

# THOUGHTleaders

Published quarterly by Cisco Executive Thought Leadership

SECOND QUARTER 2008



## **Collaboration** Harnessing Our Collective Potential

- **John Chambers on “The Promise of Collaboration”**
- **Collective Intelligence: An Interview with Thomas W. Malone**
- **A Model for Executive Collaboration**



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# Our Collective Potential

The World Economic Forum's annual meeting in Davos is a gathering I look forward to every year. It is an opportunity to exchange viewpoints with a diverse and inspiring group of leaders who, as the Forum's slogan indicates, are "committed to improving the state of the world."

This year's meeting was of particular significance because of its focus on "The Power of Collaborative Innovation," a trend we've been discussing for several years at Cisco. I believe the rise of collaboration and the technologies that enable it—something many call "Web 2.0"—is the most important market transition since the initial rise of the Internet in the 1990s. And I see collaboration and Web 2.0 technologies fueling the next phase of productivity, business models and innovation.



The World Economic Forum is the epitome of this collaboration trend, bringing hundreds of business, political and NGO leaders together to collaborate on solutions to some of the world's most pressing social, political and business issues. While at this year's Forum, we had the opportunity to talk with dozens of CEOs, heads of state and other key government leaders about important topics like globalization, the economy, climate change,

education, and how technology can help address these opportunities and challenges.

This issue of *Thoughtleaders* takes a deeper look at the impact of these trends, examining the ways in which collaboration and Web 2.0 are transforming business and society. Renowned organizational theorist Professor Thomas W. Malone, the founding director of MIT's Center for Collective Intelligence and the author of *The Future of Work* (Harvard Business School Press, 2004), shares his thoughts in an interview that starts on page 3. Additionally, among other executive and research perspectives, I share my own thoughts in "The Promise of Collaboration," which was originally published in conjunction with the World Economic Forum's annual meeting.

At Cisco, we believe collaboration and its enabling technologies have the potential to unleash an era of productivity and prosperity beyond what we have previously experienced. I hope you find this issue of *Thoughtleaders* valuable in your efforts to understand and harness the power of collaboration.

Sincerely,

John Chambers  
Chairman and CEO  
Cisco



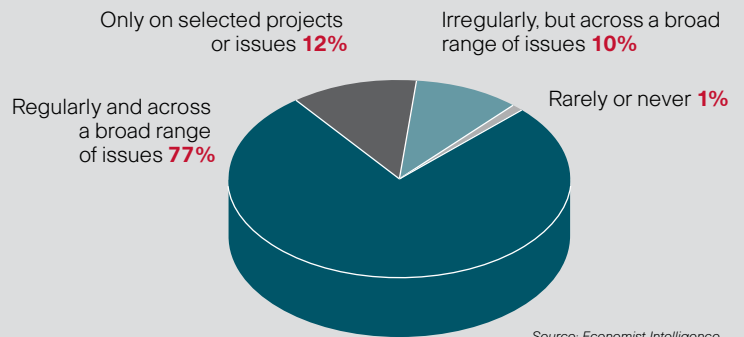
## Collaboration: A Work in Progress

The future will be more collaborative than the present, according to the 394 global executives that participated in a 2007 survey conducted by the Economist Intelligence Unit (EIU) and sponsored by Cisco Executive Thought Leadership. And that’s saying something, considering that the majority of participants indicate that they already collaborate significantly (see pie chart). Despite this, it’s clear they see collaboration as an important component of business in the future (see bar chart, below left).

A closer look at the report that EIU published about its findings, “Collaboration: Transforming the way business works,” reveals that much can be done to improve collaborative efforts. While three in four respondents claim to collaborate regularly, seven in 10 say efforts fail when collaborative initiatives aren’t carefully planned or given adequate follow-up. One area the research identifies as ripe for improvement is the measurement of collaborative efforts—the majority of respondents don’t formally measure collaboration at all (see bar chart, below right).

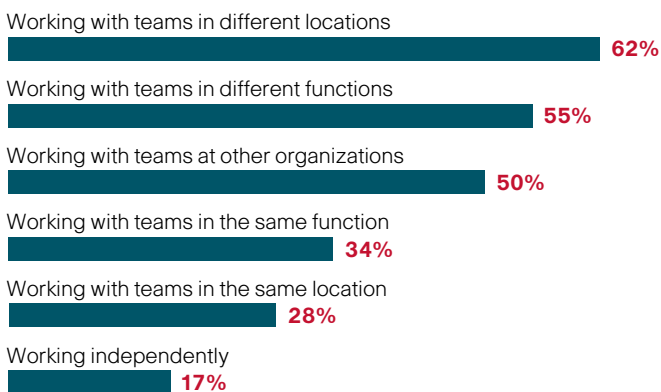
Read “Solving the Collaboration Conundrum,” starting on page 11, for a detailed research perspective about the findings. To access the complete report, go to [cisco.com/go/etl-collaboration](http://cisco.com/go/etl-collaboration).

