INNOVATIONLABS
Where Innovation Happens

Positioning a Collaborative Design Group

Organizational Strategy for Adopting Collaborative Design

Bryan Coffman
Principal, InnovationLabs

Abstract

Organizations that wish to create and deploy a capability for improving its collaboration and design capabilities sometimes create a group to steward the development of collaborative design processes and catalyze their dissemination throughout the organization. In all too many cases, these Collaborative Design Groups are poorly positioned in the organization. Without proper positioning they are doomed to failure. This paper outlines four principles for successful positioning and illustrates five archetypes that employ the principles.

The four principles are:
Align with the Center of Value Creation
Align with Political Power
Align with Core Processes Vital to the Health of the Organization
Align with a Portion of the Organization that Generates Profit

These principles can be expressed in a variety of ways. The paper outlines five archetypes that illustrate the principles in practice: the Builder the Innovator, the Teacher, the Convener, and the Decider.

The paper concludes with a set of pathologies that we have observed many times over the years and which are to be avoided.

InnovationLabs, LLC
257 Castle Glen Road
Walnut Creek, CA 94595
bcoffman@innovationlabs.com
(925) 934-1786
www.innovationlabs.com

At InnovationLabs, our principals have been part of many efforts to add an organizational capacity for collaboration and collaborative design and have studied many others. Figuring out where and how to position the new capacity in the organization and in its core processes is key to success. Without proper positioning, even an excellent collaborative design service will fail. With proper positioning, even a mediocre service will succeed. It's possible to have both by remembering and patiently practicing a few guidelines.

The Collaborative Design Group

There are many different definitions of a Collaborative Design Group, or collaborative design capability. For some, collaboration describes a feature of the supply chain and the relationships between suppliers and manufacturers. These relationships are both interpersonal and inter-system (e.g., different software systems talking to one another). For some, design is a word that describes a type of company, like an architectural firm. Collaborative design for others may refer to the type of culture they wish to create in their R&D function.

When we talk about a Collaborative Design Group, we mean something much different and very specific. Many companies are extremely hierarchical to the point of exhibiting deeply embedded bureaucratic behaviors that become pathologic and damage the organization over time. Silos, fiefdoms, and internal power plays abound. In order to relieve this corporate arthritis, some organizations find it valuable to instill two capabilities into their business units: the ability to work together in productive ways, or *collaborate*; and the ability to conceive new ideas and bring them to fruition, or *design*. Simple exhortation of the concepts *collaboration* and *design* rarely leads to enculturation of the practices, though. In order to provide the organization with a programmed way to learn and practice the skills of collaboration and design, a *group* may be necessary to develop and spread the skills, maintain the standards and support the fledgling efforts of early believers and practitioners. A *Collaborative Design Group* is that part of the organization that promotes and catalyzes the practice of collaboration and design.

Why and where?

But why have a Collaborative Design Group (CDG) and where should it reside? Answering the first half of the question determines, in part, the answer to the second half. If the organization creates a Collaborative Design Group from a well-intentioned but vague sense that "we've got to be more collaborative to be competitive," that's simply not good enough. It would be better to buy a series of team building workshops. The value proposition for a CDG must be as clear and powerful as the value proposition for a business unit. This doesn't imply that the CDG should be a business unit—that's a rare case—but it does mean that its purpose must be crystal clear to every manager in the organization. Otherwise it will fail. Worse yet, its failure will be associated with the concept of collaboration, making it harder still to dissolve unnecessary and damaging walls between business units and departments in the future.

Accelerate, align, solve

Value propositions for CDGs usually involve some aspect of acceleration, alignment, and solution. A collaborative design process should be able to accelerate a process or project, generate greater alignment among stakeholders and create more valuable solutions to challenges than other methods. Sometimes they're of finite duration: a CDG may be established to serve as a hub for integration in a merger & acquisition. Or it may be set up to shepherd the start and growth of a new business unit. In these cases, the CDG is the primary, integrated planning and project management tool of the executive in charge of these efforts, and not an ancillary service. It's the *way that the effort is directed*. In this sense it is both a centralized capability and a distributed set of systems and processes.

Sometimes the CDG is embedded into the way a company works and becomes a long term feature. But whether it has a short term or long term mission, it must clearly demonstrate its value. Because we live in the age of the CFO and the financial model, at least a portion of its value must be measurable and the metric should be carefully chosen. Once at a conference, W. Edwards Deming was asked whether the value of training and education could be quantified. He replied to the effect that any measures would likely be superficial; more importantly, you either believed in the value of education or you didn't. The same holds true for CDGs. Either you believe in the value of collaboration and design or you don't. If you use a CDG to accelerate and align the integration process of an M&A venture, it's hard to tell whether it really worked or not because there's no control group to compare it to. If we could clone the company at the point of merger and give one clone the CDG while depriving the other clone, then we might have some scientific basis for determining the value of the CDG. But such situations don't exist. You must simply believe in the efficacy of collaborative design first, and then do your best to find a decent set of metrics that give you insight into the value of the process. It's much more important, by the way, to find metrics that lend insight than simply metrics that measure volume of use or some distantly related attachment to profitability. But it's notoriously difficult to find such metrics.

