



Volume XIII, No. 02

February 2010

**Leveraging the Corporate
Ecosystem and The New
Innovative Role for HRM 30**

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Innovator or Inspirer

Leveraging the Corporate Ecosystem and The New Innovative Role for HRM

This article discusses the possibilities and opportunities that exist for further exploring the corporate ecosystem. It is based on a new work that is currently in progress. It elaborates on the need to innovate in management and more specifically in people management. It is a call for HR managers to be proactive in assuming new roles connected to the leveraging of the corporate ecosystem. It is argued that by doing so, they will add value to corporate sustainability as well as to their own HR sustainability.



This special issue is dedicated to the pioneering efforts of Steve Jobs. There is no doubt that Steven is a unique and innovative leader. His ingenuity in addition to the impact that his products have had on the world, lies in his ability to find the fine route of a leader that "wants to both change the game and stay in the game for the long haul"¹. This is a nice concept to appreciate, but very hard to follow.

In this article, we will try to extend the logic of change and innovation in people management and at the same time stay in the game, by tying together the triple concepts of: business ecosystem, sustainability and emerging new drivers role for human resource management in organizations. In 1996 James F Moore originated the concept of "strategic planning

applied to the business ecosystem"². In his book, *The Death of Competition: Leadership and Strategy in the Age of Business Ecosystems*, he did not suspect that he was talking about one of the most formidable value creation potentials of the corporation. The concept was introduced earlier by Moore in the *Harvard Business Review* in May/June 1993 and won the McKinsey Award for the article of the year.

All companies exist within a specific corporate ecosystem which are simultaneously connected to and

¹ See: Bill Taylor's Blog: "Decoding Steve Jobs: Trust the art, not the artist. *Harvard Business Review*, June 23, 2009 (http://blogs.harvardbusiness.org/taylor/2009/06/decoding_steve_jobs_trust_the.html)

² We prefer to use the term "corporate ecosystem" because the values created may go far beyond business values.

subsumed within many other ecosystems. Some have a very extensive ecosystem like post offices, telecommunication companies, universal banks and many of the insurance companies; but so far we do not have many examples of companies which have tried to leverage the wealth of their ecosystem.

Cisco Systems has widely used the ecosystem concept throughout the world by leveraging partners for all business functions except the development of their core patented functions and business strategy. Roy Hanif, who founded the Cisco's EMEA Services Ecosystem in 1999, managed to quickly attract over 200 international service providers to embrace this concept. Trading was estimated at over \$ 10 bn in services. The Cisco "locally global model" became the most respected business model in the communications industry in the 1990s. Many other companies followed this example and copied Cisco's highly successful model. Companies to follow suit included HP, IBM, Intel and Microsoft, to name a few.³

Marco Iansiti, a Harvard University Professor, pointed out that despite the current strength and promise of the internet software market, the future pace of growth and innovation are not assured; the principles of choice, opportunity and interoperability are important factors determining the growth of PC software and the overall health of the information technology

³ Marco Iansiti and Roy Levien have extensively treated the Cisco concept in their book: *The Keystone Advantage: What the New Dynamics of Business Systems Mean for Strategy, Innovation and Sustainability*, HBS Press, 2004.

⁴ M Iansiti, Principles that Matter: Sustaining Software Innovation from the Client to the Web, July 16, 2009 HBR working knowledge (<http://hbswk.hbs.edu/item/6237.html>)

⁵ Marco Iansiti and Roy Levien, Creating Value in Your Ecosystem, <http://hbs.edu/item/3967.html>

⁶ Riane Eisler, *The Real Wealth of Nations*, San Francisco: Berret-Koeller, 2007.

ecosystem, and these same principles will shape competition in the Internet software. He further adds in another paper with his colleague Roy Levien, that it is all about creating value within the ecosystem itself and sharing the value with the participating partners in the ecosystem.^{4 & 5}

The changing technological environment is another issue that requires new ways of thinking and managing. Riane Eisler in *The Real Wealth of Nations* points to the shift from the industrial to the post-industrial era as both a challenge and an opportunity. The primacy of service and knowledge as the criteria for success in a rapidly shifting global environment calls for long-term, rather than merely short-term thinking and planning that considers what will benefit all stakeholders.⁶

Leveraging the Ecosystem

A corporate ecosystem has a wealth of untapped talents, experience, expertise, knowledge and know-how. It has a wealth of processes, systems and organizational forms. This is a huge potential for value creation; but the creation of social networks and of real and virtual relationships can multiply this potential tenfold. The corporate ecosystem is therefore an untapped treasury!

