

Collaborating to Win: Measuring Collaborative Ability

Volume 11 in White Paper Series

CollaborativeBusiness

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June 2010

Presented at the 2010 Multi-Organizational Partnerships,
Alliances and Networks Conference





Collaborating is time consuming and complex, yet collaborating well is a competitive advantage today

Introduction

Today collaboration is vital because organizations realize they can no longer go it alone. To survive and prosper in today's globally networked economy, organizations know that they *must* bridge their structural silos and successfully collaborate both internally and externally. Collaboration is no longer an option; it is a requirement for innovation and growth.

A clear sign that a skill or ability is valuable is when it begins to find its way into the competencies used to evaluate employee performance. Such is the case today with collaboration

Yet as collaborative capability becomes more the imperative, organizations continue to have difficulty making collaboration successful over the long term. Does this mean that, while collaboration works in theory, it can't be practically applied? Not at all. But the question does strike at the heart of the problem, which is that collaborative relationships by definition are always between the individual people who interact. Thus, a relationship between two or more organizations is really the result of individual relationships between and among the people in the different organizations who are tasked with collaborating. And that's when the challenge begins—in the building of all those grassroots collaborative working relationships.

A clear sign that a skill or ability is valuable is when it begins to find its way into the competencies used to evaluate employee performance. Such is the case today with collaboration. When practiced appropriately, collaboration is a set of behaviors—a way of working that involves coordinating specific activities and communicating certain information to leverage resources in the purposeful pursuit of objectives. It requires an environment of trust and transparency. Collaboration opens up the possibility of accessing the resources, knowledge, and relationships other people and organizations have and using each party's resources for mutual benefit. It also introduces the rather chilling prospect of counting on someone who has no stake in your success. Thus, collaboration is a sophisticated ability that depends on much agility in utilizing a range of skills through an iterative process of achieving desired outcomes.

The Collaborating to Win Assessment

Believing in the adage “If it can’t be measured, it can’t be managed,” The Rhythm of Business has invested considerable resources over the past decade to build a suite of metrics and measurement approaches that develop and promote effective collaboration. One of these metrics, called the Collaborative Index, measures the collaborative ability of individuals, by addressing the following questions:

- ▶ Do the people tasked with collaborating engage in the right collaborative activities?
- ▶ Do they have the skills to do them well?
- ▶ Do they practice what they believe about collaboration?

Unless and until these questions are answered, it is difficult, if not impossible, for organizations to evaluate an employee’s collaborative performance in a consistent, measurable, and actionable manner.

The Collaborating to Win assessment process through which the metric is calculated, starts by identifying the group of people (employees) to be assessed. Once the group has been identified, a limited number of individuals in the group are asked to participate in a brief, open-ended interview focused on how they go about their work, the role that collaboration plays (or should play), and the challenges and barriers to effective collaboration. The interview data is analyzed using a variety of qualitative analysis tools and a model of desirable collaborative behavior is produced, (see Figure 1 – Modeling Effective Collaboration).

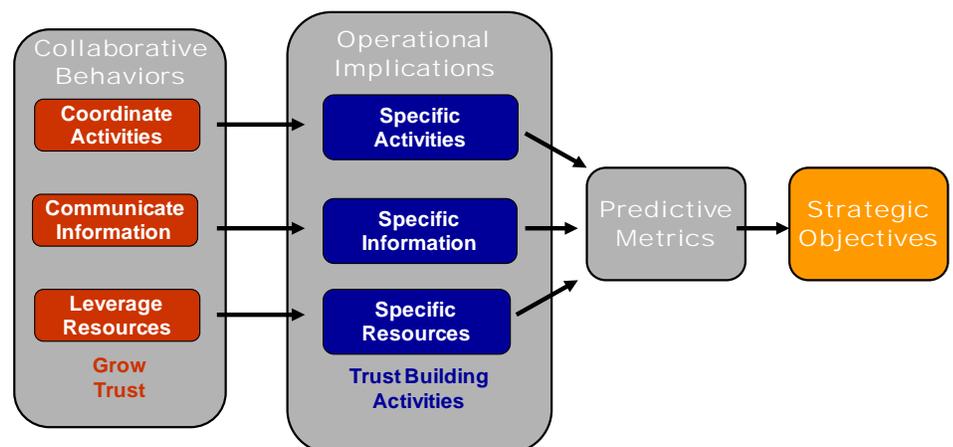


Figure 1 – Modeling Effective Collaboration

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The model serves two purposes:

- ▶ It takes something that seems intangible and describes it within the context of the purpose of collaborating (Strategic Objectives). It creates a tangible picture linking the objectives of collaborating, the Predictive Metrics that are influenced by effective collaboration (Collaborative Behaviors), and the specific activities to coordinate, the information to communicate, and the resources to leverage (Operational Implications). The model helps people understand how collaborating can help them and what sorts of activities/behaviors are likely not helpful
- ▶ The model informs the specific questions asked to produce the Collaborative Index, again taking something that is conceptual and making it resonate within the context of an individual's work

Once the model of effective collaboration is accepted by the assessment project sponsors in the organization, the assessment questions are developed based on the specific objectives of the work and the activities, information, and resources needed to achieve those objectives, thus making it extremely contextual and relevant to employees. The survey uses an algorithm based on collaborative activities and skills that are constant across all collaborative endeavors, thus providing a consistent measurement base. The following defines the five collaborative activities and five collaborative skills the Collaborative Index tests:

Collaborative Activities

- ▶ *Joint planning and reviews* – Coordinate planning and reviews of actions and progress
- ▶ *Collaborative learning* – Capture, share, and utilize learning, knowledge, and insights from counterparts through structured and unstructured conversations
- ▶ *Accessing and coordinating resources* – View internal expertise and budgets as pooled resources; develop collaboration specific work processes
- ▶ *Work practices* – Act according to agreed upon values and standards with integrity, consistency, and in an ethical manner
- ▶ *Coordinated execution* – Use the complementary strength of the counterparts in day-to-day interactions to achieve desired results without duplicating efforts

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Collaborative Skills

- ▶ *Understand partners' motivations* – Know why counterparts engage in certain behaviors in their day-to-day interactions and relate it to the overall business context
- ▶ *Using conflict for gain* – Use the challenges and friction of working with counterparts for mutual advantage
- ▶ *Win-win negotiation* – Balance the interest and needs of all parties to achieve the best possible value propositions given the objectives, time, and resources
- ▶ *Iterative decision making* – Use an assumption based framework to better understand and prioritize the circumstances that must occur for the collaboration to yield desired results and how to achieve them, as well as to ensure that joint decisions are made in a timely manner
- ▶ *Work within partner networks* – Recognize the similarities and differences in the rules of engaging with multiple counterparts in multiple collaborations

The specific survey questions asked are designed to test both what is actually occurring in everyday work and how survey respondents believe they would respond, given a specific situation. The situational questions are based on common challenges identified during the up-front interviews.

Once the survey is drafted, it is presented for review and approval by project sponsors. Upon approval of the survey instrument, an invitation to participate is sent to the target group by company management, and the entire process is then administered using an online platform. Depending on the groups being surveyed, the assessment uses slightly different questions for each group. For example, the specific questions asked of research scientists will be different than those asked of members of the sales force. However, the underlying algorithm remains the same, allowing for comparison across teams, functions, responsibility, product area, or any other relevant analysis.

The survey generally remains open for two to three weeks during which reminders are sent to non-respondents. Depending on the population, response rates have ranged from 65 percent to 100 percent. The analysis is systematic and multi-faceted, producing many perspectives on the collaboration between and among company personnel and partners.

As part of the development of the *Collaborating To Win* assessment, a pilot study was conducted with more than 100 sales representatives

involved in “sell with” alliances with other global companies. Figure 2 – Pilot Study Data, displays the survey results relative to the question of whether the respondents practice what they believe about collaboration. The behavior and belief scores reflect responses to behavior and belief questions for each specific activity and skill. The 45 degree line on the chart reflects alignment of an individual's collaborative beliefs and behaviors. The resulting pilot data pattern shows that while the sales professionals believe that collaboration is helpful to them in achieving their goals, they generally are not behaving collaboratively. That is, while they understood what would be the desirable outcomes, they didn't know how to go about collaborating with their counterparts to achieve them.

