The New Essential of Business: 'Big C Collaboration'

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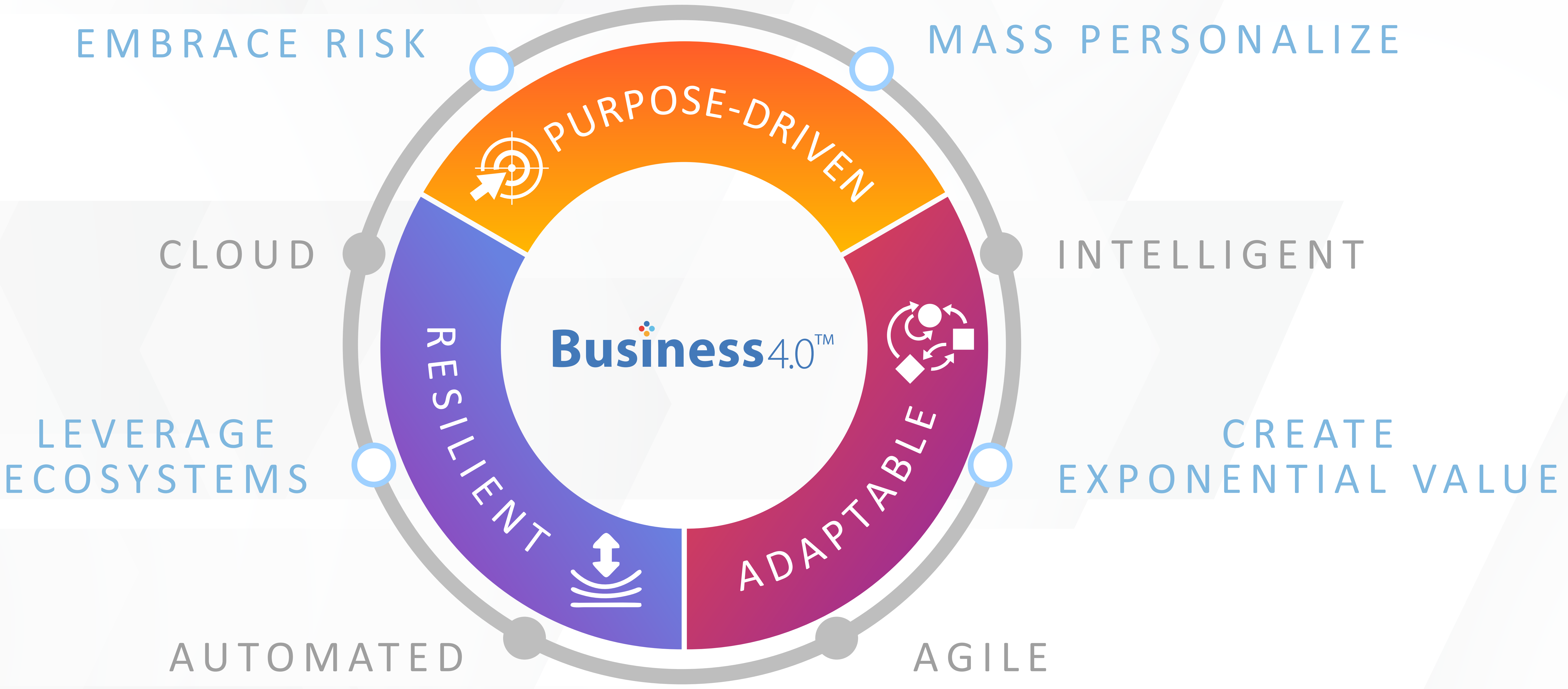


Executive Summary

For far too many businesses, large and small, the COVID-19 pandemic has raised questions about their 'essentiality'. This introspection has often exposed 'fault lines' in the attractiveness and economic viability of companies' value propositions and executional constructs for both the short- and long-terms. Business leaders are responsible to anticipate and adapt to not only virus-driven threats, but other new obstacles to, and opportunities for, growth and increased profitability through varying types of collaboration, including mergers and acquisitions.

'Big C Collaboration' is a strategic management framework that helps C-suites identify and realize gains in leveraging collaboration to make their businesses 'essential'.