### Do you collaborate with peers in other functions of your organization?



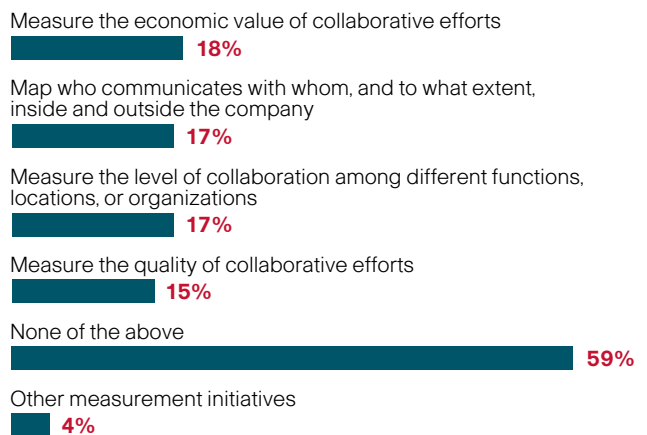
Source: Economist Intelligence Unit, 2007

### Three years from now, which of the following do you expect to spend more of your working time doing compared to today?



Source: Economist Intelligence Unit, 2007

### How has your organization tried to measure collaboration?



Source: Economist Intelligence Unit, 2007





## Intelligent Collaboration

A conversation about collaboration and collective intelligence with renowned organizational theorist and the author of *The Future of Work*, Professor Thomas W. Malone

Interview by Chris Beveridge, Cisco Executive Thought Leadership

**Thomas W. Malone is the Patrick J. McGovern Professor of Management at the MIT Sloan School of Management and the founding director of the MIT Center for Collective Intelligence. He was also the founding director of the MIT Center for Coordination Science and one of the two founding co-directors of the MIT Initiative on “Inventing the Organizations of the 21st Century.”**

**The past two decades of Malone’s research are summarized in *The Future of Work: How the New Order of Business Will Shape Your Organization, Your Management Style, and Your Life* (Harvard Business School Press, 2004). Here, he discusses how organizations can harness the potential of collaboration and collective intelligence.**

**ETL: How would you define collaboration? And how does that compare with collective intelligence?**

**Thomas Malone:** Well, the very word collaboration comes from the root meaning, “work together.” So I think collaboration means working together, but I think it actually means working together, on interdependent parts, toward a common goal. My definition of collective intelligence is groups or individuals acting collectively in ways that seem intelligent.

I think both of those definitions mean very close to the same thing. It’s important to realize that both of them imply both the notion of a common or shared goal, and the notion of some kind of interdependencies between the parts. I think that collective intelligence is essentially a sub-set of collaboration. [You can think of] collective

intelligence as intelligent collaboration. For instance, you could have a group of people collaborating to dig a ditch, but you probably wouldn’t want to call that collective intelligence. On the other hand, a group of people collectively creating an article on Wikipedia, if they do a good job, I would certainly call collective intelligence.

**ETL: Is collaboration happening more now than in the past?**

**Thomas Malone:** I think it is. I think it’s happening in different ways. It’s possible for many more people to collaborate over much wider distances with many more people at a time, than was ever possible before, because of new information technologies.

*(Continued on following page)*



**ETL: Why do you think people are increasingly interested in collaboration?**

**Thomas Malone:** I think it's because the new technologies make it possible to share information much more widely. And they let many more people make more decisions for themselves. That means many more people have to be able to collaborate as peers, rather than just following orders from someone above them in a hierarchy.

**ETL: What effect is the drastic reduction in communication cost and complexity having on business?**

**Thomas Malone:** I think it's a huge effect. I think that we're in the early stages of an increase in human freedom in business that may, in the long run, be as important a change for business as the change to democracies was for governments. It's now possible for the first time to have both the economic benefits of very large organizations—things like economies of scale—and at the same time to have the human benefits of very small organizations—things like freedom, flexibility, motivation, and creativity. And the reason

that's possible is because a new generation of information technologies—e-mail, the world wide web, cheap long-distance calling, the Internet in general—all those technologies are reducing the costs of communication to such a low level that it's now possible for huge numbers of people, even in very large organizations, to have enough information [to] make sensible decisions for themselves.

But just because something is possible doesn't mean it will necessarily happen. In this case, what I think will drive these changes is what people want, and in particular the business benefits of giving people more freedom. When more people are making more decisions for themselves, they're often more highly motivated, more dedicated, more creative. They're able to be more flexible, and often they just plan like it better.

Those benefits won't be important in all parts of business. In some parts of business, [for example] in making certain kinds of semi-conductor chips, the most important factors in business

success are just economies of scale. And in those cases, I'd expect decreasing costs of communication to lead to even more centralization, in order to more easily take advantage of those economies of scale.

But—and here's a key point—in our increasingly knowledge-based and innovation-driven economy, the critical factors in business success are often precisely the same things as the benefits of decentralized decision making, things like motivation, creativity and innovation. So that's why I think that, even though it won't happen everywhere in our economy, we're likely to see more and more examples of decentralized decision making, of more people having more freedom to make more decisions for themselves. We're likely to see more and more examples of that in more and more parts of our economy over the coming decades.

**ETL: Do you think that decentralization is the future of business?**

**Thomas Malone:** I do. [By decentralization] I don't just mean more divisional vice presidents having power as opposed

to CEOs. By decentralization I mean vast numbers of people throughout big organizations having more power to make more decisions for themselves.

That's one of the most important sea changes in the future of business. I think that in the long run—50, 100, or 150 years from now—we may well look back on the first few decades of the 21st century as a [time of] change in business that was as important as the changes in the industrial revolution.