The corporate ecosystem can be leveraged in different ways:

- ◆ The number of entities that form the corporate ecosystem involved in the process – entities such as private and corporate customers, providers, strategic partners and other stakeholders
- ◆ The number of assets used: Assets could include talent, knowledge, know-how, expertise, experiences,

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is a social scientist, attorney, and author whose work on cultural transformation has inspired both scholars and social activists. She has been a leader in the movement for peace, sustainability, and economic equity. Her bestselling books, *The Chalice and the Blade*, and the more recently the *Real Wealth of Nations* is being read and hailed all over the world. Dr. Eisler has published over 300 articles and currently she is dedicated to education via her role as President of the Center for Partnership Studies.





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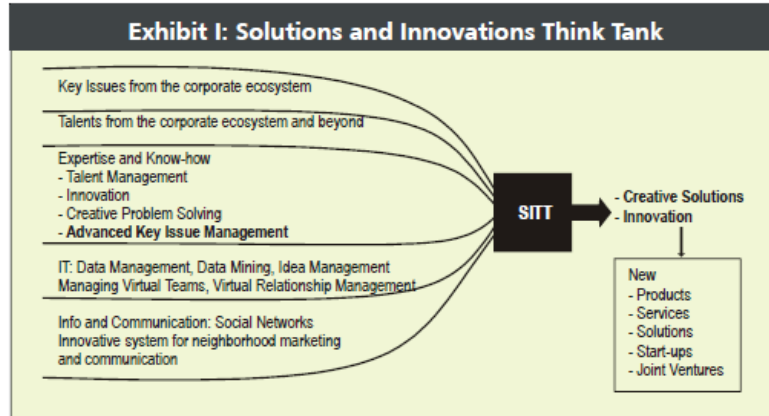
intellectual rights, brands, potential for the creation of smart solutions, techniques and methods mastered communication ability etc.

- ◆ The purpose: The purpose could be the creation of new business ventures, creation of new markets, development of innovations, increasing the employee and customer loyalty, leveraging the available talents, joint development projects, creation of a new industry, etc.

In contemporary practice, primary focus is given to entities representing the customer base which are managed actively through marketing and sales. Some companies are able to manage whole business communities. At times, we can see companies engaged in joint initiatives directed at specific support functions: e.g., purchase, HR, IT etc., but rarely do those initiatives engage a large number of entities, several assets and more than one purpose.

The value created by the management of the corporate ecosystem is directly related to the number of ways in which it is leveraged and the amount of entities, assets and purposes involved. The more the entities involved, assets leveraged and common purposes established, the higher is the value created. In addition, the creation of unique values is dependent on the ability to orchestrate the coordination of large parts of the corporate ecosystem.

An actively managed network of



entities focusing on one or multiple mutually beneficial purposes can be managed in a classical way up to a certain size and scope, but very soon a form of system support is needed to be able to leverage all the possible values⁷. Learnita, a London-based consulting firm, together with a group of associated companies has undertaken the endeavor to develop such a system.

Is the Corporate Ecosystem an Untapped Treasury?⁸

We argue that the corporate ecosystem is indeed an untapped treasury. Thus, it can be leveraged in different ways. Two excellent examples of global Internet platforms harnessing open innovation are provided by Innocentive⁹ and Ninesigma¹⁰. We argue that a similar platform conceived for the corporate ecosystem is thinkable and necessary. It will include a collaborative social network for the creation and

development of creative solutions and innovations leading towards new products, services, solutions, start-ups and joint ventures. This is a way to enable companies to leverage the assets of their corporate ecosystem. We call it the Solutions and Innovations Think Tank (SITT) (Exhibit I).

During the last couple of years, we have developed a technique called Advanced Key Issue Management (AKIM) through which participants in a new innovative program or process find and develop smart new solutions to solve a complex problem. This program was used successfully to facilitate global experts to help define and redefine major problems facing the corporate world in the next 20 years and also to identify the seeds of the solutions of the current and upcoming business transformation. The results of the implementation of this technique were the basis for the recently published book, *Beyond*¹¹. In the same vein, the innovation process of a SITT can be leveraged to address the corporate ecosystem. This means bringing together talent management expertise, IT technology (data management, data mining, virtual management of relationships and teams), in order to

⁷ In future, the artificial intelligence entities will be the perfect managers of such networks.

⁸ These concepts have been developed by Learnita Ltd (<http://www.learnita.com>), where they are developing tailor-made innovative solutions for our corporate clients leading to high performance, rapid growth, strategic innovation and lasting competitive advantage.

