

CO-INNOVATION:

The advantage of collaborative innovation



Alfons Cornella,
Founder of Infonomia
and Co-society

The experience of combining the strengths of businesses from different sectors with the goal of collaborative innovation shows the potential of this approach to innovation. The context seems to indicate that the main reason to co-innovate is that market demands are too complex to be resolved without collaborating. So, the competitive advantage in businesses would complement the collaborative advantage in innovation. On the other hand, this collaborative innovation might help generate the employment that the economy will need to create over the next few decades. But to innovate collaboratively a system, tools and the decided participation of organizations' CEOs is required. We must train for this possible future and that is the aim of Co-society.



A new phenomenon is emerging in business: collaborative innovation. Businesses from different sectors, sometimes very different, are deciding to combine their knowledge and experience to generate new worth through products, services and process. This does not involve any one isolated practice, but an emerging global practice that is destined to become The standard way of innovating in the coming years.

The basic reason is simple: the world and the markets, are too complex to try to settle them on our own. Irrespective of the economic sector, the complexity to create new worth for clients and consumers requires a combination of knowledge that goes beyond that of any one business or sector. For this reason, the business world is turning to Co-

Collaboration is becoming the smartest way to compete. The idea of the competitive advantage in business, which has been the predominant way of innovating

for decades, needs a travel buddy: collaboration. Looking at the powerful yet simple idea of Adam Smith's "invisible hand", the contributions of Nash, games theory and the Agency Dilemma, maybe we should see that collaboration should be the norm and that competition is just a particular case of collaboration.

Our interest in this emerging phenomenon of collaborative innovation arose unexpectedly as a result of our work as innovation consultants. After more than 100 innovation projects over 15 years, carried out for clients in all sectors, we observed that more and more businesses in the world were venturing to work with others to explore uncommon ground. In many cases, this collaboration was really elemental. It consisted, for example, of co-branding projects; two business that put their brands together so that the resulting product would be more attractive. In others, the combination was organized around efficiency; a business that developed a technology

facilitated another with the goal of sharing the knowledge of engineering that was derived from improving the process, in a type of creative commons between specific businesses (the collaboration between CocaCola and Heinz in the process of making biodegradable bottles could be an indication of this.)

But what interested us most was seeing how businesses in different sectors, started a relationship to generate something new that could not be classified, mainly, in any of the areas of the participants. One case in particular that got our attention was the Jukari project, between Cirque du Soleil and Reebok; as a result of the observation that many women were bored with going to the gym, the idea of substituting habitual, mechanical exercise for a creative artistic project came about. Jukari allows millions of participants in the world to work out while training as if they were gymnasts training for Cirque du Soleil. The result is definitely something that would fit in the Reebok's

product portfolio, but also the creative exploitation of this new product, with the possibility of it becoming a practical artistic-athletic community on the global level, shows the potential this project has of becoming a BlueOcean in the physical exercise industry.

In fact, hundreds of observed cases, many of which we have documented ourselves, allowed us to launch the not yet proven hypothesis that many Blue-Oceans, new disruptive categories in businesses of the coming decades, will come from the combination of "distant" businesses' capacities in terms of their products and real services. We suggest that the BlueOceans of the near future will cause the "collision" of businesses from different sectors.

COLLABORATION IN SCIENCE

It is even more evident that collaboration is an essential, valuable motor in science. There is practically no relevant research field in the world in which a scientist can work alone. Work groups are distributed around the planet, and stay connected online. The most notable case is a group called the Atlas Collaboration, at CERN in Geneva, in which more than 3000 interdisciplinary scientists collaborate to decipher the deepest structure of matter (it is the team to which we owe the detection of the Higgs Boson). In many other areas of science we find examples of "mash-ups", incredible combinations. The most notable are published in MIT's annual *Technology Review's* 35 Most Relevant Scientists under 35 This is a list of scientists who dedicate their efforts to a completely innovative field of science, the combination of which had never before been imagined.