**ETL: Do you believe some people are natural collaborators?**

**Thomas Malone:** Well, that reminds me of a similar question that's often asked about leaders, which is, "Are leaders born or made?" My favorite answer to that question comes from General George C. Marshall, one of the few five-star generals in the history of the U.S. Army. Somebody [once asked him], "General Marshall, do you think leaders are born or made?" He thought for a minute, and he said, "They're born ... then made." I think the answer is true about collaboration, just as it's true about leadership—that all of us are born with some natural abilities that may make some of us more easily able to lead others, or to collaborate with others. But I think all of us, if we want to—and the *if we want to* is an important qualification here—are capable of learning to be better leaders and better collaborators. In fact, one of the things that I think is happening is that the difference between the two is blurring.

My colleagues and I have talked a lot about distributed leadership and the increasing importance of leadership not just being something that happens at the very top of an organization, but something that can happen at the top, the bottom, and everywhere in the middle. And [in] this rapidly changing world,

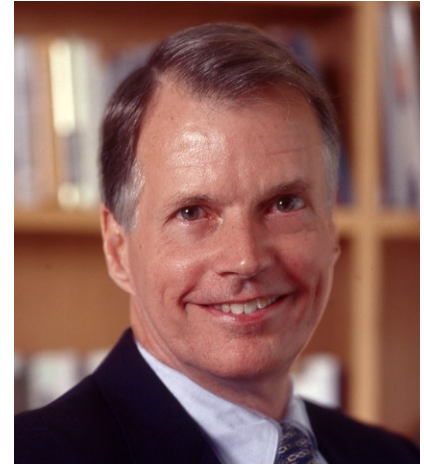
more and more people have to be able to help make sense of what's happening [around them], more and more people need to be able to come up with visions about what to do about those things and be able to figure out for themselves how to achieve the things that need to be done. I think the ability to collaborate effectively with other people, the ability to lead other people whether you do or don't have formal authority over them, can be learned and can be developed. *If you want to.*

**ETL: How can organizations measure the benefits of collaboration?**

**Thomas Malone:** Let me give two answers. The first is the simple answer, which is that if you have any measure of the performance of an organization, you can use that, in part, to measure the effectiveness of collaboration. If you're evaluating a company, for instance, on the basis of profitability or sales effectiveness or shareholder return, you can use any kind of overall measure like that to measure the effectiveness not only of how well individuals do their jobs, but also of how well they collaborate to reach the overall goal.

There's a more interesting answer, however, which is that you can view an organization as a kind of thing that tries to be collectively intelligent. So you can view an organization as a form of collective intelligence. And just as we can measure individual people on how intelligent they are, one of the interesting research projects we're doing here at MIT, funded in part by Cisco, in fact, involves trying to measure the collective intelligence of groups and organizations. We believe that it will be possible to [use] some of the techniques and concepts used for measuring individual intelligence to measure the intelligence of a group.

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“It's possible for many more people to **collaborate over much wider distances with many more people at a time**, than was ever possible before, because of new information technologies.”

– Professor Thomas W. Malone



I think one of the most interesting ways of measuring the effectiveness of collaboration is to measure the [“intelligence” that results from] the collaboration technologies and techniques which a whole organization uses. That suggests, for instance, that we don’t just want to measure something like how much profit did they make? Or, how many widgets did they manufacture per month? We also want to be able to measure how responsive the organization was to changing situations. How quickly were they able to learn how to do things, not just do the old things, more efficiently? So I think that’s a subtle but increasingly important aspect that we can begin to measure [in regard to] how effective collaboration is.

**ETL: Are people more productive when they work on projects about which they are passionate?**

**Thomas Malone:** Yes. I think in many cases they are. We humans, when we’re excited about something, when we think of it as our thing rather than something somebody else is making us do, we’re often much more motivated. We’re more creative. And if the job is one where motivation and creativity help, that often means we’re more productive.



[People] can do the things they’re passionate about. But [to increase productivity, they need to] do those things in a way that also contributes to the overall goal of the organization. Without either of those things, without the right incentives or the right information, they can do things they’re passionate about, [but it’s] just everybody going off in different directions so you don’t get any kind of overall coherence, any overall benefit for the organization. But the technology, when used wisely with appropriate incentives and so on, can give us both passion and coherence.

**ETL: What are the biggest barriers to effective collaboration?**

**Thomas Malone:** Believe it or not, the biggest barriers to collaboration are not the technical ones. I think they’re the human ones. Two people who don’t want to talk to each other are still not going to want to talk to each other even if you give them great Voice over IP telephones, and great e-mail, and all kinds of other collaboration tools. I think it’s sort of a cliché, but people say that the soft stuff is the hard stuff. I think that is true in this field. I think that figuring out how to get the right kinds of human relationships, the right kinds of cultural expectations and, perhaps most importantly, the right kinds of incentives—those are the biggest barriers to effective collaboration.



**ETL: Do you have any final thoughts about the future of collaboration and collective intelligence?**

**Thomas Malone:** Yes. I have two. The first is the technologies we’ve been talking about today will allow us to collaborate, not just at the level of a single organization, or a few organizations, or even a few thousand individuals—they’ll also allow us to collaborate at global scale.

And I think one of the most interesting things we can do is to try to harness the collective intelligence of our whole species to figure out how to deal with important problems like global climate change, or poverty or other things.

Even more deeply than that, I think the choices that we as individuals make as we live our lives and do our work in the next few decades are likely to have an even bigger impact than many of us realize in creating the world that we live in and that our children and children’s children live in for the rest of this century. So if we want to make those choices wisely, I think we need to think much more deeply than we usually do about what it is we really want and what kind of world we want to create.