Big C Collaboration relies on six key practices to ensure competitiveness and resilience.

- Ecosystem thinking
- Strategic leadership alignment
- Dynamic customer-centric strategy formulation
- Risk-balanced portfolio management
- Multi-modal innovation, ranging from tech scouting to joint ventures and M&A
- Lean-agile approach

In combination, these practices guide CEOs and their executive teams in addressing the 'fault lines' on which the coronavirus has shone a bright light. This is particularly true for digital capabilities and the operating model.

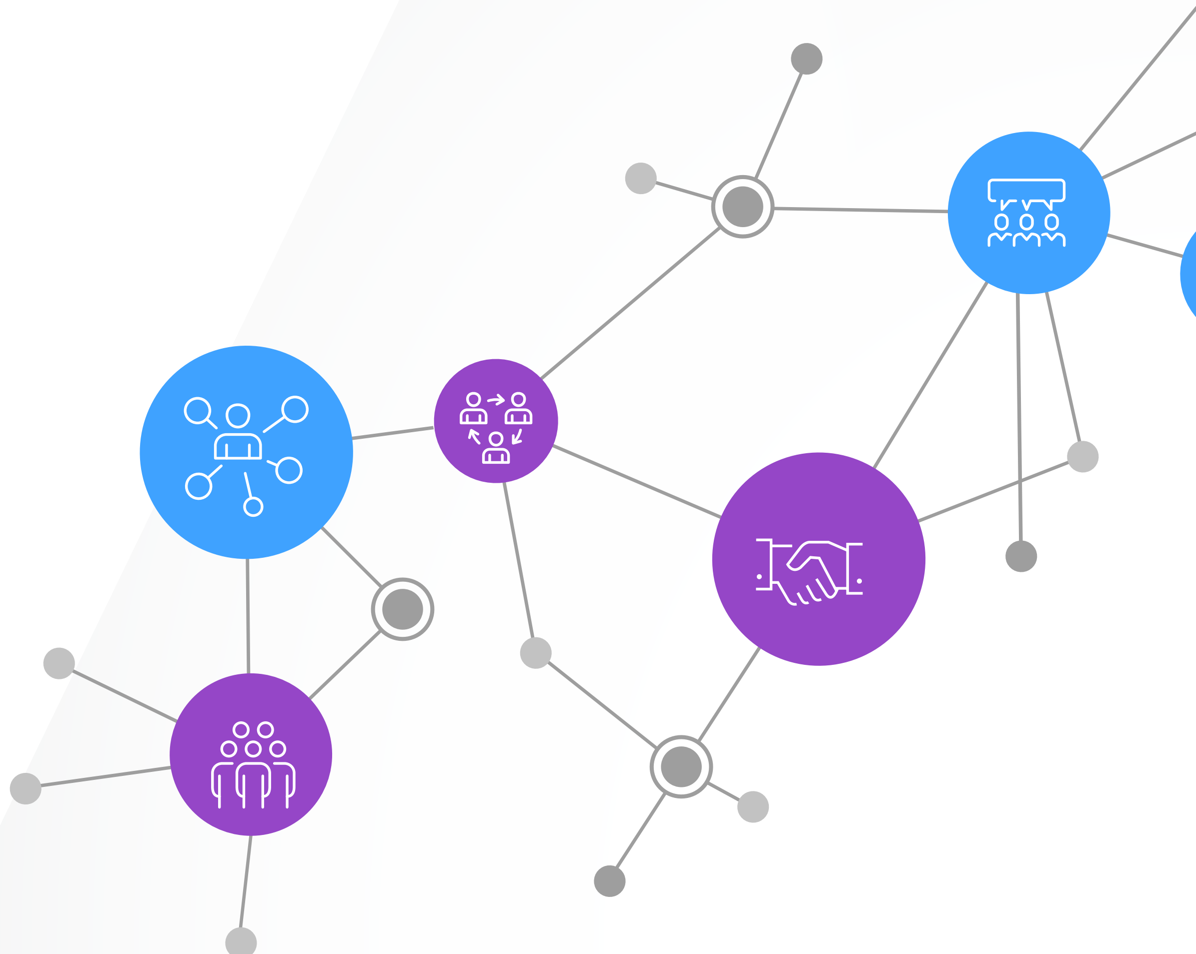
Overcoming Fault Lines

Although COVID-19 has changed the world, the globe's marketplaces have always been evolving and will continue to do so. The key to competitive sustainability is how quickly and effectively an enterprise anticipates and responds to threats and opportunities for enhancing its market relevance and fiscal viability. As the consequences of this most recent pandemic took root across the world's interconnected 'village' of individuals, businesses, and governments, four areas emerged as weaknesses for far too many enterprises, commercial and otherwise (see Figure 1).

Affected Area	Essential Weakness
1. Customer Channels	A. Insufficient to non-existent digital access
2. Business Models	
3. Supply Chains	B. Sub-optimally elastic to rigid dependence
4. Operating Models	

Figure 1: Common essentiality fault lines

Now more than ever, CXOs must guide their businesses to be more collaborative, not just internally but externally, to overcome quickly emerging problems and continually enhance their resilience by addressing their 'essentiality fault lines'.[1] In fact, research conducted by MIT CISR (Center for Information Systems Research) in May 2020 found that companies engaged in 'digital partnering' to extend both their 'reach' (new customers) and their 'range' (new products) had higher revenue growth—nearly 10 percentage points above industry average.[2]