COLLABORATION BETWEEN SOCIAL AND ECONOMIC AGENTS

Interest in collaborative innovation between businesses will surely increase when we show that collaboration is becoming a habitual practice in other sectors of the society and economy. The most indisputable example we have found in collaborative consumption between citizens. The Great Depression Crisis that began in 2008 has fomented the emergence of thousands of initiatives that aim to help citizens share their resources and belongings. Cars, second homes, tools, second-hand clothing, unwanted furniture, even free time is exchanged or sold over the internet to make efficient use of personal assets that are not exploited. We dare ourselves to say that the middle class in the west has no other choice than to share or become poor. It is difficult to imagine returning to a state of economic growth in which the middle class is able to consume happily again. Furthermore, some

of the most successful initiatives and most disruptive conventional businesses on the internet are simply platforms for the exchange of products or resources, like eBay or AirBnb. Even Google, with its algorithm that determines the relevance of internet content, owes its success to the collaboration between people: it was the use of personal assessment of the pages between individuals that allowed the beginning of the dominance of business in the information industry.

Therefore, businesses should remember that collaboration is becoming a habitual way to interact with other agents in their environment, as experience shows in science or in collaborative consumption. Maybe it could happen in businesses as well.





THE CO-SOCIETY PROJECT: SYSTEMATIC BUSINESS INTERSECTIONS

Surrounded by all this evidence, Infonomia launched Co-society (www.co-society.com) in 2010. It is a platform to create the conditions that facilitate the emergence of collaborative innovation projects between involved teams. The aim is to convert these “accidents resulting from casual meetings”, which were the main reason that the majority of co-innovation occurred that we had previously documented. Our main objective was to create the conditions for those collaborative innovation accidents to be substituted for a systematic process. That’s why our slogan is: generating systematic business intersections.

Four years later, we can share some of what we have learned. We have experienced a rich environment of ideas about collaborative innovation, with “aromas” like open innovation, co-creation, etc. And with significant contributions like

that of Michael Porter, who proposed that businesses share the value that all their social stakeholders generate (citizens in particular). An index, we understand and have already realized, the paradigm of competition as the supreme value in business could be evolving into a more sophisticated idea: that collaboration, the intersection of knowledge, from organizations’ assets, and from the organizations with all its environment, is being called to become the standard way of generating worth in an increasingly complex and diverse world.

LESSONS LEARNED

Achieving this kind of collaboration between businesses is not easy. Directors and executives have learned the competitive advantage very well. In order to spread this new collaboration creed as an instrument of innovation and creation of value requires a large amount of conviction and energy. To propose that collabo-

ration between people and organizations is in reality natural, and that the obsessive fixation on competition is maybe, a flaw of the system, an unsuccessful state of collaboration is at least, something daring. The first lesson we learned was that the offer cannot be directed towards all businesses equally. It is important to gear it towards the businesses and the innovation teams which are prepared to understand the magnitude of this challenge. Without previous motivation, it will be quite difficult for teams participating in our dynamic to be able to take advantage of these opportunities.

In addition to the participating teams' initial motivation, the next step involves investing in the creation of trust. Only when participants understand the power of quid pro quo, and that it is their generosity in sharing knowledge that creates the conditions for collaboration, and that begin to ignite sparks of potential. In this sense, one argument that has motivated participants is derived from the following

reflection: the world is too complex to be resolved alone, solutions come from collaboration, it is impossible without mutual trust, it arises from the generosity of all parties.

Encouraging businesses to look into their invisible assets, forcing them to shift from seeing the future in terms of the exploitation of their current product and service portfolios, and to see it in terms of their unexploited capabilities. For example, a furniture manufacturer who insists on looking at their potential relative to other businesses' from the perspective of what he currently makes (furniture), it will be difficult for him to find space for exploration with a manufacturer of athletic shoes who, in turn, insists to place his products in the portfolios of others. Only when both businesses withdraw from the reality of their current portfolios and discover, for example, will they be able to unite their interests by thinking, and producing products and services for today's youth that collaborative innovation will



be able to ignite. Therefore, a clear lesson that we have learned from our project is that the combination of the businesses must be made from the abilities (what we call assets) more than from current products. This detection of participating teams' invisible assets allows the development of combinatorial algebra of their assets. The combinations of your limitless capabilities can be explored in a spontaneous, formal or casual way.