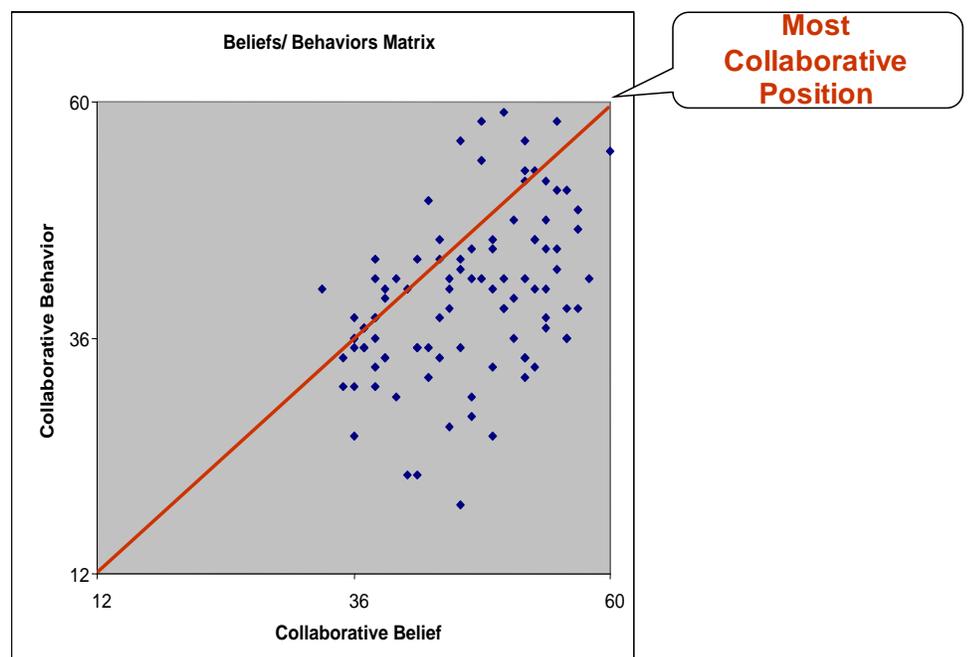


Figure 2 – Pilot Study Data

Using the data portrayed on the Behavior Belief matrix, the Collaborative Index is calculated as shown in Figure 3 – Calculating the Collaborative Index. Where the degree of alignment is proximity to the 45 degree line and the level of ability is proximity to a behavior belief score of 60-60.

$$\text{CI} = (\text{Degree of Alignment})(\text{Level of Ability})(100)$$

$$\text{CI} = (1 - \frac{A}{B})(1 - \frac{C}{D})(100)$$

The results of the assessment are used to drive professional development opportunities, assess structural, cultural, and operational factors, and develop a plan of action to achieve better results through more effective collaboration

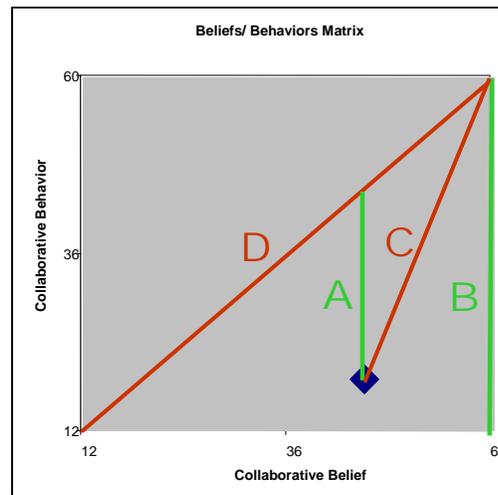
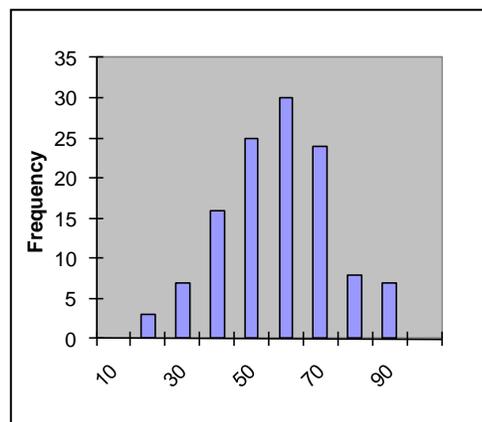


Figure 3 – Calculating the Collaborative Index

A histogram of the CI scores for the pilot study data (Figure 2) is shown in Figure 4 – Pilot Data CI Histogram.



CI Average = 53
CI Minimum = 16
CI Maximum = 88

Figure 4 – Pilot Data CI Histogram

The results of the assessment are used to drive professional development opportunities, assess structural, cultural, and operational factors, and develop a plan of action to achieve better results through more effective collaboration. Generally, the action plan going forward is determined in a management meeting/workshop to review data, develop a common understanding, and arrive at a future course of action.

The Collaborative Index is an effective benchmarking tool. To date, more than 8,000 front line collaborators (across companies and industries) have taken the *Collaborating to Win* assessment. Without a doubt, analysis of the data shows with statistical significance ($P < .01$) that better outcomes are achieved by better collaborators.

Sales Force Collaboration at Global Pharma Company – A Case Study

Until recently, co-promotion collaborations were of strategic and financial importance within the biopharmaceutical industry. Biopharmaceutical companies enter into collaborations for a variety of reasons, including maximizing revenue while a product is under patent protection, gaining access to additional resources and expertise, entering new markets, and sharing costs and risks. Today, a driving force is the hole created in company product lines and pipelines as what were once blockbuster products go off patent and internal R&D is insufficient to fill the gap, due to both a lack of productivity and resource constraints.