Thriving in a Constantly Evolving Marketplace

Collaboration is the underpinning of ecosystem thinking. It enables co-creation of novel solutions and provides new ways to leverage existing resources. It is increasingly being adopted to accelerate and improve competitive and financial outcomes. New ways to collaborate are appearing everywhere we look, from strategic vendor relationships to alliances, joint ventures, and mergers or acquisitions. Collaboration is like a muscle that can be used and trained to be 'fit for purpose' and deliver the expected results. MIT CISR research has found that companies with digital and organizational capabilities to partner effectively and participate in ecosystems with strong curation have significantly higher revenue growth[3].

Looking back at the early days of COVID-19, several of the early 'fault lines' that many organizations experienced could have been minimized with 'Big C Collaboration'. As customer panic overwhelmed demand levels for home products and home delivery services, local stores and online services were unable to quickly respond which further exasperated the panic.
The initial response by many organizations was to look 'inward' for solutions. However, those companies that led the way with real customer solutions leveraged Big C Collaboration to establish new partnerships and ecosystems to blend their inventories, delivery capabilities and customer shopping channels. This has resulted in unprecedented levels of growth in what had been nominal growth markets.

So how does the executive team strengthen their company's collaboration muscle? Six practices have emerged from organizations that have successfully risen from the pandemic:

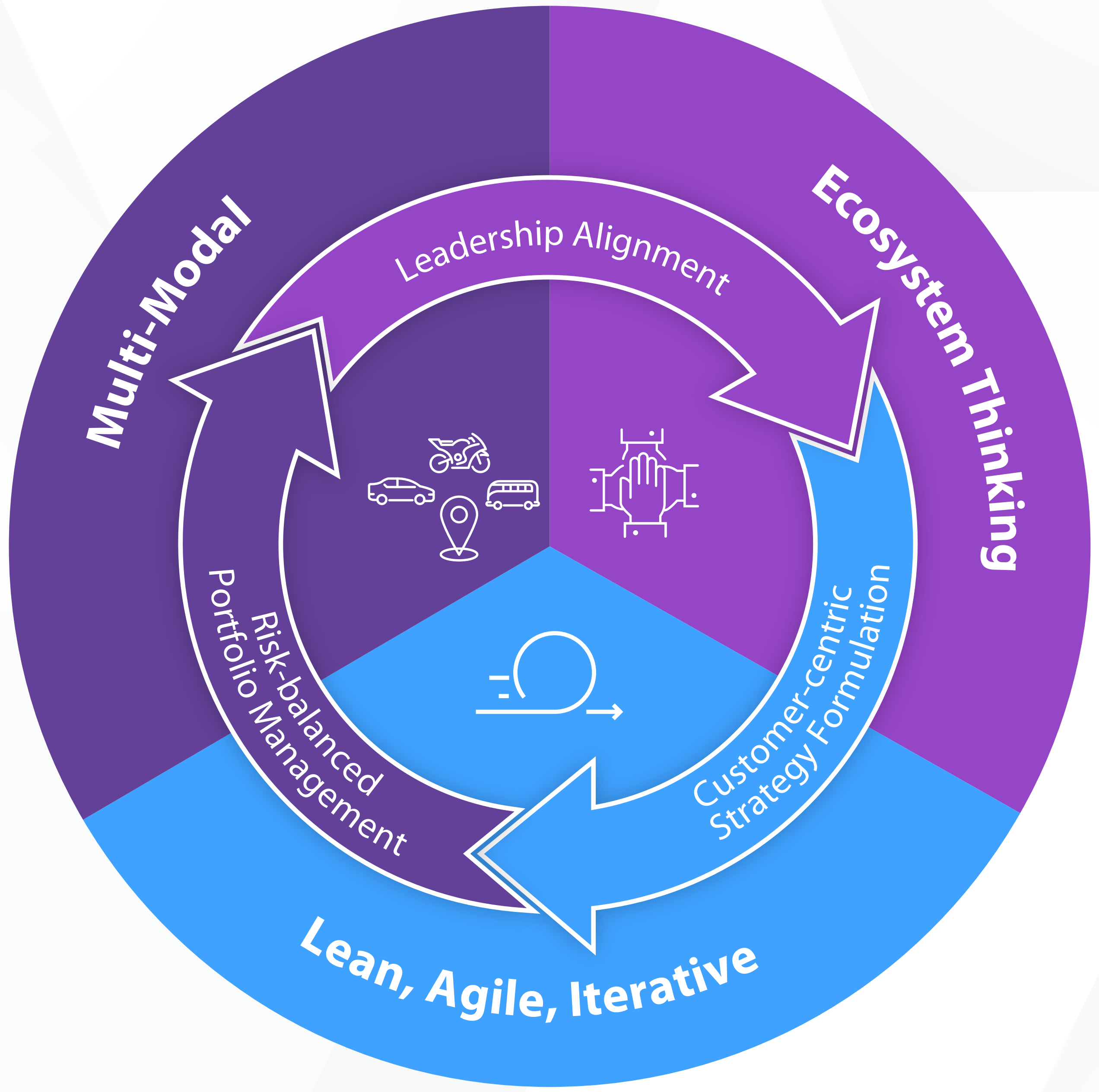


Figure 2: Big C Collaboration framework

Ecosystem thinking

Increasingly, executives are recognizing that organizations which embrace 'open innovation', that is use the ideas, technologies, capabilities and market paths of others for competitive adaptation, outperform those that do not[4]. Putting open innovation into practice begins with visualizing all the stakeholders or 'agents' that make up the economic ecosystems in which the organization currently competes and in the market scenarios that might unfold due to technological or other changes[5]. Then, it involves the active curation of networks of possible collaborators and co-innovation partners that could advance the aspirations of their enterprise.

Strategic leadership alignment

Together senior leaders from across business, IT and operations challenge assumptions and imagine future market scenarios, articulate new opportunities, identify unseen threats, and outline bold, purpose-driven goals. And as in improvisational theater, rather than say "no because …," CXOs say "yes and …" in response to insights and ideas shared by their colleagues to tease out the possible 'combinatorially magic' responses to the tells of the market and the actions taken by their opponents.

Dynamic customer-centric strategy formulation

Executives recognize the purpose of strategy is to provide a guide during times of uncertainty and therefore do not equate it with static budget planning. Wearing their design thinking hats, CXOs put customers front and center, identifying their valuable 'jobs to be done' with a focus on both what is changing in the world and what is not. Further, they are not constrained by their enterprises' limitations, as they look beyond what they can do on their own.

Risk-balanced portfolio management

In keeping with the bold, purpose-driven goals set by leadership, the right target mix of investment initiatives is defined and refreshed to sustain the enterprise for years to come. Initiatives may range from the incremental to the breakthrough across nearer to longer horizons, and can be a blend of organic and inorganic activity, that is leverage market and/or technology knowledge and capabilities inside and outside the company (see Figure 3).