**Next Steps**

*This interview was edited significantly due to space limitations. Please visit [cisco.com/go/etl-maloneinterview](http://cisco.com/go/etl-maloneinterview) to access videos in which Professor Malone goes into greater detail and offers some of his favorite examples of collaboration.*

*To find more content from the Cisco Executive Thought Leadership team, go to [cisco.com/go/etl](http://cisco.com/go/etl).*

*Visit the MIT Center for Collective Intelligence at <http://cci.mit.edu>.*





## The Promise of Collaboration

By working together toward common goals, we have the power to overcome great challenges and take advantage of unprecedented opportunity.

*By John Chambers, Chairman and CEO, Cisco*

**We encourage our young people to be strong individual leaders, which is clearly important. But what if, with equal enthusiasm, we encouraged them to be collaborators?**

Societies and economies are rapidly changing; the power of *us* has become far more important than the power of *you*. If technology has the ability to help an individual doctor treat cancer more effectively, imagine the impact thousands of doctors working together globally could make on curing it. I believe the second wave of the Internet will be focused on empowering collaboration—groups of individuals working together toward a common goal. The countries, organizations, and individuals that grasp the power of collaboration will, in turn, emerge as tomorrow's leaders.

### The Next Wave of the Internet

Our ability to harness technical and human networks to help us collaborate—across geographical regions, cultures,

and job roles—will unleash this next wave of productivity, and I believe it will rival what we experienced in the first phase of the Internet. This new phase of Internet productivity is often referred to as “Web 2.0,” simply meaning a set of technologies that enable collaboration. It is no longer about one-to-one interactions, but rather about many-to-many.

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*John Chambers is the Chairman and CEO of Cisco. He joined Cisco in 1991 as senior vice president of Worldwide Sales and Operations. He became the president and CEO in 1995, and was named Chairman in 2006. Cisco has grown from \$1.2 billion in annual revenues to approximately \$35 billion under his leadership.*

This phase was first developed and embraced by consumers, as they harnessed the Internet for things like social networking, blogging, and building Wikipedia. This wave of collaborative technologies and behaviors are just now moving into business and government, beginning to transform not only our social interactions but also our business and political ones.

Here is just one example in the medical community. A Nobel Prize-winning scientist, Dr. Alfred Gilman, is leading a radical effort to build a “virtual cell” that would allow drug tests and experiments to be conducted online—virtually—from anywhere in the world. Instead of working within a small, closed group of researchers, he’s embraced “open source” medical research, opening up his work to hundreds of colleagues from around the world. Dr. Gilman’s work has the potential to shorten the pre-clinical trial review process from years to months to even days with the goal of bringing new life-saving drugs to market much faster than before. This is the power of collaboration—the power of us.

The network, coupled with widespread broadband Internet access, has created a platform that eliminates time and distance as obstacles to working together toward common goals. This ability to collaborate on a global scale has the power to transform companies. For example, while Cisco’s Scientific-Atlanta acquisition took Cisco nearly 48 days to complete two years ago, our recent WebEx acquisition took only 8 days, due to collaborative technologies. These technologies enabled a virtual acquisition team to share information and work collaboratively in real-time, across geographies and time zones. That kind of power will transform the pace, the structure and the very nature of business processes and business models.

### Changing Human Behaviors

This shift will require much more than technology changes. More than in the first phase of the Internet, this more collaborative phase will require significant changes in human behavior. Business and government leaders will need to lead from a “collaboration and teamwork” mentality, as opposed to the traditional “command and control” perspective. And as we adopt this collaboration mentality in our personal lives, we are beginning to carry similar expectations into our work lives, fueling demand for collaborative technologies and behaviors at work.

Encouraging this collaborative behavior will require that we teach students and employees how to work well together and to make good collective decisions—and then reward them for collaborative as well as individual accomplishments. This is a critical test, in particular, for

Encouraging collaborative behavior will require that we **teach students how to work well together** and to make good collective decisions—and then reward them for collaborative as well as individual accomplishments.



our education system. Many, at this point, don’t grasp how important this is. Only 31% of respondents believed group skills should be more greatly emphasized in classrooms, according to a recent poll by Zogby International/Cisco. I think we will see that percentage rise as more collaborative tools drive new social and business behaviors.

We are at one of the great inflection points of our time. Our opportunity is to build a connected, global, human network capable of working collectively to address the significant social, economic and political issues of our time. As leaders, it is our responsibility to lead by collaborative example, encourage and reward these behaviors, and welcome the innovations that will enable a world that is more connected than ever before. We are not limited by technology, but only by our own imaginations and willingness to adapt and embrace this exciting new era.

*This perspective was originally published in conjunction with Cisco’s participation at the annual meeting of the World Economic Forum.*





# A Model for Executive Collaboration

As we learn to become more collaborative, having a process in place for how to work together can help business leaders maximize success.

By Ron Ricci, Vice President, Cisco

**For years, companies have diligently applied best practices in manufacturing, IT, customer-relationship management and other areas. But one important facet of the corporate world has remained largely unchanged for decades, if not centuries: the decision-making structure itself. Too many leadership teams still cling to the old, top-down “command-and-control” model that results in isolated decision making, misaligned management, uninformed rank-and-file employees, and silos of information that help the few but not the many.**

At Cisco, developing an effective model for executive collaboration means taking a fresh look at how leadership teams communicate and make decisions. Using communication to drive alignment across executives and employees is more than simply a way to help others become better informed—correctly executed, it aligns executive and employee behaviors in support of well-stated, shared goals.