But to do this is not a simple or easy task. To achieve a certain level of productivity and efficiency in the combination, counting on the tools that facilitate it is imperative. At Co-society we have developed some of these tools that complete the range of tools that are already on the market. In fact, one of our commitments to businesses involves periodically developing new collaborative innovation tools. Clarifying the way in which we take advantage of, or exploit the opportunities of asset combination is our main objective. Finally, through our meetings (that we

call Co-sessions or Co-fest) especially designed to facilitate team inspiration and interaction, we stimulate the combination of assets in real time, that eventually might become group projects. Time and energy is invested in positioning businesses to find intersections with either other businesses that belong to sector clusters, or with startups. We believe that the first organizations bring ideas, problems and solutions that can generate transversality in teams (businesses from different sectors exposed at the same time to technologies them in a different way). Regarding startups, their duo of vision and passion is of great interest to innovative businesses. We believe that today's startups must change the pitches they make to conventional businesses to get resources and investment. The current prevailing relationship between startups and incumbent businesses must change. Startups have ideas but lack markets. Conventional businesses have markets and frequently lack ideas. One intersection stimulated between both can make the ideas of the

startups adapt to the real needs of conventional businesses, creating growth opportunities for both parties.

We would like to emphasize that this new way of combining businesses and startups could be especially relevant in Europe where there are tens of thousands of large or medium sized conventional businesses with stable markets that could benefit from a symbiosis with startups that anticipate and seek out disruptive ideas.

THE CO-SOCIETY TOOLS

As mentioned before, the systematic intersection requires tools in order to be efficient. Some are already on the market and our experience over the last few years indicates that it is very probable that even more will appear. At co-society we have created and put into practice some that we can mention here.

Some, such as the one we call co-distances, are based on software. Through

an algorithm based on semantics that we suggest we can use to determine the “distance” between businesses from the terms used in the description of their activities (for example, what they put in their annual reports). Businesses are mapped according to how different they are from the average of businesses with which they contrast. This simple map of distances, allows us to propose conversations between the most distant businesses, between those that share the least and would gain more as a consequence of this interaction.

Another tool that has been quite useful was built from the idea of the Wheel of Friends. Rounds of conversation are specifically planned between participating teams, following a variety of models. Anything from the forced conversation (“you should talk”) to the voluntary conversation (“with whom would you like to speak”), to the purely random (roulette), even the casual (“with whom would you like to speak?”) or voluntary (“with whom

do you need to speak?”). This tool might seem trivial, but the format of the tools themselves, of the time and rules of the game make it generate powerful combination opportunities efficiently.

Some of the instruments used consist of board games with powerful results. Especially a game that we call Co-poker in which the participants play with the assets of the other members of each table rather than using their own. This game has been surprisingly efficient in all ten countries where we have tried it. There are other tools that we are trying along similar lines, be it those developed by our own team or by partner businesses that are developing the project in other countries.

One of the main objectives of Co-society is to consolidate itself as a design lab, prototype and test new collaborative innovation tools. We believe that in the coming years there will be an explosion of proposals on the market.

THE PERSISTENCE OF THE EXPLOIT-EXPLORE DILEMMA

In particular, the criticality that comes from the “authorization” of the CEOs’ of member businesses of their innovation teams has been made clear. It is difficult for innovation directors who participate actively in our activities (exploration) to be able to take maximum advantage of the opportunities that arise if businesses are principally (or worse, exclusively) concentrated on the generation of short-term results.

The teams’ “authorization” to take risks in the combining assets with those of other organizations depends fundamentally on the attitude of their respective CEOs. Without CEOs that bet on the potential of collaborative innovation, the opportunities that emerge suffer from slower development (or, in the worst of cases, don’t happen). It is fundamental for the CEOs to advise that collaborative innovation does not involve a game or a distraction be-

fore the quotidian activities of cash-flow generation. The future of their companies could well depend on their innovation teams counterattacking with new ideas before the destructive disruptions of their business models that emerge from the most remote corners of the economy.