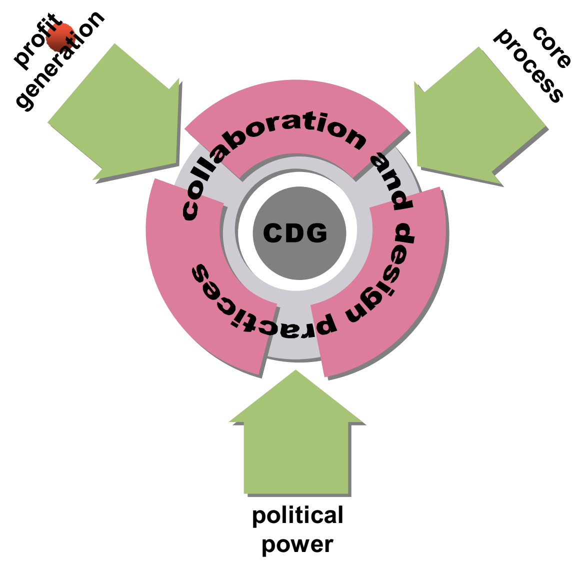
Align with the center of value generation

To answer both the why and where of a CDG, consider the overarching guideline: *Align with the Center of Value Generation*. If collaborative design is tacked onto the organization, rest assured that at some point it will be shed. All organizations go through cycles of relative profitability, and when things get tight, the ancillary services suffer first. Don't be ancillary. If a way can't be found to fully integrate the collaborative design service into the way the company creates value, then it's destined for failure from the outset.

This guideline's approach to *value generation* can be viewed with a certain unhealthy naiveté, though. By value generation, I don't simply mean that collaborative design needs to be a part of the income statement's revenue section. A classic mistake assigns revenue generation to the CDG, making it a revenue—or worse—a profit center. This kind of positioning is the height of folly unless the organization's line of business is selling collaboration processes.

The only thing worse than making the collaborative design group a profit center is making it a cost center. You might as well paint a bulls eye on the design group's door during budget season. Stand alone cost centers that are not aligned with value generation are rapidly marginalized and rightfully so.

The future director of the CDG must ask the question, "where is the center of value creation in the organization?" In every organization there are usually a number of places where value creation is focused with great intensity. Some of these are obvious and others subtle. What elements inspire customer loyalty? What aspects of the organization excite shareholders? What parts or the organization attract employees—from outside and inside the company? Who's hungry to experiment? Who's not running ahead with blinders on? Where does competitive curiosity reside?



Value creation in an organization is found at the nexus of three forces: political power, core processes, and profit generation. These three forces define the next three principles: *(1) align with corporate power; (2) align with processes vital to the health of the organization and; (3) align with a portion of the organization that generates profit.* Sometimes all three are found in one department; more often they are distributed around the organization in pockets. The center of political power may be the CFO; the core process may be in manufacturing, and profit generation may be in aftermarket service. A shrewd understanding of where the money is made, what the engine of the company is and whose influence sways decisions can help place the CDG in the environment where it has the best chances of survival.

Political Power

It's common knowledge that organization charts ignore the informal connections in the organization that people use to get work done in spite of the hierarchy. It's less commonly acknowledged that the organization chart also fails to map the distribution of power in the organization. Most new employees learn this during informal orientation by coworkers. They discover who has the power in the organization to get things done, whose voice is listened to and how different people in the company are allied to or arrayed against these individuals. A CDG should be positioned in the organization based on a map of political power and influence and not naively on where it "logically" fits in the org chart.

In practical experience, the successful CDG ends up with a sponsor from senior management who has the budget authority to accommodate the group. This individual can't simply be powerful in the organization—they must truly have an appreciation for the CDG and a fervor for sponsoring its work.

Core Processes

The initial work of the CDG is focused either on a core process in trouble or a core process with great potential that's under development. Even though they know that processes can become obsolete and uncompetitive, people are reluctant to fool around with something that's working. Therefore, the CDG is rarely successful when summoned to the "aid" of a currently successful process. The core process doesn't necessarily have to be the central manufacturing process or the basic service delivery process. Depending on the sector and the philosophy of the senior management team, it could be the strategy process or the innovation process or the quality process. But just as the organization chart doesn't map the distribution of power, the most powerful and critical processes are not necessarily the most obvious. Often they're counterintuitive.