Survey after business survey suggests that executives believe that a horizontal, collaborative operational alignment goes far in promoting innovation and productivity. We believe that by implementing this model for executive collaboration, we execute more effectively in the short term, articulate a clearer long-term strategy, speed innovation, and keep more employees engaged and motivated.

## Why Change Now?

Enterprises today are faced with increased competition, consumers are more fickle than ever, and the pace of innovation has increased to warp speed. Few companies have the latitude to lag behind, suffer critical mistakes, or make wide turns.

The next wave of innovation and market opportunity exists within the interdependencies of functions and departments. Companies are realizing that functional goals need to be balanced by enterprise-wide objectives if they want to achieve initiatives such as a “single view” of customer data to personalize the customer experience and products delivered in as close to real time as possible to lower costs.

*(Continued on following page)*



*Ron Ricci is the vice president of Corporate Positioning at Cisco, reporting to Chairman and CEO John Chambers. Ricci and his team are responsible for helping Cisco to use communications to shape the vision, strategy, culture and process priorities of the company.*



And today's worker is changing. Thanks to the Internet, employees are far more adept and comfortable with communicating and collaborating virtually and instantaneously. They are accustomed to having access to information.

Collaboration is to the enterprise what social networking is to the consumer: a way of interacting that is communal yet personal, interactive and horizontal. One important difference, however, is that collaboration in the workplace is driven by a belief in and a commitment to shared goals, while social networking is not necessarily goal-directed.

### Five Components of Success

Cisco has been making its own transition from a command-and-control approach to a more collaborative leadership style over the last seven years—and the evolution continues. During the process, we've identified five critical components of a successful model for executive collaboration:

**1. Create a Common Vocabulary.** Have you ever come to the unfortunate realization that everyone in a meeting has a different definition of a fundamental concept, such as *strategy*, *vision*, *mission*, *goals* and *initiatives*? No wonder communicating is hard. The first step is to create a shared vocabulary that defines each concept and, furthermore, helps leaders to agree on how to apply the concept to your organization. At Cisco, for example, we define *strategy* as *how we will achieve our 3–5 year goals and advance toward our vision and mission*. There's no right or wrong definition, only a shared definition.

**2. Develop Collaborative Processes.** If you believe that no one functional group within a company can deliver the whole product, then naturally it behooves functions to work together to deliver products, systems and solutions, and to achieve enterprise-wide objectives. These processes can exist at many levels, but the more formal and structured, the better, starting with strategic decision-making at the top, customer-focused business groups to carry out long-term strategies, and smaller, more tactical groups to deliver short-term results.

To make sure groups stay productive, it helps to base goals on such concrete evaluators as growth, market share, wallet share, customer satisfaction, gross margin and contribution margin.

**3. Share in a Belief System.** By belief system, we mean key mechanisms, touchstones, or "moments in time" when executive management and employees "sign up" to create and share common goals, objectives and initiatives. These events are often characterized by in-person participation of key executives discussing 3- to 5-year vision, strategy and execution plans.

Employees can't invest in initiatives if they don't hear them articulated, preferably by top executives who themselves commit to the very same priorities about which they're preaching. And if executive and employee reward systems are tied to the goals of the belief system, it's amazing how quickly people become believers.

**4. Practice Executive Scaling.** Studies show that executive presence in communication activities is *the* key driver in increasing employee confidence. But in a large or global enterprise, senior leaders can't meet face to face with all employees worldwide. The solution is to scale executive presence by using live video presentations or time-delayed video on demand delivered to large meetings or desktops. These don't have to be grand or highly produced affairs. Workers prefer to view these in increments of two or three minutes. In addition, innovations such as TelePresence offer a way to interact in a more impactful way when the situation calls for it; executives can conduct "face-to-face" meetings without the travel, allowing them to effectively be in multiple places at once.

**5. Develop Metrics.** How do we define metrics at Cisco? *As a unique solution to measure management and employee alignment that yields both diagnostic and prescriptive results.* No major corporate change—and certainly not one as broad as communication and collaboration change management—can be successful unless you can measure results and make changes accordingly.

A good survey will allow you to drill down into the data to view responses by question, subject, geography, job level and function. You can then use the data to adjust communications strategies to address employee satisfaction concerns and strengthen alignment to organizational initiatives.

Embracing change around such a profound arena as collaboration will never be easy, but in today's marketplace it will always be worthwhile.



## Solving the Collaboration Conundrum

A comprehensive study finds that collaboration is easier said than done. Those firms that collaborate successfully share a number of traits worth highlighting.

By Eric J. Adams

**Senior executives today pay homage to collaboration, there's a wealth of collaboration technologies available, and tens of thousands of words have been written on the subject.**

Yet, despite the buzz, many firms simply aren't doing a good job of collaborating.

Three in four of 394 executives surveyed in a 2007 Economist Intelligence Unit (EIU) study sponsored by Cisco Executive Thought Leadership say they collaborate regularly across a broad range of issues, but seven out of 10 say efforts fail when collaborative initiatives aren't carefully planned and given adequate follow-up.

