PROBLEM: SILOS

“It’s impossible to communicate with everybody when you have that many silos.”

– Howard Stringer, Sony CEO
SONY CONNECT: A FAILURE

Million $

0 2,500 5,000 7,500 10,000

2001 2002 2003 2004 2005 2006

iTunes + iPod
SONY
All Audio Products
BAD COLLABORATION IS WORSE THAN NONE AT ALL

BAD TEAMWORK

SONY

BAD BUSINESS CASE

DAIMLER

OVER-COLLABORATION

bp
COLLABORATION: YOUR CHALLENGE

**UPSIDES**
- Innovation
- Revenues
- Cost savings
- Coordination
- Service

**DOWNSIDES**
- Waste
- Bad meetings
- Fighting
- No focus
- Slow
DISCIPLINED COLLABORATION

5 RULES
RULE
1
ESTABLISH CLEAR BUSINESS CASE
HUNT FOR VALUE ACROSS I.C.E.

<table>
<thead>
<tr>
<th>INNOVATION</th>
<th>PRODUCTS BUSINESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMERS</td>
<td>CROSS-SELLING SERVICE</td>
</tr>
<tr>
<td>EFFICIENCY</td>
<td>BEST PRACTICE COORDINATION</td>
</tr>
</tbody>
</table>
P&G: COLLABORATION

Fabric & Home
BLEACH

Oral Care
TEETH WHITENING

Corporate R&D
NOVEL FILM
P&G: COLLABORATION SUCCESS
WELLS FARGO: CROSS-SELLING

Products per Household

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
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<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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</table>
DEVELOP YOUR I.C.E. BUSINESS CASE

INNOVATION

CUSTOMERS

EFFICIENCY

Product Innovation
Business Creation
Cross Selling
Customer Service
Cost Savings
Better Decisions
WHEN DO YOU SAY **NO** TO COLLABORATION?
WHEN NOT TO COLLABORATE

VERITAS FOOD PROJECT

Example

INITIAL ESTIMATE, $400m
OPPORTUNITY COSTS, $250m
COLLABORATION COSTS, $200m

$400m
$150m
$50m
Rule: When to say Yes or No

Initial Business Case

- Opportunity Costs

- Collaboration Costs

= Collaboration Premium
RULE 2

SPOT AND FIX THE BARRIERS
**TEAR DOWN: 4 BARRIERS**

<table>
<thead>
<tr>
<th>NOT INVENTED HERE</th>
<th>HOARDING</th>
<th>SEARCH</th>
<th>TEAMWORK</th>
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<tbody>
<tr>
<td>Insular culture</td>
<td>Competition</td>
<td>Size</td>
<td>Complex knowledge</td>
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<tr>
<td>Status gap</td>
<td>Biased Incentives</td>
<td>Spread out</td>
<td>Weak ties</td>
</tr>
<tr>
<td>Norm of self-reliance</td>
<td>Too Busy</td>
<td>Poor Networks</td>
<td>No common frame</td>
</tr>
<tr>
<td>Fear</td>
<td>Loss of control</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TEAR DOWN: 4 BARRIERS

NOT INVENTED HERE
HOARDING
SEARCH
TEAMWORK

MOTIVATION
ABILITY
DIFFERENT BARRIERS

- **MOTIVATION**
  - Consumer Goods: 25%
  - High Tech: 75%

- **ABILITY**
  - Consumer Goods: 50%
  - High Tech: 100%

**Barriers:**
- **NOT INVENTED HERE**
- **HOARDING**
- **SEARCH**
- **TEAMWORK**
## BARRIERS: DIFFERENT FIXES

<table>
<thead>
<tr>
<th></th>
<th>NOT INVENTED HERE</th>
<th>WITHHOLDING</th>
<th>SEARCH</th>
<th>TEAMWORK</th>
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<tr>
<td><strong>UNIFYING GOALS</strong></td>
<td>✓</td>
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<tr>
<td><strong>INCENTIVES</strong></td>
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<td><strong>T-SHAPED MANAGEMENT</strong></td>
<td>✓</td>
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<td><strong>PEOPLE NETWORKS</strong></td>
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<tr>
<td><strong>IT TOOLS</strong></td>
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</table>
RULE 3
CRAFT
UNIFYING GOALS
UNIFYING GOAL: THE MOON
UNIFYING GOAL: 4 CRITERIA

COMMON FATE

SIMPLE & CONCRETE

STIR PASSION

COMPETITION OUTSIDE
NISSAN 180
1 million more cars
8% operating income
0 automotive debt

SCANDINAVIAN AIRLINES
“become the best airline in the world for the frequent business traveler.”

AIRBUS
Beat Boeing!
“Create the first phone people would love so much, they’d never leave the house without it.”
RULE 4
ALIGN INCENTIVES ACROSS PARTIES
USE **HARD AND SOFT INCENTIVES**

**“Hard”**
- Set collaboration project goals & metrics for each
- Get buy-in from boss and “dotted” line boss (written)
- Evaluate & report collab. scorecard to select “bosses”

**“Soft”**
- Inspire. Weekly use words to connect to unifying goal
- Compete. Use common outside enemy
- Praise. Publicly call out great collaboration efforts
Rule 5

Boost Trust
WHAT IS INTER-PERSONAL TRUST?

Confidence that the other person will deliver repeatedly, on time, with quality.
SOURCES OF DIS-TRUST

WRONG INTENSIONS

LACK OF COMPETENCE

LACK OF RESOURCES

MIS-UNDERSTANDING
APPLY TRUST BOOSTERS

1. **BOND.** Get together, early, do team building

2. **SHARE.** Know full person; find similarities


4. **VERIFY.** Competences, resources.

5. **OVER-COMMUNICATE.** F.ex., all info on IT

6. **START SMALL.** Get small wins, build track record
<table>
<thead>
<tr>
<th>Rule</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. BUSINESS CASE</strong></td>
<td>COMPUTE <strong>COLLABORATION PREMIUM</strong>; “go” if positive</td>
</tr>
<tr>
<td><strong>2. BARRIERS</strong></td>
<td>DIAGNOSE, THEN FIX 4 BARRIERS</td>
</tr>
<tr>
<td><strong>3. GOALS</strong></td>
<td>CRAFT A COMPELLING <strong>UNIFYING GOAL</strong></td>
</tr>
<tr>
<td><strong>4. INCENTIVES</strong></td>
<td>AIIGN HARD &amp; SOFT <strong>INCENTIVES</strong> ACROSS ALL PARTIES</td>
</tr>
<tr>
<td><strong>5. TRUST</strong></td>
<td>APPLY <strong>TRUST-BOOSTERS</strong> UP FRONT AND QUICKLY</td>
</tr>
</tbody>
</table>
The goal of collaboration is not collaboration, but great results.

There is a **RIGHT WAY** and a **WRONG WAY** to collaborate.
BEST OF LUCK!

MORTEN T. HANSEN
PROFESSOR, UC Berkeley