Interreg CENTRAL EUROPE
European Union European Regional Development Fund
CHAIN REACTIONS

CHAIN REACTIONS

INNOVATION BRIEF

Value Creation Networks & Corporate Culture

ABOUT INNOVATION BRIEFS

CHAIN REACTIONS addresses the challenge for industrial regions to increase regional capacity to absorb new knowledge and turn it into competitiveness edge and business value. There is a strong need to help SMEs to overcome capacity shortages for innovation and integration into transnational value chains.

The project aims at empowering regional ecosystems with the knowledge and tools to help businesses overcome those barriers and generate sustained growth through value chain innovation.

CHAIN REACTIONS focuses thereby on modern approaches considering value chains and their complex developments rather than linear technology transfer approaches. The framework of value chain innovation builds on Porter's 5 forces framework (new entrants, substitutes, customers, suppliers and rivalry) and transversal innovation drivers: key enabling technologies, resource efficiency, digital transformation and service innovation.

During the project lifetime CHAIN REACTIONS will publish about every third month an INNOVATION BRIEF presenting the rationale behind specific innovation drivers and illustrate them with practical examples.

This INNOVATION BRIEF is about value creation networks and company culture.

Value Creation Networks & Corporate Culture - How companies in different sectors successfully form agile teams

Introduction

The times of closed value chains are long gone: the economic and living world is complex. But how to deal with this complexity? How can companies even use it to achieve new value creation? Where a company can hardly unleash sufficient innovative power on its own and from within itself, it is advisable to look at the network. Value creation networks are cooperations that can help to bundle the respective strengths, individual resources and innovation potentials of companies and organisations and to create added value in the network.

What sounds so simple also has some hurdles. After all, organisations have their own peculiarities, in other words, their own culture. This specific corporate culture can turn out to be an obstacle in cooperation projects, but also a catalyst. In order to find out how the

culture of a company should be set up so that such cooperation in value creation networks can succeed, bwcon, Ferdinand Steinbeis Institute, S2i GmbH and Handwerkstag Baden-Württemberg carried out a pilot project on behalf of Baden-Württemberg Ministry of Economics, Labour and Housing. The main results of their work with different value creation networks are summarized below with a focus on tools that can help them to jointly bring new services and products to the market.

All beginnings are complex

At the beginning of the study there was the hurdle of finding companies willing to cooperate, which consist of at least three companies and which, accompanied by the project consortium, develop a joint product or a joint service. Even in this very early phase it became clear that not all companies are willing to cooperate across sectors. From a cultural point of view, this already shows how open or closed an organisational system is - and thus also how it tends to react to impulses from outside, namely with opening or withdrawal.

Several teams failed already in the identification phase: for example, because the basic requirements for initiating and developing a project were not available. In another team, the cooperation failed because of a lack of financial resources, as one of the partners could only have invested time if funding for product development had been secured. Yet another team failed to cooperate because one of the companies was already profitable enough from the potential partner's point of view and there was no need to co-design another new product.

Thanks to the external support, these unsuccessful cooperations could be brought to a friendly end quickly and at a very early stage, i.e.: at extremely low cost. These “failed” cooperation attempts also contain an important insight: the earlier the cultural differences can be addressed (e.g. strongly differing interests, values or typical ways of acting), the less damage is caused by failure. The methods needed for this are not so much empirical, but rather a counselling intuition for conflict potentials and a safe environment for exchange created by the counsellor that welcomes different interests and cultures, offers them space and recognition and thus invites disclosure.

Phase 1: Cultural groundwork

The teams that decided to cooperate in the project were encouraged and focused in their cooperation in the sense of a culture model developed in the project. In this model, which is based on Ken Wilber's "AQAL" model, we distinguish between four dimensions: individual vs. community and the internally perceptible vs. externally measurable manifestation of culture. The resulting quadrants are, so to speak, the foundation of our advisory support of the value networks and guide the necessary reflection of the individual and communal culture in every phase of the cooperation.