Horizon	Investment Intiative Type	Portfolio Mix(%) Current	Portfolio Mix(%) Target	Investor's Knowledge of Market: New Market	Investor's Knowledge of Market: Existing Market Not Served Now	Investor's Knowledge of Market: Existing Market Served Now	Investor's Knowledge of Technology: New Technology	Investor's Knowledge of Technology: Existing Tech Not Used	Investor's Knowledge of Technology: Existing Tech Used Now
3	Operating Model: Eliminate Physical Dependence		10		X		X		
3	Business Model: Anchor Ecosystem with Digital Platform		10	X				X	
2	Channels: Increase Digital Access and Support	30	20			X		X	
2	Business Model: Extend to Adjacent Markets		20		X			X	
1	Supply Chain: Increase Vendor Flexibility	40	20			X		X	
1	Operating Model: Leverage Social Collaboration Tools	30	20			X			X

Initiative Requirements: Build, buy, or ally for optimal impact?

Figure 3: Illustrative investment portfolio planning matrix

Multi-modal innovation

This involves the right mix of structures to manifest the target risk-balanced portfolio. For most enterprises, the structures are already in place to support the generation and conversion of the incrementally adaptive ideas that improve process performance and optimize customer experience. Few enterprises, however, have the structures needed to deliver against the more radically innovative components of the target portfolio. They lack the ability to generate those ideas that transform capability, revolutionize experience, disrupt existing industries, and create new markets.

To fill this gap, one or more of the following channels can be added to their model:

- An innovation center—such as a listening or scouting outpost, an incubator or accelerator, a lab or an R&D center, and a university residence—to access and build upon capabilities that sit outside the boundaries of the enterprise
- Corporate venturing to experiment 'from a distance' and/or validate potential M&A targets
- Mergers and acquisitions, as well as joint ventures, to close known gaps in products, services, capabilities, and culture

Lean-agile approach

Leaders embrace a 'build, test, learn' mindset that allows them to separate more quickly and cost effectively the wheat from the chaff along each initiative's life cycle and across initiatives. The most promising investments continue based on facts, that is validated hypotheses. This improves the chances of achieving expected business outcomes and reduces executives' investment uncertainty.

Collaborative Flexing for New Advantage

Collaboration provides the rapid ability to adapt to an ever-changing business environment. As Krishnan Ramanujam, Global Head of TCS' Business & Technology Services, puts it: "the winners and losers of the future will be those that collaborate well". The Big C Collaboration framework provides a foundation for strategic transparency, executional inspection and continuous adaptation. It can also provide the diversity of insights to detect changing customer preferences and generate ideas for responding to evolving customer demand. And Big C Collaboration is also happening between business and the public sector. Just this year, Big C Collaboration between the United States space agency NASA and SpaceX made history by sending astronauts into space via a commercial spacecraft.[6] And in a smaller context, Big C Collaboration between Texas Educators and the Texas Motorway Authority created an in-person, graduation experience to give high school graduates and families a day to remember in the early months of COVID-19.[7]

To enhance business outcomes with digital-age speed, organizations can start with aligning on its purpose and customer-centric goals. Then actively curate and manage a risk-balanced portfolio of investment initiatives to ready for and make the changes to ensure resilience. And all the while, leveraging lean and agile practices, along with a diversity of perspectives and capabilities, no matter from where they come, to realize the benefits of Big C Collaboration.

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Sources

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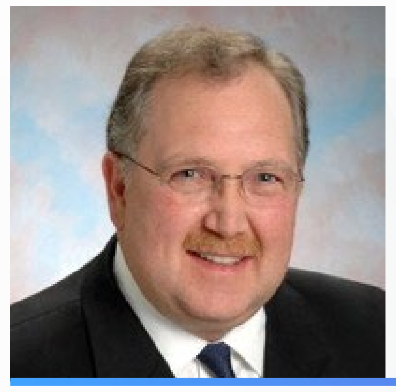
About the Authors