Profit Generation

Finally, if the CDG is aligned with an HR, IS/IT or other support group, it's less likely to be successful than when it's aligned with a business unit that generates its own revenue and is responsible for its own bottom line. This can be extremely difficult to do sometimes because a CDG adds expense to a business unit. Therefore the business unit's leader must be a believer in collaboration and design and must also have at his or her disposal some metrics that validate this belief. On top of the CDG's metrics, the business unit itself must show improvement in its own growth, efficiency or both, resulting from the work done by and in the CDG.

One advantage of aligning to profit generation may initially be seen as a liability. Business units that have profitability responsibility are usually strict on efficiencies. This puts pressure on the CDG to generate extraordinary performance on marginal budgets. Naturally, if taken to an extreme, this can damage or destroy the CDG. But when applied reasonably, it forces the CDG to undergo waves of innovation to make its processes leaner, to sell its services more aggressively and to behave in a more strategic, clever manner with the rest of the organization. Some may take issue with my use of the word *clever* but all CDGs must learn to employ stratagems in order to survive.

Archetypes of Collaborative Design Groups

The next page outlines five archetypes of CDGs: the Builder, the Innovator, the Teacher, the Convener, and the Decider. None of these archetypes exists in a pure form. They're included here simply as a stimulation for thought.

Collaborative Design Group Archetype	Description	Examples		
		Power Alignment	Process Alignment	Profit Alignment
The Builder	The CDG acts as a business solution-building lab—a place (virtual or physical) where people come to address challenges rapidly. This is the most common application for CDGs.	Usually a business unit leader or major project manager. Avoid the tendency to put the CDG inside the strategy and planning group.	Often a process that's the backbone or spine of the business unit. Or it could be a time-limited mission like M&A integration.	The solutions that are generated usually serve as the metric for success of the process: before and after.
The Innovator	The CDG is used as a competitive hedge by systematically creating new ideas and rapidly bringing them to market.	As an exception to the rule, the Innovator may be a separate internal venture capital/venture management capability.	The CDG is aligned to the innovation process itself—from ideation through proof of concept and market testing.	The CDG generates a return on the venture capital it expends that's measurable by the value of the business ideas brought to fruition.
The Teacher	The CDG is a training ground—often for managers—in the principles of collaboration and design and then follows them out into their business units to cement the knowledge gained in practical experience.	It can be a director of HR or Training if they are very influential. Often in these cases the CDG has the backing of the CEO and the training is built into performance management and evaluation systems.	A weakness of this application is the lack of a clear alignment to a core process.	A further weakness of this application is the lack of a clear profit generation focus. The organization takes it on an article of faith that the collaborative design process improves profitability and growth.
The Convener	In organizations that have hundreds of key relationships to be managed among less-than-captive stakeholders the CDG may be used to align the various parties around key initiatives, products or processes.	Usually the CEO or sometimes the COO. Whoever is responsible for keeping the stakeholders aligned and who has their respect is the logical candidate.	Examples include supply chain management, or deal development in JV-heavy organizations.	Usually there are great efficiencies associated with alignment of constituents in time, dollars and manpower.
The Decider	Senior management teams that operate on collaboration find it useful to have a space, processes and a support team to help them with decision making. The approach may involve just the senior team or perhaps hundreds of others from across the organization.	Usually the CEO or perhaps someone else on the senior management team if the members of the team enjoy roughly equitable distribution of power.	Usually the core process in this type of application is strategy formation.	The senior team keeps metrics based on their competitiveness in the market place and often attributes their success to their application of CDG processes.

Pathologies

Finally, here are some gross generalizations and rules of thumb for situations to avoid if possible.

1. Don't spend lavishly on the CDG. This generates unnecessary attention and envy.
2. Do spend enough on the CDG for it to thrive and realize that like most new ventures, it will take more initial investment than you are likely to initially budget.
3. Don't stuff the CDG anywhere because you can't think of a good value proposition. In particular don't unthinkingly put it with the strategic planning department or with HR, R&D or with IS/IT. It may truly belong with one of these groups, but not just because it feels similar to what they already do.
4. Never place the CDG under the authority of someone who's more than one step away from the "top" (CEO if it's a corporate wide initiative or business unit leader if it's a business unit initiative).
5. Avoid pitting different types of CDGs or CDG-like processes against one another.
6. Never put someone in charge of a CDG who doesn't understand what it does, who isn't committed to being its champion, who doesn't have the power in the company to protect it, or who isn't willing to put in the additional resources and work it will take to guarantee success.
7. Avoid making the CDG a separate cost center. No matter how successful it is, it will always be a target.
8. Unless the work of your business is selling collaborative design services, never make the CDG a profit center or a revenue center.
9. Never make business units buy the services of a CDG with transfer pricing. Instead, make them *want* the services so bad they would pay anything to have them.
10. Don't turn the CDG into its own separate fiefdom, making it part of the problem it's trying to solve.