

#2

9 WAYS

**TO GET YOUR TEAM READY FOR
CO-CREATION**

9 Practical ways to overcome the barriers to co-creation within your organisation and energize teams that take up the challenge

fronteer

White paper # 2

IF YOU WANT TO CO-CREATE, BE READY TO CHANGE

DEAR READER,

This is our second white-paper on co-creation.

We constantly work together with our clients across industries to shape the field of co-creation. This white-paper reflects discussions we have had and recommendations we have given to our clients.

Who will benefit from reading this

For managers, CEO's or employees who know co-creation can add value and who want to engage in it for the first time. They don't know what barriers to expect - within the organisation or their team - and how to deal with them or solve them.

In this white-paper, we identify various barriers - both social, psychological and organisational - that can be encountered when starting co-creation and offer 9 ways to overcome these barriers and get your team ready for co-creation.

Fronteer works for global leaders in Communications, FMCG, Financial Services, Consumer Electronics, Internet Services and Consumer Durables.

This white-paper discusses the following topics:

- Change process of co-creation
- Organisational and Psychological & Social Barriers to co-creation
- 9 Ways to get your team ready for co-creation

We hope that this white-paper offers you inspiration as well as guidance towards initiating your own process of co-creation. We will be publishing more white-papers in the future.

This white-paper was distributed by Fronteer

The Authors are Marieke Streefkerk, consultant at Fronteer and Martijn Pater, partner at Fronteer

MOTIVATION, DIRECTION AND SUPPORT LAY AT THE HEART OF CHANGE

FROM CLOSED TO OPEN INNOVATION

In the past decade, many companies have started changing from a closed to an open innovation model. Co-creation is a form of open innovation that has seen much growth over the last years. It can be described as the practice of collaborative product or service development: developers and stake-holders working together, sharing ideas and looking for solutions of which all can benefit.

Those who practice co-creation understand that a lot of knowledge and value can be found outside the company walls. There are many benefits and drivers for co-creation, it can:

- shorten innovation cycles,
- truly involve customers,
- stimulate out-of-the-box thinking,
- increase customer loyalty,
- give access to exclusive knowledge and creativity,
- help discover new profit pools,
- create competitive advantage by opening-up the organisation,
- lead to new ways of working,
- stimulate better cooperation between departments,
- refresh energy

This is quite a long list of attractive output and we understand that many companies would like to acquire some of these elements themselves. However, a lot has to happen before you will get to this output. Changing from a closed to an open innovation model is a process that doesn't happen overnight. Implementation of co-creation usually results in a change process involving people, operations, policy and culture. All companies who start practicing co-creation will encounter barriers, questions and people with different motives, goals and priorities.

There are many different kinds of barriers - organisational, institutional, social, process, cognitive - however in this white- paper we will focus on the psychological & social barriers, as well as organisational barriers. Both can be encountered in your team and company when starting to practice co-creation. It will discuss how to overcome them by giving direction, motivating your team and leading change.

ALL CO-CREATION BARRIERS ARE INTERLINKED

1

CO-CREATION IS A CHANGE PROCESS

If you want to co-create, be ready to change. Change isn't an event, it's a process. And changing from a closed to an open innovation model is not an easy process, as it involves changing company culture, or "how we do things around here". Think of it: people came to work at the company because they saw themselves fit the company culture. A culture that may have thrived for many years. A culture in which people felt at ease. And now "we are going to do it differently" throughout the whole organisation. We are going to open up, share our ideas and let the outside world in.

This may take a while, but - as described by Dan and Chip Heath in their book 'Switch' - all people who manage to change have three things in common: they have clear direction (they know where to go), are highly motivated (they genuinely want to go there) and function in a supportive environment (which helps them get there).

Changing from the way things are to a new model demands different mindset. Like driving a new route for the first time: not knowing what lies behind each corner creates uncertainty. And even with your navigation system telling you the way, you are more alert and not always at ease. This is where many will encounter barriers.



Fig. 1: Direction, motivation and support lay at the heart of change

2

BARRIERS TO CO-CREATION

An overall barrier to co-creation is the cultural barrier: changing the company culture. The new approach is implemented throughout the company and leads to other barriers. In this paper we will treat two main categories: the organisational and the psychological & social barriers. You can imagine that these barriers will differ per company, person and co-creation initiative, however it is often so that all barriers influence each other.

ORGANISATIONAL BARRIERS

Organisational barriers can be encountered with all activities that have to do with implementing co-creation throughout the organisation. We will mention the most important ones and give examples of how to deal with them when you want to implement co-creation successfully.

Intellectual property

- Can you share all information and who will gain reward? Sharing your knowledge with the outside world can be scary. It is also new, and many don't know how to deal with the IP issue. It's hard to create an open and constructive framework for sharing and creating knowledge. You want to open up as much as possible, hoping to get the same in return from external stakeholders, but you have to know your limits.



Fig. 2: Barriers to co-creation

Complex governance

- Can you manage the process of open innovation with internal and external stakeholders?

You need the right person or people in place to consistently guide co-creation within the company. Co-creation means working together with different teams and/or departments. This more complex way of working should be managed the right way for it to be of value. Next to that, you have to find a way to get higher management behind the idea of co-creation. Otherwise, employees will not easily spend time on a new approach when their priorities lay elsewhere.

Short-term focus

- Can you appreciate that co-creation is a process and see its long-term value?

Especially when starting co-creation, it can take a while before the value of a project or the whole new approach becomes apparent or can be measured. It can be a challenge to both take the time to let co-creation become of value for your company, but in order to keep the motivation alive, to also make sure there are some 'quick wins' to show for your efforts.

Rewarding decision structure

- Can you make sure people will spend time on this and how will they be rewarded?