While co-promotion alliances in the pharmaceutical industry generally are created by fewer than ten people, the success of an alliance is entirely dependent on the interactions of literally thousands of individuals. These individuals must be skilled in working collaboratively with their counterparts in their own company as well as from the partner company.

Co-promotion alliances were a major driver of growth for Global Pharma Company, which is highlighted in this case study. Products associated with these alliances account for over 50 percent of its revenue. In light of this fact, Global Pharma's alliance management group, working in conjunction with a team from sales management, sales training and development, and The Rhythm of Business, initiated a program to assess the ability of Global Pharma's sales force to work collaboratively with its alliance partner counterparts (see Figure 5 – Sales Force Collaboration in Global Pharma Company). One of the lessons from the high tech world is that alliances are most likely to produce desired financial results when the partner sales forces collaborate well.

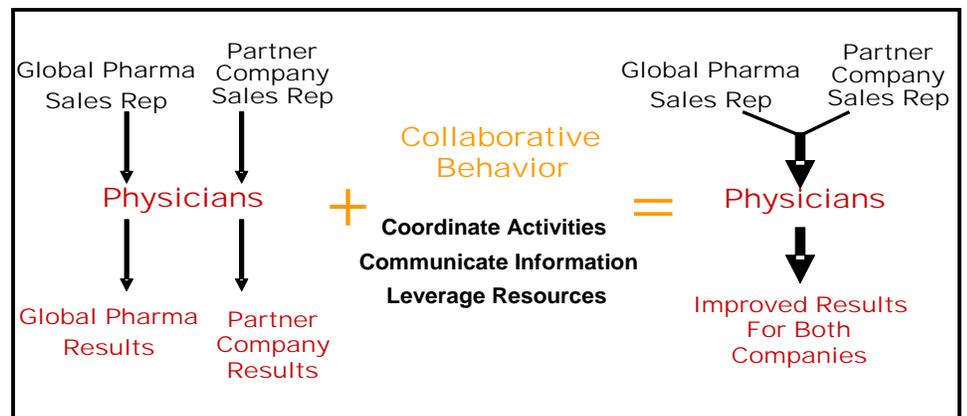


Figure 5 – Sales Force Collaboration in Global Pharma Company

Collaborating to Win: Measuring Collaborative Ability

The purpose of the assessment was to:

- ▶ Assess the collaborative capability of sales management and sales representatives
- ▶ Provide context-specific learning materials that offer tips, tools, and techniques for more effective collaboration both with co-promotion partners and within Global Pharma
- ▶ Recommend next best actions to create incremental sales of co-promoted brands

Alliance management knew that the company's sales training program focused on critical product information and traditional selling techniques; not on growing an ability to collaborate. At the outset of the project, alliance management's objectives for growing the sales force's collaborative ability were to:

1. Better understand how alliance management can best support sales management in increasing the efficiency and effectiveness of the sales force
2. Assess the sales force relative to effectively collaborating with each alliance partner
3. Design a process that provides ongoing metrics on the effectiveness of the sales force's collaborative abilities
4. Develop and implement a needs-based learning program and job aids to be included with ongoing sales training and career development efforts
5. Ultimately, to provide evidence that alliance capability translates to commercial success

The underlying questions upon which the assessment questionnaire was based were:

1. Do Global Pharma's sales professionals engage in the right collaborative activities to maximize results and do they have the skills to do them well?
2. Do Global Pharma's sales professionals' beliefs (mindset) about collaborating with their counterparts align with their behavior (activities and skills)?

Language, meaning, and behavior come together in mental models that link desired outcomes to how work gets done. Accordingly, Figure 6 – Pharmaceutical Sales Force Collaborative Behaviors was used as a

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starting point for developing a pan-Global Pharma Company consistent, yet flexible, model of sales force collaboration.

