of society reflected this, and so there was natural space and time every day to collaborate. In today's fast-paced world, the structure of society has lost the natural space and time for dialogue, and therefore, we must be intentional about creating time for collaboration.

No one understands the value of time more than an executive in today's business environment. We believe that time spent with other executives that share the same passion for business improvement and innovation can be extremely valuable not only for you but your entire business. Making time for collaboration may be the most challenging obstacle however, time itself is not sufficient. The use of that time must be of value.

Collaborating with Other Leaders

For the opportunity to connect and collaborate with other leaders in a one-day learning environment covering the many critical aspects of the obstacles, challenges and solutions to organizational growth and prosperity, call Rob Brown at (865) 803-5422 to sign-up for CBT's Transformation Simulator.