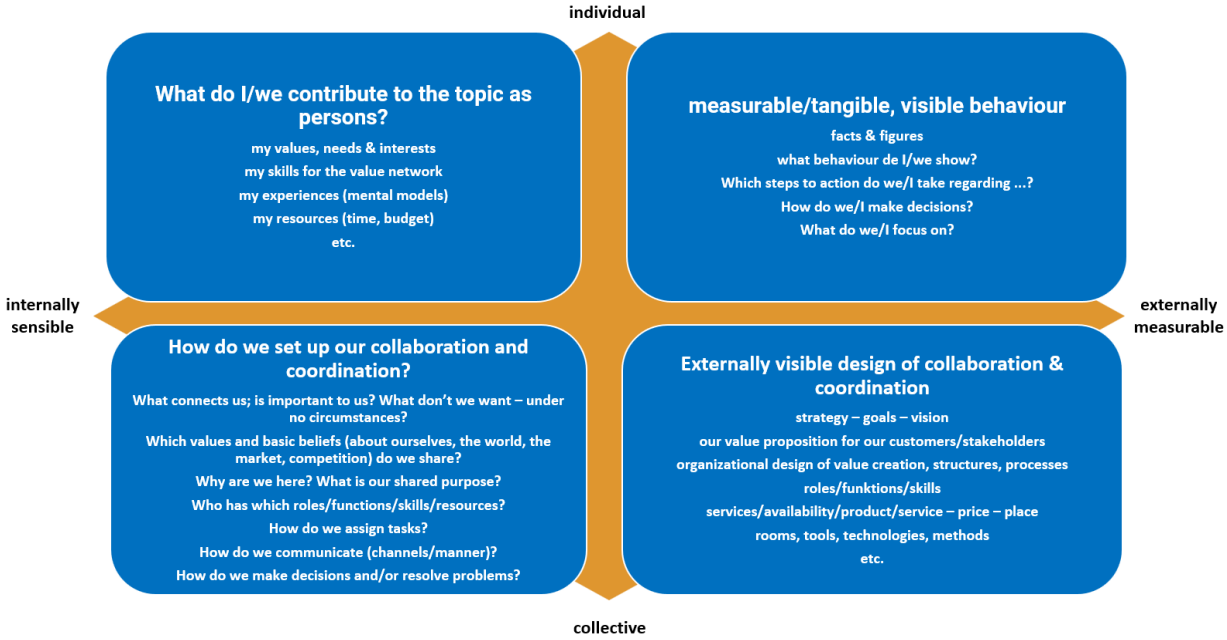

Figure 1: Culture model for value creation networks (bwcon Research gGmbH)

Another basic instrument in our research project is the Steinbeis Corporate Competence Check X.0 (UKC X.0), which checks the collective competences of an organisation on five different levels and makes them comparable. The competences that emerge from this can then be classified in the dimension of measurable cultural characteristics and provide more clarity about the contributions of each organisation to the collective culture.
In order to consolidate the results from these first workshops, we developed the Co-Creation Canvas, a method that queries and makes visible both individual and communal aspects of culture.