Executives give a wide range of reasons why companies have trouble collaborating, including muddled definition of responsibilities; a gap in expectations among partners; missing preparation, targets, benefits, and communication; and nonexistent rewards for collaboration results.

Most importantly, half of executives say collaboration failures are due to a lack of a clear commitment of top management, "who need to set an example," and a lack of

effective leadership "in managing change and identifying in advance the typical dynamics of organizational evolution."

### Collaboration Is a Business Imperative

Executives understand that effective collaboration is truly a competitive advantage. It helps companies move fast, move efficiently, and grow profits. And in this day of shrinking product cycles, an early-mover advantage is often the key to rapid growth.

Collaboration is particularly important when moving into the unknown. Even traditionally international industries—pharmaceuticals, banking, consumer-packaged goods—have become even more global as the barriers to investing in emerging markets have fallen.

To share in this growth, corporations need to build collaborative networks and think of the world as a supply base for talent and not just materials. That's because companies, customers, processes, and supply chains will continue to fragment as companies expand globally.

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## Partnering Among Vendors is on the Rise

Customers are demanding greater expertise from their vendor resellers as IT solutions become more varied and complex and as resellers integrate into the customer's business processes. More and more resellers are choosing to fill the expertise gaps created by the available array of solutions by partnering with other resellers—in a “co-opetition” relationship. These partnerships are increasing rapidly, accounting for a third of reseller revenues in 2006, which was a 15-percent increase from the previous year.

This is according to a study commissioned by Cisco and conducted by Illuminas to better understand the forces shaping the reseller channel of the near future. The study was conducted with more than 1,300 customers and nearly 500 Cisco channel partners in 12 representative countries around the globe in October and November 2007.

Although partnering is not always easy, the payoff is well worth the effort. Thanks to the combined expertise, end customers overwhelmingly find that collaborative partnerships reduced the complexity of their IT solutions for the business. They also enjoyed the single point of contact a partnership provides versus working with the vendors individually. Between 80 and 90 percent of customers globally are satisfied with the technical, business, and industry expertise; ease of doing business; and after-sale service and support partnerships provide. This level of satisfaction translates into a level of loyalty that may not be possible when vendors go it alone.

Resellers can improve their ability to partner with other resellers by taking advantage of the many collaboration tools available from instant messaging and web conferencing to document management and shared calendars.

– *Michael Astle*

Collaborative networks (facilitated by information digitization and broadband growth) will knit together these disparate groups, and move work to where it can be done best.

This much is clear: companies that excel in collaborative problem solving will be better able to grow by entering markets early, taking advantage of local knowledge, and ramping up quickly.

## Rethink Your Collaborative Practices

Now is the time to establish formal collaboration processes because the future of collaboration figures to be even more complex. While firms have traditionally collaborated vertically—with suppliers and distributors, for instance—future collaboration will extend to broader communities of specialized players, from customers, partners, and freelance contractors to competitors, regional distributors, and university researchers.

The EIU study provides a few insights into what it takes to collaborate successfully:

- 1. Senior executives need to get on board.** There was near-universal agreement among the study participants that collaborative relationships are growing increasingly crucial to business success. Executives spend at least two-thirds of their time currently working alone, with people in their own functional silos, or with people at the same location. But in the next three years, more than one-half of executives say they will spend more time working across functions, locations, and organizations.
- 2. Successful collaboration requires a culture of sharing.** Companies that collaborate successfully have a common cultural profile: employees trust each other, sharing is more prevalent than secrecy, communication is frequent and open, employees actively seek specialized knowledge from other organizations, and employees are eager to partner with other organizations.
- 3. Collaboration process and metrics are critical.** Despite the scale of investment in many collaborative arrangements, providing guidelines for collaborating and



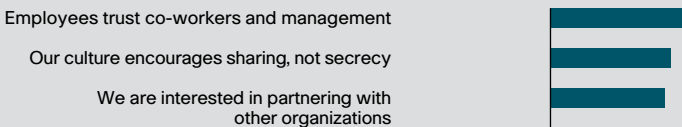


measuring and monitoring the benefits still prove elusive for many companies. In the EIU survey, only a minority has adopted a formal process for collaboration. Almost 80 percent said their companies have not attempted to measure how collaboration can help to achieve any business objectives. Among the 20 percent that have attempted to measure the benefits, several alluded to difficulties in coming up with appropriate methodologies, but a few have developed useful metrics that provide insight into the collaboration process and its results.

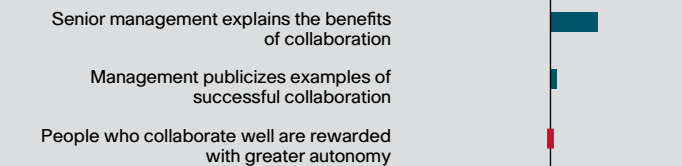
**4. Collaboration tools are underused.** Despite the rise of powerful networks with universal connectivity, there is little consensus on the most effective ways to use technology to facilitate collaboration. Virtually all executives use e-mail, two-thirds use instant messaging, one-half share calendars and intranets, and just more than 40 percent use Web conferencing. But few feel the current bevy of tools added much to the collaborative process. Leaders need to effect a cultural change among their employees to drive adoption of these tools—through education and process change. And tool developers need to consider adoption of their tools as they develop and sell them.