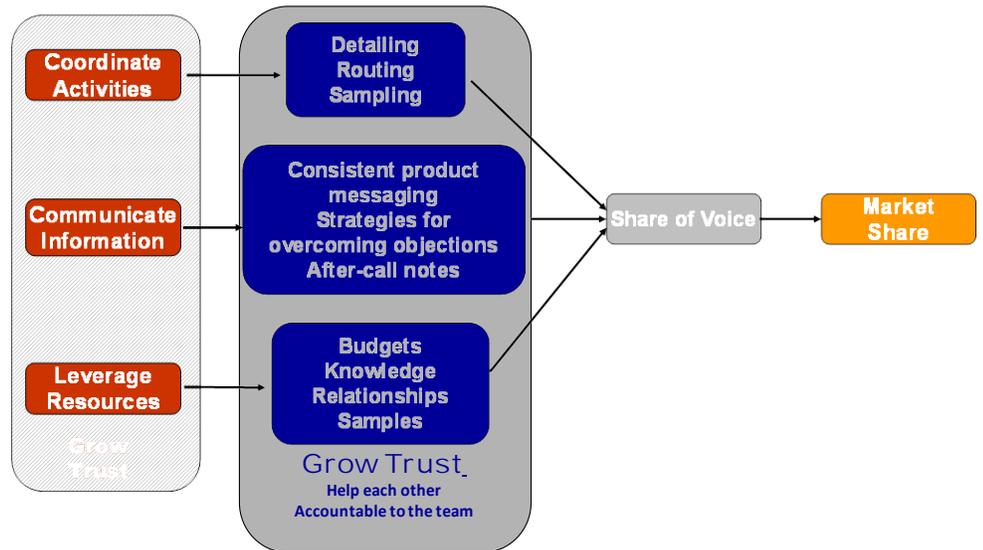


Figure 6 – Pharmaceutical Sales Force Collaborative Behaviors

The selling activities included in the model above are the major activities identified through the interviews with members of the sales organization, plus other interactions with them. There may be other activities not included in the model that are important in certain circumstances, such as group sessions to learn from important medical journal articles. Similarly, there may be activities included that are not relevant to certain representatives. Different activities may require different information to be communicated and other resources to be leveraged. The model is flexible enough to provide a strategic view of co-promotion collaboration from the sales force's perspective, while also accounting for specific variations among partners, products, geography, and even targeted physicians.

The model connects collaborative behavior to a sales professional's job. The improved quality of the sales person's work because of collaboration means greater share of voice and thus market share (assuming that the activities the sales force engages in do create share of voice and share of voice creates market share). The Collaborative Index evaluates and demonstrates if collaboration is a factor in creating share of voice. For example, if the CI is high, but the share of voice is falling, then it is reasonable to assume that improving collaboration is not how to influence share of voice and efforts should be focused elsewhere.

Key Survey Results for Full Implementation

With over 1,800 completed surveys of 30 questions each plus more than 500 open-ended comments, the *Collaborating to Win* assessment provided important information that was not available anywhere else. The data for sales representatives and sales management were analyzed separately and in relation to one another.

“I have had an amazing relationship with my counterparts. They have been an excellent addition in terms of our share of voice, working together to get programs, lunches, etc for our top targets. We worked really closely together to find ways to increase our market share. Our territory is doing very well and I share that success with our counterparts.”

Survey participant

Results:

1. Figure 7 – Belief/Behavior Matrices show that belief in collaboration, represented on the horizontal axis, is strong. The colors and symbols of the data points in the charts represent how many respondents had that specific score. Analysis of the data showed that 72 percent and 60 percent of sales management and representatives, respectively, believe alliance counterparts contribute to their success. Additionally, 84 percent and 73 percent of sales management and representatives, respectively, believe that alliance counterparts provide additional resources that help achieve goals. So a mindset for collaboration exists within the sales force.

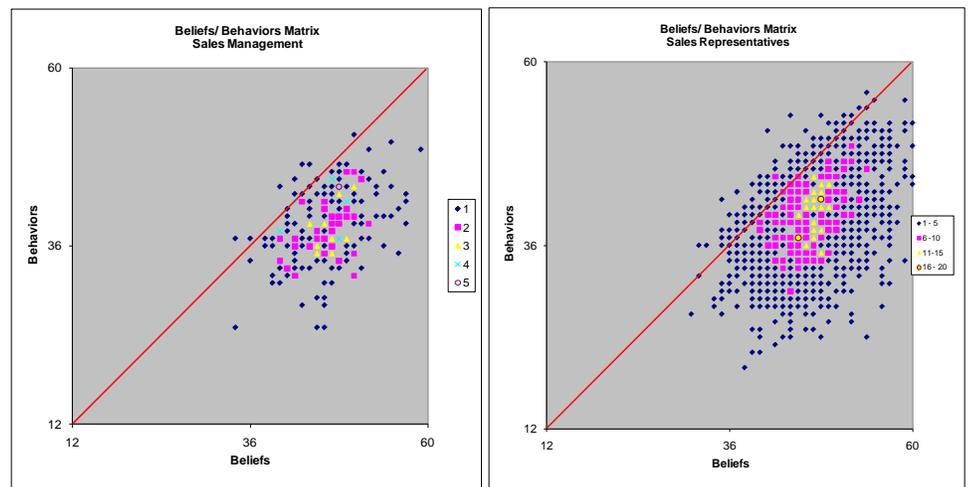


Figure 7 – Behavior/Belief Matrices

2. The CI scores for both the sales reps and their managers are shown in Figure 8 – CI Sales Force Histogram Year 1.

“My relationships with my counterparts have been worthwhile from a business stand point. Each is always willing to collaborate by attending meetings, following sampling ideas and all in all are very adequate in getting the business. Our relationship is cost effective for both companies and we also learn valuable selling skills from one another.”