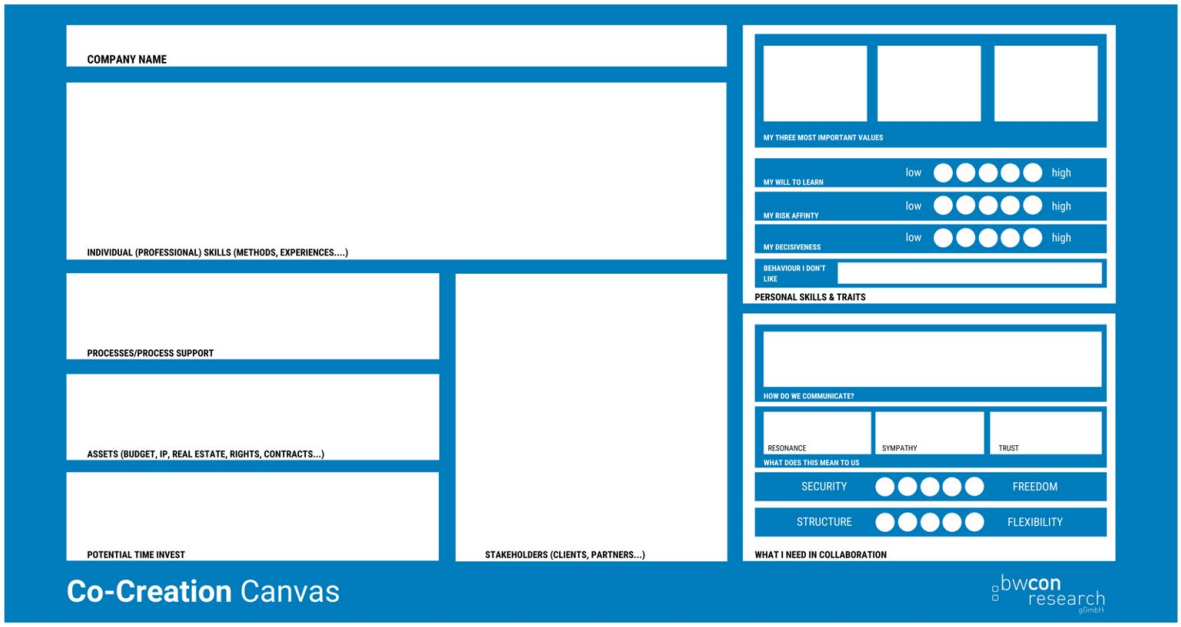

Figure 2: The Co-Creation Canvas at the individual level

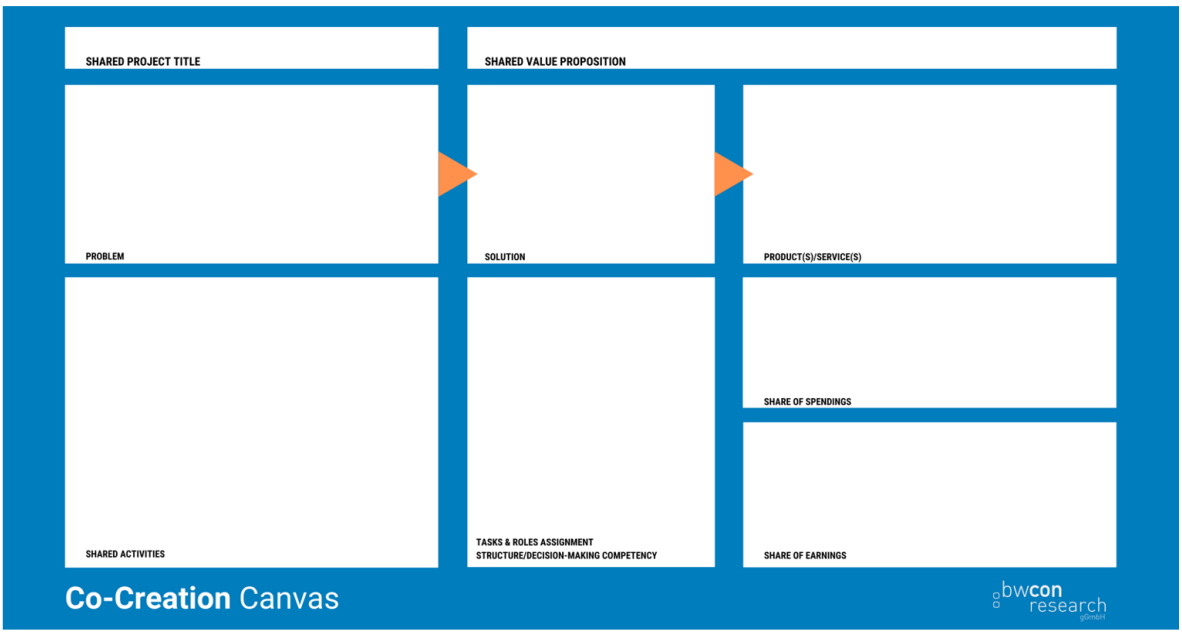

Figure 3: The collaborative layer of the Co-Creation Canvas

Our experience from this first phase of value networks shows that external facilitation in particular, but also the additional perspective and support of intermediaries in the group processes, not only support reflection, but in many cases even make it possible in the first place. In their specific internal view, the cooperation partners are often very attached to the measurable-cognitive level and systematically ignore the qualitative-emotional component of their own and the community's culture. This is a quite natural process that is primarily intended to serve the efficient implementation of joint projects, but at the same time hides potential areas of conflict and thus postpones them to a later point in time.

Learning 1: Culturally sensitive guidance and counselling

Therefore, the task of facilitation is equally meaningful on the methodological level as well as on the cultural level where the empathic, intuitive and also confrontational issues become transparent.

In line with the motto "New Work needs Inner Work" (Breidenbach/Rollow), we see the task of the facilitators in these cultural group processes in the integration of uncomfortable (because mostly unfamiliar) questions about one's own values, ideas, wishes and feelings in relation to cooperation. Culturally sensitive value creation support is therefore also in part psychoeducational work, for which there is no substitute in the form of do-it-yourself method sets. Especially for virtual cooperation, as it had to take place unplanned through Corona in this project, the emphasis on psychosocial and emotional components is an important building block to promote "real" contact and successful relationships between the network partners.

Phase 2: From culture into practice

Strengthened by the cultural foundations, the network partners can now start to formulate individual solutions for cooperation. Since the needs and common goals are now clearer, a common language has been found, so to speak, there is also more clarity about which resources may still be missing for successful cooperation.