In terms of co-projects that have come from Co-society, we are certain that businesses participating in the platform have begun conversations and have co-projects under way, which without this platform, might never have been produced. They have initiated contacts whose evolution doesn't depend on the "ignition", or from the intrinsic interests of the Co-project but from the abilities and will of the involved teams and from their respective businesses to innovate collaboratively.

Because of this, the energy put into the creation of the conditions for innovation should be accompanied by the interest and commitment of the CEOs in authorizing the co-exploration of opportuni-

ties. The measure of success, therefore, doesn't reside in establishing conversations, but in holding them as close to projects as possible. Co-innovation requires respective CEOs' support.

IMPACT ON THE ECONOMY AND IN SOCIETY, THROUGH WORK

Accurate studies, like the Brynjolfsson and McAfee (synthesized in their text *Race Against the Machine*), shows that the real technological revolution (computers and networks) is quite different from previous revolutions (vapor and electricity). The major difference is that information technology is progressing more and more in the direction of substituting humans with technology (and with greater preparation) than before. It is not, however reflecting on how work will be generated for those who have prepared extensively or, paradoxically, who are unprepared. The most prepared



will have work thanks to their intellectual abilities that cannot be replaced, even by machines; the least prepared run the risk of becoming sophisticated low-cost robots (vision, mobility, strength) which are less expensive than their automatic counterparts. The moderately prepared workers, the white-collar workers in particular, will see their chances of finding work become increasingly slim, given that cognitive machines are increasingly more capable of substituting them.

One of the main ideas proposed by the aforementioned authors to generate work that we need in order to maintaining social peace, involves giving up the vision of the future as a race against machines and instead seeing the future as a race with machines. People who lever their distinctively human capabilities with the specifically computational capabilities of machines to create, from the imaginative combination of thousands of new startups, new products and services for humanity. New initiatives that

will create offers more quickly if they are combined with businesses that already exist: new ideas will spread to pre-structured markets.

In other words, collaborative innovation, the exploration of new common business spaces between organizations, not only has the potential to affect their profit and loss accounts thanks to the development of new products and services (or even of BlueOceans), but it could end up being just the solution we need to control the destruction of jobs by ("intelligent") machines.

THE FUTURE IS COMBINATORIAL

Paul Romer said years ago: the future is basically combinatorial. It is the combination of scientific disciplines to generate new research fields. It is the combination of the will of citizens to change the order from the habitual top-down to the new bottom-up. It is combining technologies



to automate processes, connect people and instruments (the internet of things) to an infinity of networks. It is coordinating all these agents and networks in a never before seen system of global efficiency. For what will be required to reinvent organizations and deeply rethink as we form and as we apply human capital.

In this context of radical transformation towards a world of extreme coordination, we believe that collaborative innovation will form part of the “normal” way of innovating. Competition will be seen as a failed collaboration. And we will have the tools capable of extracting incredible value from the combination of assets that today are invisible to organizations.

In this co-future with the pioneer experience of businesses that, in a growing number of countries, are already betting on Co-society. Maybe it is already proven that collaboration is the most intelligent way to compete.



ABOUT THE AUTHOR

Alfons Cornella is Founder and President of Infonomia (www.infonomia.com), business innovation services, since 2000. He also founded co-society in 2009 (www.co-society.com), an initiative for the stimulus of the systematic intersection of businesses. He is a consultant for large Spanish businesses and has directed more than 100 projects on the creation of culture and innovation team dinamization in all kind of organizations, especially in the private sector. Through his conferences and seminars on innovation he has personally shared his ideas and experience on “how to innovate better” to more than 10,000 people annually. He has published 20 books, and more than 1,000 short articles about science, technology and innovation, as a way to transform businesses. Among his books, a few to highlight: *The Alchemy of Innovation* (2007), as coauthor with Antonio Flores, *Visionomics*, *50 Ideas and Drawings of the New Dynamics of Organizations* (2010), *The Solution Begins with Co-* (2013), *Ideas + Value = Results* (2013) and *Verne, A Manual for Innovation*. He graduated from the University of Barcelona with a degree in physics, completed a Master's degree in Information Resources Management from Syracuse University in New York and is certified in Business Management from ESADE in Barcelona.



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info@co-society.com