**Based on the percentage of respondents who agreed or disagreed with the statements below, organizations understand the need for collaboration. In addition, the right employee culture is in place for collaboration, but they need to improve their processes, metrics, and leadership.**

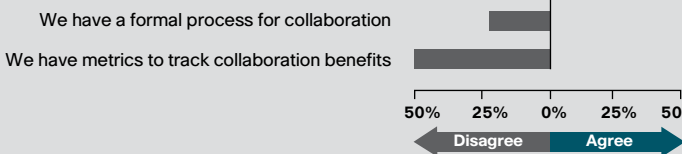
**Culture**



**Leadership and Incentives**



**Processes and Metrics**



Source: Economist Intelligence Unit, 2007

**Measure Your Successes**

Collaboration is often seen as an intangible and, as a result, companies often plunge into a collaboration effort without attempting to measure results. Add that to the difficulty of measuring results, and only one in five companies has attempted to measure collaboration successes. The organizations that have developed metrics provide the following guidelines:

- 1. Time-based metrics.** If the process and outputs are well defined, measure the time required to complete tasks and the quality of the finished product. This method is fairly straightforward and not difficult.
- 2. Social network metrics.** Social networks provide another approach to measuring the value of collaboration. First, discover who talks to whom using, for instance, e-mail headers or internal surveys, and diagram communication relationships. Next, evaluate how much time is spent in various interactions and how much money these interactions save or generate for the company. The payoff comes when a company can devise strategies to encourage the most successful interactions.

**3. Ad hoc metrics.** Many companies take a less formal approach to evaluating collaboration. They look at the outputs from a collaborative endeavor and attribute the value to collaboration, and then continually reassess relationships over time. Firms that measure collaboration consider how it affects revenue growth, competitive differentiation, operational efficiency, productivity, and problem solving. Respondents in the EIU survey commented that collaboration had led to “10 to 15 percent revenue growth,” “improvement in internal service across the organization,” “process formalization and improvement,” and an “increase in profits and lowering of costs.”

**Take Control of Collaboration**

Collaboration will become ever more important as organizations and markets further globalize and take advantage of the cost and expertise advantages gained by sharing their functions with partners. Executives recognize this.

For the most part, they have not recognized that collaborating successfully is difficult. Yet they can be successful when they apply ample doses of leadership, process, metrics, and cultural change.

**Next Steps**

To access the full report, go to [cisco.com/go/etl-eiucollaboration](http://cisco.com/go/etl-eiucollaboration).

## Question/Answer



# Collaborative Communications

A discussion with Blair Christie, senior vice president of Corporate Communications at Cisco, about how the emergence of “Web 2.0” is changing how organizations communicate

*Interview by Ewan Morrison, Cisco Executive Thought Leadership*

**Blair Christie is Cisco’s senior vice president of Corporate Communications at an exciting time, as new “Web 2.0” technologies transform the ways people communicate and interact with each other, both at work and at home. Here, Christie explains the impact Web 2.0 is having on the ways in which Cisco communicates both internally and externally.**

**ETL: There is growing discussion and excitement about “Web 2.0.” Is this shift something that companies and other organizations need to be aware of and embrace?**

**Blair Christie:** I think it’s inevitable. Web 2.0 really started in the home and is now inserting itself into how

we do things in the office. There’s a tremendous ability to scale, to be more efficient, and, even more importantly—and probably more rewarding for all of us—to reach more people and get your message out and connect and learn.

The other business trend that will be magnified by this new technology is globalization—the ability to cross time zones, to cross dialects and languages and connect globally and to actually have an efficient relationship that doesn’t require a telephone call at 4:00 AM if you’re in India and 3:00 PM if you’re in the United States. Web 2.0 can really efficiently make those connections happen and make the world a much smaller place.

**ETL: How is this shift changing the role of corporate communications?**

**Blair Christie:** Our goal and our responsibility in communications are to talk about and put forward the values of a company. Regardless of strong economic environments or tough economic environments, it’s the values of the company that really pull it through. So when I think about that, the most successful communications strategies are really those that have a robust, two-way dialogue. There have always been ways to have two-way dialogues, whether you’re talking on the phone or doing a face-to-face meeting, but Web 2.0 takes this medium and pairs it with a message in a way that can make that two-way dialogue much more robust than it could ever be before.

**ETL: Would you say that the corporate communications process is increasingly collaborative, both within your team as well as with the public, press, analysts, employee base, and others?**

**Blair Christie:** It is. We're seeing a much more interactive dialogue. When I look externally, I see a tremendous amount of engagement from the media using our blogs and podcasts, learning about the company without us having to be in front of them. Then, the next stage of the conversation is much more strategic, much more educational. I see tremendous growth in the activity on our blogs. We're seeing more of the external constituencies in the community engaging with us in dialogue there. I also see a tremendous amount of collaborative dialogue internally if I look at the amount of employees that are participating in internal discussion forums and dialogues. Our own CEO has a video blog and employees are reacting to that—they're giving feedback to the company, we're acting on that feedback, and then we're moving forward. It's absolutely a more collaborative environment.

**ETL: This shift presents challenges, too, as you “give up” some of the control of your communications. Can you share any important considerations to have in mind?**

**Blair Christie:** The more opportunities people have to speak their mind, the more opportunity you have for lack of control of the message. As a communicator, the best thing you can do is give everyone a “compass” to help them navigate through this. And in many ways, it's not much different than the compass that you have for any of your spokespeople, whether they're working with the media or talking with analysts or investors, or even engaging

with customers. But this compass has to now go deeper into the organization because the technology allows more people to participate. So we've been doing a lot of training. We have had situations in which, by accident, employees may make a comment that probably was not well thought out, or maybe received on the other end in a way that wasn't intended, but we're learning through that. The more training, the more communications you do internally, the more opportunity you have to arm your employees to go out and speak on behalf of the company. But the most important thing now is keeping your messages very simple.