In one of the teams, this second step consisted of the formulation of a common code of values, which is a crucial instrument for checking a "cultural fit", i.e. a conformity with the common culture of the value network, especially for later expansion phases. At the same time, reflection on the shared values also offers an excellent learning opportunity with regard to possible differences in the interpretation of these values by the participants: what is understood by "trust", for example, is individual - but is hardly ever discussed, especially in very consensus-oriented groups. In the sense of strong pragmatism and a culture of hierarchical orientation towards an (in-) formal group leadership, such areas of conflict are often systematically ignored and then hold all the more explosive power in complex, highly dynamic projects.

In another team, considerations about common target and stakeholder groups served to develop common ideas about for whom the value creation in the network should be achieved in the first place. The individual objectives and assumptions about these target groups are also culturally shaped and do not necessarily have to be congruent. This makes it all the more important to disclose such differences and work on them in an appreciative, balanced and collaborative manner. Here, the Business Model Canvas offered itself as an excerpt to deepen the joint project.

Learning 2: Formalise results

In a cultural context, groups tend on the one hand to rely on pre-judgements, i.e. taken for granted (see the term "security"), and on the other hand to circumvent conflicts over the sovereignty of interpretation, or communal understanding. It is the task of facilitation to accompany these negotiation processes. At the same time, the results can now be formalised, i.e. recorded in black and white. They then serve as reference points for further cooperation. Unambiguous and, at best, verbatim reproduction of the results is important here reducing space for further interpretation.

Phase 3: Deepen understanding, strengthen cooperation

In the final project phase that follows, we prepare the teams to enter the productive phase of cooperation. This means that we once again strengthen the respective cultural awareness and at the same time support further steps towards formalisation.

With the help of the "Profile Dynamics" model (according to Clare Graves et al.), we can track down the individual imprints (motives) and the effects on the community in greater depth and thus turn them into a community resource for the group. On the one hand, this involves the respective values and needs, but also the helpful additions that the value network can look for in this awareness.