⁹ Founded in 2001, InnoCentive (<http://www.innocentive.com>) connects companies, academic institutions, public sector and non-profit organizations, all hungry for breakthrough innovation, with a global network of more than 160,000 of the world's brightest minds on the world's first Open Innovation Marketplace™.

¹⁰ NineSigma (<http://www.ninesigma.com>) was founded in 2000 by Dr. Mehran Mehregany, Goodrich Professor of Engineering Innovation at Case Western Reserve University. The company's core mission is to work on behalf of their clients to source innovative ideas, technologies, products and services from outside their organization quickly and effectively by connecting them with the best innovators from around the world. NineSigma was launched in 2000 to leverage the revolution in open innovation.

¹¹ See: Mario Raich & Simon L Dolan (2008) *Beyond: Business and Society in Transformation*, Palgrave-Macmillan.

develop the capabilities necessary to create corporate social networks and innovative techniques for “neighborhood communication” within large networks.¹²

Another possibility includes the bundling of initiatives to be deployed by different functional units of the organization, as exhibited in Exhibit II. These kinds of initiatives can eventually encompass all activities of the organization.

The proposed initiatives can lead to higher performance and increased sustainability and eventually lead to

higher market value of the corporate ecosystem. Once these different initiatives show sustainable positive results, they can be developed into a SITT.

Who Should Be the Driver?

Looking at the large array of possible initiatives, it is clear that the management team has to be the driver of the entire process of leveraging the corporate ecosystem. Nonetheless, the human resources manager who normally possesses generalist business experience can be the facilitator. In some situations,

it would make sense to create a new position within the management team dedicated to this purpose. In any case, there have been many recent calls in the human resource management arena for new roles to be given to the HR position, especially during times when many of the traditional HR activities are being outsourced. Dave Ulrich, one of the leading HR scholars, proposed in the mid-1990s that the new core role of the HR professional in modern organizations is to be a champion of change¹³. Simon Dolan and his colleagues call for the HR manager to become the driver for culture reengineering.¹⁴ This is a unique opportunity for HR professionals to facilitate and to drive the creation of a significant new value for the corporation. Some of these initiatives include the implementation of a talent innovation board, expanded people management and smart solutions – these are all methodologies that can be used by this new generation of HR professionals.¹⁵

HR professionals are also becoming a principal voice encouraging companies to take into account issues of sustainability. There is growing evidence that companies whose policies and products are in accord with standards of sustainability, i.e., consideration of the effects on our natural environment as well as on people, both locally and globally, are gaining a larger and more

Exhibit II: Synopsis of Proposed Initiatives to Leverage the Corporate Ecosystem

| Tool, Instrument | Driver | Expected Outcomes |
|--|---|---|
| Talent Innovation Board A group of companies developing Talent Management innovations | HRM | - Talent Management Innovation - Innovative Leadership Development - Leveraging talents - Continuous access to a large base of talents, expertise, know-how and experience |
| Smart Solutions A new method leading in an easy way towards smart solutions | HRM | - High quality solutions and decisions - Transformation towards a high performance culture - Smart solutions for key issues - Cases for innovation |
| Expanding people management beyond the traditional boundaries | HRM | - People Advisory Board - Increased motivation and commitment - More possibilities for meaningfulness on the job |
| Smart Clustering Clustering based on the value creation framework | Sales | - Smart Target Marketing - Higher quality products and services |
| Smart Solutions A new method leading in an easy way towards smart solutions | Sales and Marketing | - Increased customer loyalty - Higher quality products and services - Innovation |
| Customer Advisory Board | Sales and Marketing | - Increased customer quality - Customer oriented innovation - Increased loyalty of customers |
| Systemic Finance New ways and new instruments of financing based on the Corporate Ecosystem | Finance | - Financial savings - Higher stability of the Corporate ecosystem - New financial instruments, e.g. CES securities |
| Advanced IT IT approaches shared by members of the Corporate Ecosystem | IT | - Shared development - Higher stability of systems - Better leverage of IT |
| Reinventing the corporate value creation | Business Development Corporate Development | - Fast enhancement of the value creation process - Higher value creation - Strategic innovations |
| CEO Circle A platform for CEO's of the Corporate Ecosystem for communication and cooperation | CEO | - Increased development speed - Increased corporate strategic and operational agility - Higher agility - CEO development - Improved partnerships |

¹² For example, the solutions developed by Beabloo (<http://www.beabloo.com>). Beabloo proposes offering the closest link between citizens and their surroundings, creating a new method of being connected and experiencing the city.