Survey participant

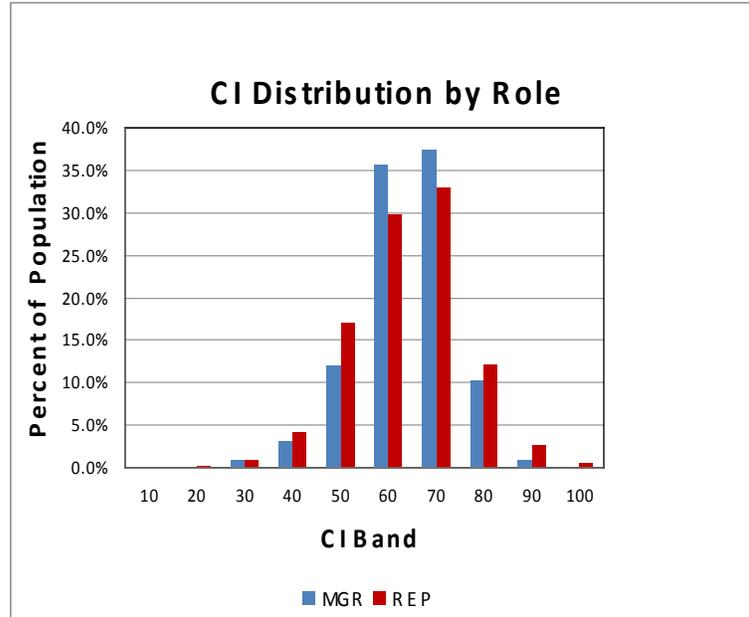


Figure 8 – CI Sales Force Histogram Year 1

3. In addition to assessing the sales force’s collaborative behavior and beliefs alignment, the analysis used a spider diagram to show how an individual scored relative to whether she/he engaged in the right collaborative activities and had the skills to do them well. For example, the diagram in Figure 9 – Collaborative Activities and Skills Scores, shows the scores for two people for each of the 10 collaborative activities and skills discussed previously. This analysis enabled the authors to identify the specific areas where each respondent was challenged in his/her collaborations. For example the inner (red) pattern showed a different level of collaborative ability than the outer pattern (blue). For each respondent, the activities/skills with the three (3) lowest scores were identified, and the person was then sent an email with a link to knowledge base on Global Pharma’s intranet that provided examples of how to improve his/her collaborative ability in those three areas.

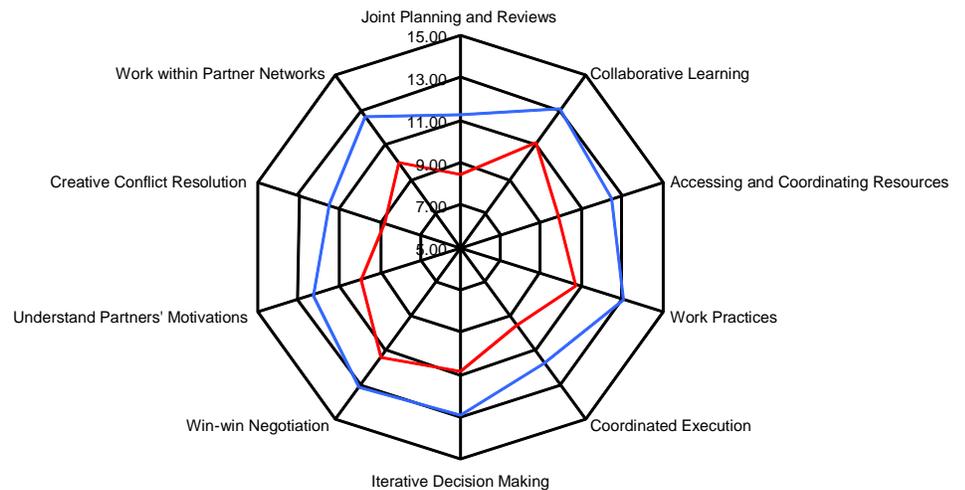


Figure 9 – Collaborative Activities and Skills Scores

Overall, the survey provided quantitative and qualitative support that coordinating activities, communicating information, and leveraging resources are the key collaborative behaviors that influence how a sales representative sells in a co-promotion environment.