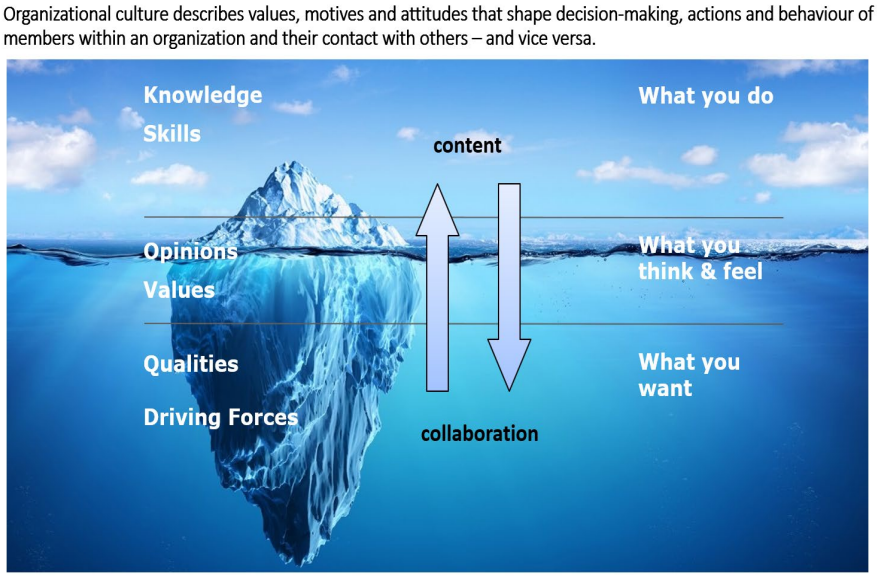

Figure 4 Why do people think and act the way they do (C) Profile Dynamics

In our experience, the cooperation of the participants is influenced by individual and common motives, which are mostly unconscious. Each value creation team develops a specific expression of these motives. It is important that all values/motives are so pronounced that they enable and even facilitate cooperation and the development of new ideas (products and services) in the respective value creation team.

As an example, if there is a lot of the "red" motive in a team, it can move the team forward dynamically - if the "red" is missing, the team moves forward slowly. If one person brings in a lot of "red" and the others agree with this dynamic, it is also a good fit. If several people argue or fight over the "red" parts of determining, shaping, the facilitator has the task of actively addressing the team on this, because if several want the shaping power, the team can dissolve quickly (and then often in a dispute).