**ETL: Do you have any parting advice for groups striving to create more effective collaboration?**

**Blair Christie:** Be patient and remain creative. Patience is important because this is something new, and we are trying to do new things in new ways with new technologies, and not everything will work right off the cuff. Determining the right technology with the right business process as you move forward is going to be very important. And creativity is important because there are new ways to do things that we haven't even explored yet, and this business-transformation process is something that everyone's going to have to embrace. These technologies that we're deploying are fantastic. They're fun, they're exciting, they let you connect in ways you never dreamed of, but they have to be partnered with business transformation and a process change, essentially a behavior change. And that does take time and does require a tremendous amount of creativity. But if you really believe that an effective and a successful communications strategy is



**“Web 2.0 can really efficiently make connections happen and make the world a much smaller place.”**

**– Blair Christie**

one that has that two-way dialogue, this is the best way that we can get there. It's going to be the most rewarding way, and it's really going to scale businesses into the future.

**Next Steps**

*This interview was edited due to space limitations. To hear the full-length interview, go to [cisco.com/go/etl-blairchristiepodcast](http://cisco.com/go/etl-blairchristiepodcast).*





# Leaders Needed to Bridge the Gap to Effective Collaboration

By Michael Astle, Cisco Executive Thought Leadership

## Collaboration is necessary to business success, right?

It is if you listen to the 394 executives around the world who participated in an Economist Intelligence Unit (EIU) survey and report called “Collaboration: transforming the way business works.” Although they currently work within the confines of their own spheres—functions, locations, or organizations—globalization, along with its increased opportunities for new markets and productivity, as well as competition, will require collaborating across all these boundaries within the next three years.

## Employees Want to Collaborate

Many executives think collaboration is easy, judging by the way they presumptively mandate collaboration in their organizations. But you’ll get a different view if you speak to the people who are trying to collaborate. They often tell of failed collaborations that waste resources and even create resentment and a determination to “go it alone.” They cite lack of common goals, miscommunication, perceived inequities, distrust, insufficient resources, and a lack of incentives as the reasons for the failures.

According to the EIU survey, employees want to collaborate. They say they have the right culture of trust and desire to partner. Executives and employees report that leadership, incentives, processes, and metrics are the missing ingredients.

In many ways, these ingredients flow from strong leadership and the organizational behavior it develops. Without the right leadership, collaboration is an action with no one acting.

## Use All the Ingredients of Successful Collaborations

The following are not secret ingredients, but they are missing from most collaborative efforts today. Mix them in to maximize the success of your collaboration initiatives.

**Leadership.** As a leader, inspire your team members to collaborate. Though you’ll find employees want to collaborate, doing so successfully is not intuitive. They need to understand where to start, how to set goals in line with your objectives, what to do when conflicts arise, and how to divide responsibilities, among other things. Work through these processes with them.



**Formal process to find the right outside collaboration partners.** You have a process for selecting suppliers and other vendors. Set up a similar process for selecting partners with whom you will collaborate. Identify your goals and the necessary capabilities of the partner. Create a formal process for testing and establishing trust. And, employ a consultant that specializes in finding the right partners for your objectives.

**Planning, goals, and follow-up.** Seven of 10 collaborations fail when they don't begin with careful planning and provide proper follow-up, according to Gene Slowinski, professor in the Graduate School of Management at the Rutgers University School of Business. Firms that identify joint goals, allocate sufficient resources, and identify roles and responsibilities enjoy the exact opposite results: 70 percent succeed.

**Open, clear, and frequent communications.** Right in the planning stage, create the means you will use to communicate throughout the collaboration. The staffing firm Aramark discovered that managers were extending employment offers to candidates who had already received offers from other parts of the organization. To rectify the overlap, Aramark developed a shared, real-time recruitment database that gave all hiring managers a view to where candidates were in the hiring process, as well as the ability to see candidate details and set up interviews.

Twenty percent of employees in the EIU survey claimed their organizations failed to provide a compelling

reason for collaborating. Communicate the goals, processes, and expectations clearly. And keep the channels of communication open. Successful leaders spend as much as one-third of their time on the phone with team members, according to a study called "Can Absence Make a Team Grow Stronger" reported in the *Harvard Business Review*, May 1, 2004.

**Metrics and rewards.** The EIU survey revealed that many organizations do not measure their success. Maybe they believe collaborations will succeed naturally. We know they won't. Then reward your employees for their collaboration successes. Without incentives your vision may become just a dream.

### **Lead the Way**

Firms will continue to globalize, according to another report by the EIU called "Foresight 2020." Business functions are atomizing into parts of the world where they are completed most efficiently and effectively, opportunities are opening in markets where firms have little experience, and competitors are rising from places you've never expected competition. The role of collaboration will only grow in importance, becoming a basic tenet of any successful organization.

Collaborating is not an activity that can be dictated by managers. It requires leaders who identify the right partners, paint their vision, form the right processes, communicate often, and, most importantly, lead the way with goals, metrics, and incentives.



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"On the Same Page." Denver, Colorado.  
Image courtesy of the human network.

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