Actionable Insight

The Collaborative Index offers management a lens that is otherwise unavailable to view their business and gain significant actionable insight. Analysis of the data and synthesis of it with industry and company knowledge, as well as collaborative business expertise, led to the following findings:

Collaboration increases sales, but behaviors lag belief

The 43 percent of sales representatives who answered that they always make their sales goals engage in more collaborative behavior than those who don't report making their goals. Additionally, 72 percent of sales management and 60 percent of representatives believe that alliance counterparts contribute to their success, but as many as 40 percent are not collaborating effectively, thus squandering resources, including time on territory.

Complexity is impeding sales effectiveness

The complexity of coordinating and communicating with multiple partners in overlapping regions was challenging to 69 percent of the sales force and 88 percent of sales management. A number of

participants indicated that coordinating activities and communicating information within Global Pharma alone is challenging enough without adding co-promotion counterparts. The survey provided significant insight into how to remove complexity and provide clarity and actionable guidance.

Partners' resources are not being effectively accessed or leveraged

There was more than a 25 percent gap between the belief that partners provide additional resources and the behavior that allows access to those resources. Reasons for this gap include that only half of representatives report regularly coordinating routing and messaging with their counterparts. Slightly less than half report discussing what they've learned about how to best sell the company's products with their alliance counterparts. Additionally, just over half of representatives and less than 40 percent of sales management believe that counterparts work to the same standards of integrity, consistency, and compliance as does Global Pharma.

“Collaboration is key. You have to know that the people you’re working with are there for you and they need to know you’re there for them.”

Survey participant

Increasing Sales through More Effective Collaborative Behavior

While many of assessment findings were already known to Global Pharma Company's management, the implementation of *Collaborating to Win* provided data to support these assumptions and exposed, for the first time, the inter-relation of the various assumptions and their implications on the field force's job. Thus, it allowed sales management to take a systemic view of selling with co-promotion partners and to focus in on specific actions that address heretofore non-actionable conditions.

The Alliance Management Group again worked with Sales Management to assess the sales forces' collaborative behavior in years 2 & 3.

As was seen earlier, the opportunity to increase sales through more effective collaborative behavior was demonstrated by both quantitative and qualitative data:

- ▶ There is a statistically significant correlation between making sales goals and being a better collaborator ($p < .01$) in assessments done in years 1 – 3
- ▶ Respondents who commented that they value their counterparts:
 - Have a CI 30 percent higher than those who comment negatively
 - Are 50 percent more likely to strongly agree they always make their sales goals

- ▶ Collaborative Index (CI) increased overall in year-to-year comparisons (see Figure 10 - Comparative CI Scores Years 1 – 3). The most significant gains are made in the first year because of paying attention to something previously ignored. The two percent decline in managers' CI measured in years 2 & 3 was attributed to changing corporate priorities of one of the partners. In retrospect, it was an early indicator of a greater strategic challenge to the alliance

“The ‘Collaborating to Win’ data confirms that the optimal management of our alliances by the Field Sales Force can result in incremental sales.”