¹³ David Ulrich (1996) *Human Resource Champions*, Harvard Business Press.

¹⁴ See for example: Simon L Dolan, Salvador Garcia and Bonnie Richlie: (2006) *Managing by Values: Corporate Guide to Living, Being Alive and Making a Living in the 21st Century*, Palgrave Macmillan.

¹⁵ For more information on the emerging HR roles, see: Simon Dolan, Tania Saba, Susan Jackson and Randall Schuller (2008), *La gestion des Ressources Humaines: Tendances, enjeux et pratiques actuelles*, 4th ed, Pearson Education.



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loyal customer base. Also notable are the more loyal and energetic workforce that is produced by organizations that demonstrate care for employees and their families. Indeed, taking into account issues related to sustainability is increasingly becoming a key to innovative and successful management.

Recent writings predict that sustainability will become the next big topic for human resource management after internationalization and globalization. In a recently published book, Ina Ehnert explains how a paradox perspective contributes to understanding and coping with paradoxical tensions and how sustainability can be used as a 'deliberate strategy' for HRM. She argues that the notion of sustainability opens up a new strategic role for HR. She further examines how 50 European multinationals communicate their understanding of sustainability and HRM, and which HR issues and practices they are linking to the topic.¹⁶

All the above may suggest that new ways to manage people will emerge in the 21st century. For example, organizations could see the creation of a people advisory board comprised of representatives from different groups of people relevant to the company. Perhaps, even customer representatives will be invited to sit on the company board. This more participatory organizational structure is actually, as Eisler shows, extremely successful by encouraging innovation and building the

¹⁶ Ina Ehnert (2009) *Sustainable Human Resource Management*. Springer science.

¹⁷ Riane Eisler, Op. Cit. 2007

¹⁸ In the *Real Wealth of Nations*, Eisler explains the concept of hierarchies of actualization where the knowledge and talents of all members of the group are supported and used. Ibid.

²⁰ Raich & Dolan, *Beyond*, Op. Cit. 2008

²¹ *The Future of Management*, Gary Hamel. Harvard Business School Press, 2007

²² Ibid, p.12

mutuality that makes for trust and enduring relationships.¹⁷

The Organization of the Future is Being Explored Why Not?

Looking at the potential of the corporate ecosystem, one can ask why companies are not further exploring more adaptive and innovative management approaches. The answer is perhaps connected with the legacy of our management thinking and the way we have learned to manage an organization. The business schools prefer to research cases and to convey best practices learned from prior experiences instead of developing new ways to manage and create value. Other reasons could include all of the following:

- ◆ Companies are too internally focused and are not used to thinking and acting beyond the corporate boundaries
- ◆ Executives are absorbed with internal politics, restructuration and reorganizations
- ◆ Management action is only applied in areas where they have direct control
- ◆ Executives do not know how to manage people outside their structure
- ◆ Fear to open-up and to go beyond
- ◆ Customers are considered to be beyond the corporate firewall
- ◆ Companies are focused towards the top, i.e., inside
- ◆ The old paradigm equated managing to control whereas, the new one implies that managing equals to achieving.¹⁸

Conclusion

We need to go beyond the existing principles and paradigms in management

in order to find new ways and new solutions as we have argued in our book *Beyond* which describes the ongoing transformation of business and society.¹⁹ In his book, *The Future of Management*,²⁰ Gary Hamel argues that organizations need management innovation now more than ever. To thrive in the future, companies must reinvent management. He rightfully claims that we are becoming the prisoners of our paradigms²¹ and innovations are being curbed because of this. Perhaps the growing inability of organizations to independently solve their management challenges (which is the core concept of the ecosystem) will unleash a wave of innovations. Several new methodologies have been proposed in this short paper and more structured methodologies can be made available for corporate managers to proactively develop strategies for managing business risks and opportunities arising from their company's dependence and impact on ecosystems.

We need entrepreneurial managers who dare to go beyond the established and accepted rules, principles and paradigms. They run the risk that they will find themselves outside the accepted economic frameworks, but they may also reap the rewards of pioneers. All business schools that wish to contribute to the development of the field and the sustainable global economy should create management innovation labs where new ways of management are researched, designed, developed and tested.²² ☺

Note: If you or your company is interested in these concepts, kindly contact Mario@learnita.com and we will be happy to make you part of this innovative social laboratory.

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Reference # 03M-2010-02-05-01