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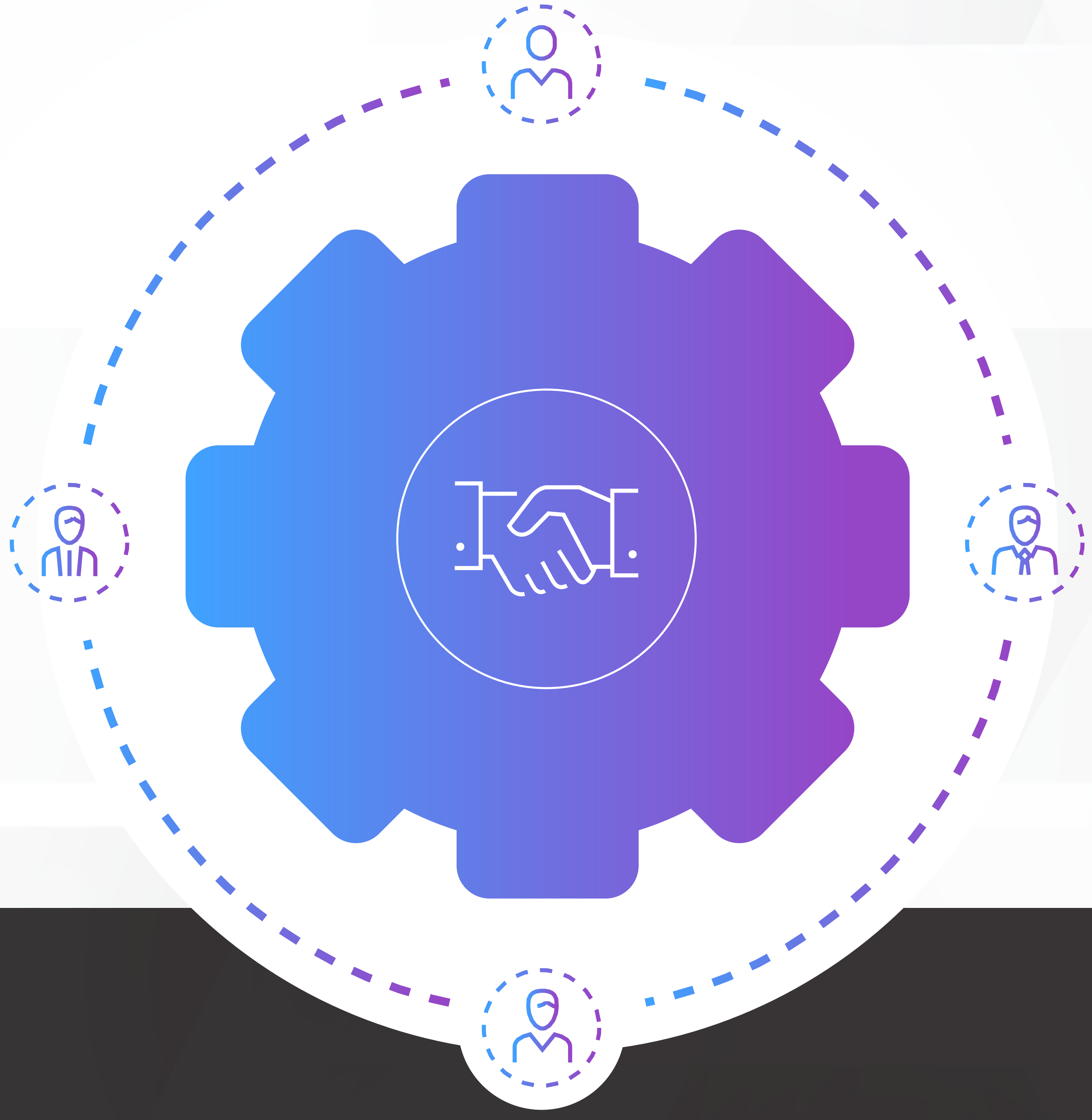
Courtney leads thought leadership development for TCS' M&A Services. She has spent over 25 years in management consulting, supporting both large and early stage enterprises in producing meaningful outcomes by developing the right business strategies as well as aligned 'people, process, and technology' constructs and roadmaps to realize their transformational goals. Prior to consulting, Courtney spent four years in commercial lending and investment banking, as well as earned an M.B.A. from Columbia Business School.



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