**Senior Vice President
Sales**

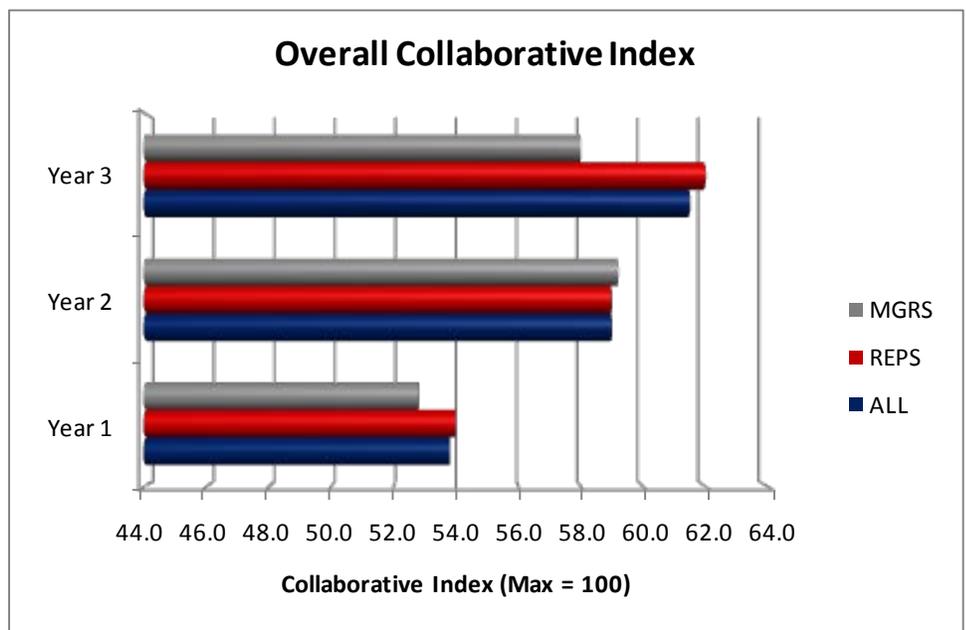


Figure 10 – Comparative CI Scores Years 1 – 3

Money on the Table

Given the statistically significant correlation between sales results and collaborative ability, the financial impact of improving the effectiveness of collaboration can be substantial. By way of example of the potential impact, Figure 11 – Money on the Table, shows that if Global Pharma could increase the CI of its 900 sales reps who could hit their sales goals if they improve their ability to collaborate to the level of the best collaborators, the incremental sales revenue to be gained might be as much as \$117 million. Clearly, the magnitude of that number got senior management’s attention.

Budgeted revenue from promoted products	\$3.5B
Number of reps	2,600
Revenue per rep	\$1.3M
Number of additional reps potentially at goal if collaborating as well as the best collaborators	900
Estimate of revenue under goal per rep	\$130K
Potential money on the table	\$117M

Figure 11 – Money on the Table

Strategies for Increasing Sales by Improving Collaboration

Developing collaborative skills must become part of all training and development activities from initial training to in-field manager’s coaching, to leadership training if the sales force’s ability to collaborate is part of how the sales professional is evaluated. When collaboration is simply how work gets done, the desired strategic and financial outcomes for Global Pharma Company’s co-promoted products will result. Sales training and development has an important role to play in growing collaborative competency. As part of this initiative, collaboration as a behavior to be learned and practiced was introduced to the sales force during initial training, and through a coaching at the sales leadership retreat. Additionally, a workshop – *Working Within Pharmaceutical Alliances: Your Role in Global Pharma Company’s Success* – was offered at various sales meetings. Alliance Management offered a “coaching clinic” to new district managers. These training sessions stemmed from the realization that developing collaborative skills is central to continuously improving the sales force’s ability to effectively represent the company’s products to physicians.

The complexity of working with multiple co-promotion partners cannot be denied. However, it is not unmanageable or dependent on the intuitive skills of individual representatives. The actionable insights from the survey, which should be updated and continued to be administered as long as co-promotion alliances are part of the strategy, provides management with a regular picture of its co-promotion activities from the perspective of its sales force. When combined with the management tools and increased collaborative competency that Collaborating to Win produces, Global Pharma has the means to increase sales through more effective collaboration and to realize the competitive advantage of being a preferred co-promotion partner.

Conclusion

For an organization to fully partake in collaboration with other entities it must not only have people with the skills, it also needs processes and systems to make collaboration an organizational capability. There are many challenges to developing a pervasive organizational ability to collaborate. Collaboration is complex, time consuming, and sometimes counter-cultural. Effective collaboration requires growing trusting, purposeful, mutually beneficial relationships through which you can access and leverage resources.

Without a doubt, developing the collaborative ability of every individual and the organization overall is important to business success. Data collected by The Rhythm of Business through the Collaborating To Win Assessment of more than 8,000 individuals shows that better collaborators are more successful. They simply know how to combine their toolbox of skills to accomplish more with less. Additionally, the longitudinal data shows that it is possible to improve an individual's ability to collaborate effectively resulting in improved results. In today's business environment that is a winning formula.

About The Rhythm of Business

The Rhythm of Business specializes in collaborative business—the organizations, business models, management and ways of working to innovate and grow through collaboration. For more than 25 years, principals of the firm have built collaborative business models, developed and operated alliances and supplier networks, and consulted within both corporate and civic sectors on building and using collaborative relationships to achieve strategic and financial objectives. Engagements include designing and implementing an alliance management capability, evaluating individual alliances and the alliance portfolio, intervening in troubled situations and working with good collaborations to become great collaborations. Through comprehensive management frameworks, skill development, and measurement and analysis tools, we enable individuals and organizations to innovate and grow through collaboration.

Co-founders Jeffrey Shuman, PhD and Janice Twombly have co-authored numerous books, articles, and white papers and regularly speak at a variety of venues around the world on the ongoing transformation of organization structures to collaborative networks. They hold the Certified Strategic Alliance Professional (CSAP) designation conferred by the Association of Strategic Alliance Professionals. Their methodologies inform Shuman's popular MBA courses on Managing Collaborative Relationships and Entrepreneurial Thinking at Bentley University where he is professor of management.



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