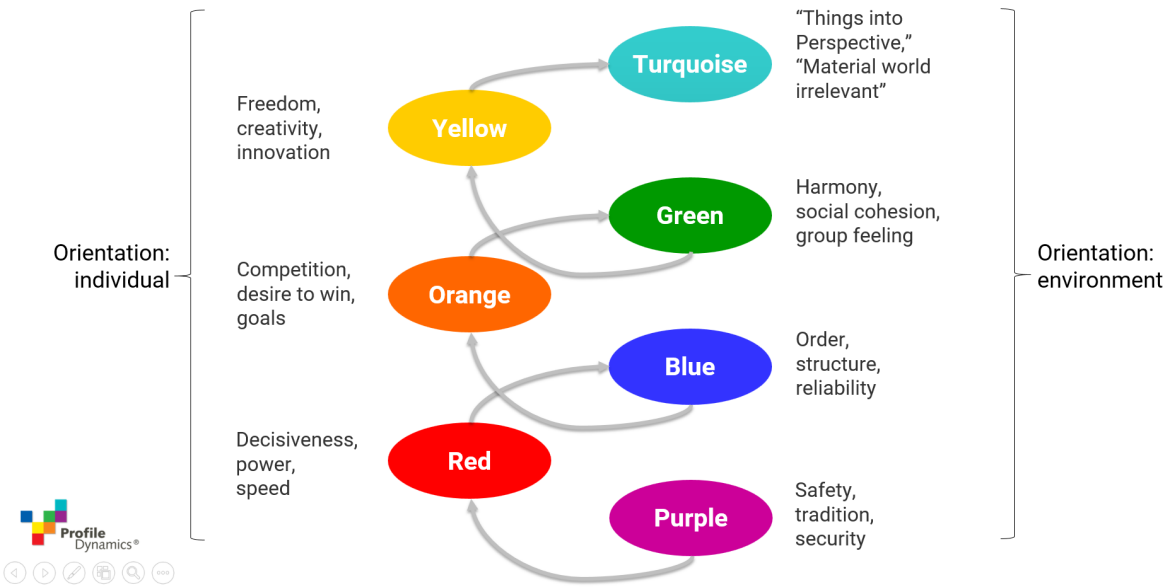

Figure 5: The spiral model of culture in Profile Dynamics® (after Graves/Wilber et al.)

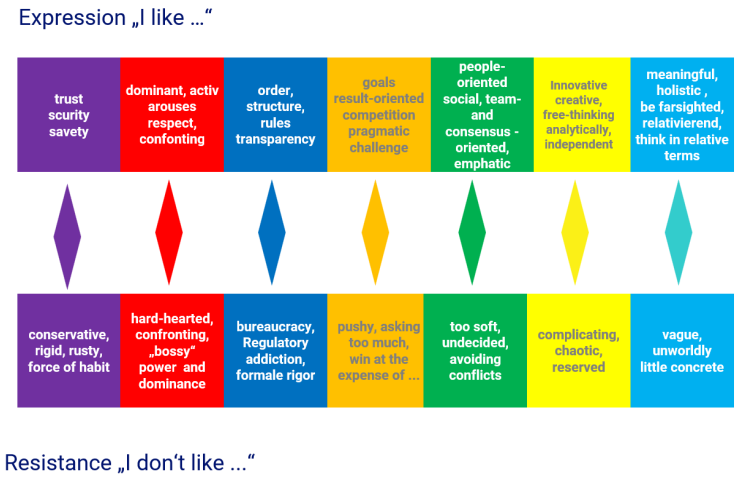

Figure 6 Perception of values as a continuum © Profile Dynamics

In support of this, we now prepare final steps for formalisation, for example through rules of procedure as a guiding document for the cooperation (which at the same time also makes the cooperation binding) or a joint prototype of the developed service/product. What is important to us in this final phase of support is the respective needs of the teams: what helps them to transfer their value network into the productive phase in awareness of their culture.

Learning 3: Interweaving practice & culture

In many teams, dealing with culture is seen as a pastime rather than a contribution to value creation. In order to effectively circumvent this defence mechanism, culture as a resource and especially the value of different values, needs and experiences should be communicated. The task of facilitation here is to turn the confrontation with these differences into a learning field about deeper-lying and success-critical resources of all participants. This can be done very well and is easy to communicate, especially with illustrative models such as Profile Dynamics.

At the same time, these cultural insights should be directly related to value creation in order to support the actual purpose of the network. The question of the "appropriate" culture for successful cooperation in the value network is therefore followed by the question: which network with which partners and which goal?

Conclusion & Outlook

The work with and on the value creation networks can still not be considered complete at this point. Because culture - like an organisation - is on the one hand the result of human interaction and thus dynamic, but on the other hand it is also alive and in part autonomous from the individual participants. Accompanying networks is an important contribution to their successful value creation, which requires constant adjustment and reflection.

Network managers and organisational facilitators need not only a full toolbox of methods, but also a high sensitivity and intuition for social, emotional and cultural phenomena that emerge in cooperation. Since culture emerges as a result of interaction and changes under it, counselling and support are naturally also part of this co-creative process. And thus, an essential part of value creation in the agile team.

Authors: The project was carried out by Johanna M. Pabst and Sven Golob from bwcon gGmbH.