When you want people to dedicate themselves to co-creation, it has to be clear to them what their incentive is or what the rewarding structure will be. Not everyone who is involved in a co-creation project will be rewarded for the same goal.

Operations

- Do we have infrastructure and processes in order to guide open innovation? To facilitate knowledge and creative sharing?

There are a lot of operational factors to think about in co-creation processes. For example to facilitate knowledge and creative sharing and to attract and motivate external participants.

PSYCHOLOGICAL & SOCIAL BARRIERS

Below are the four most important psychological & social barriers, meaning the ones on which you have the highest chance to encounter within your team when starting a co-creation approach or project. These are also the issues that are the hardest to solve, as it involves people and their personal feelings.

Inertia & fear of unknown

- Are you brave enough to take the 'risk', without knowing what the rewards can be? Can you steer or follow into the unknown and be open to new ways of working?

Inertia - the resistance to change from a current state of motion - is often driven by fear. Fear of changing your course into the unknown. When not handling it, fear can even build up inertia against change.

When changing towards a co-creation approach, people don't know what to expect. It raises many understandable questions: "Can I do this?", How should I do this? How can I combine it with my regular work? What if the others are better at it than me? What if we don't succeed? Can I still make my targets if I have to do it a different way or have to spend time on this? Why should we do it differently anyway? etc.

Originating from the neuropsychology, fear often results in three instinctive reactions: Fight (active resistance), flight (escape) or freeze (cramp up). Chances are you will encounter these reactions in your team. If this is the case, remember that whatever you do, never increase the pressure, or put even more emphasis on the fact that people need to change, this will only diminish their motivation and increase fear, which again will stimulate inertia.

Lack of motivation

- Can you create a sense of urgency? Motivate your team to change towards an open innovation approach?

We know by now that motivation is one of the pillars of change. Without it, no change. So let's look at how to motivate people. There are two ways of motivating people: extrinsic (by rewards or 'carrot-and-stick' methods) and

intrinsic motivation, the latter coming from within.

As you might have guessed, the best way to motivate people is by intrinsic motivation. People have to feel it. Extrinsic motivation will not lead to true motivation nor change and could even increase fear of change ("If I don't do this right, I won't get my promised bonus!"). Intrinsic motivation will last and outperform extrinsic.

In his book 'Drive', Daniel Pink offers a tripod for intrinsic motivation: Autonomy, Mastery and Purpose. All three should be stimulated in order to motivate people.

Autonomy: Doing things your way, taking your own responsibility and feeling trusted in doing it. Autonomy increases creativity and leads to engagement, which in turn will lead to mastery.

Mastery: The desire to get better and better. Mastery is about being in 'flow': challenged in the right amount, your goals are clear, 'has to do' becomes 'could do'.

Purpose: A greater objective that makes people feel good about participating. Purpose is bigger than you, your team or your specific challenge.

Trust & interdependence

- Can you embrace cooperation with external teams, be open and share ideas? Can you depend on each other and do you trust each other's abilities?

Trust is the tricky one, as you can't order people to trust someone. Trust is personal and trust takes time. What you can do is give direction and create an environment for building trust. Trust is a complicated, yet important factor to address. Without it, it can become difficult to embrace cooperation with people from other departments and people from outside your company.

We often depend on other people to help us obtain the outcomes we value (and they on us). Trust is about fulfilling (other's) expectations of certain behaviour. It is associated with interdependence, opening up, cooperation, information sharing, and problem solving. These all happen to be factors needed in co-creation.

Lewicki & Tomlinson say trusting another person is grounded in the evaluation of three characteristics: ability, integrity, and benevolence. The more we observe these qualities in another person, the more likely our level of trust in that person is to grow. Ability and integrity are the most influential early in a relationship (like when working with a new team), understanding one's benevolence takes more time.

Ability refers to an assessment of another person's knowledge, skill, or competency. Trust requires some sense that the other is able to perform in a manner that meets your expectations.

Integrity leads to trust based on consistency of past actions, credibility of communication, commitment to standards of fairness, and the agreement with the other's principles, word and deed.

In the beginning of a relationship, trust is mostly cognitively-driven. This means you have to find a way to build trust by managing your reputation and making sure that there is stability in your behaviour, e.g. by being consistent, doing what you say you will do and keep your promises.

The "Not invented here" syndrome

- Are you able and willing to accept and integrate ideas and innovations from 'outside'? Are you open to and can you adopt new ways of working?

The trust-issue is very closely related to the 'Not Invented Here- Syndrome'. Often, when ideas and innovations are created outside the company walls, it is hard to get people who weren't part of the process excited about the new ideas: the 'Not Invented Here' syndrome. It's often difficult to accept and execute a new solution when it didn't originate from you, your team or your company. The NIH syndrome finds its origin in the software development world, but can be encountered in other areas as well.

"CO-CREATION IS ALL ABOUT PEOPLE"

3

9 WAYS TO GET YOUR TEAM READY FOR CO-CREATION

Most psychological & social barriers have to do with change and changing into a new mindset. As said earlier, most people that successfully changed had three things in common: clear direction, strong motivation and a supportive environment. Based on these three aspects and our own experience, we will now provide 9 possible ways that will help you overcome the barriers to co-creation mentioned above. Which one to use largely depends on your own situation and team. Some people need clear direction, others lack motivation and sometimes it is 'just' a situation problem.

DIRECTION

Start with why

- Work with the same goal in mind and communicate it. When changing or doing something new, the why and what is very important to know. Have a clear goal in mind when starting a co-creation project and communicate your purpose so it is clear to all team members.

CHANGE



CHANGE

Fig. 3: 9 Ways to get your team ready for co-creation

Even better is to create it together: when you know you are all working with the same purpose in mind and towards a collective achievement, you're more motivated and it will help to build trust within the team.

To ensure a smooth transition, make sure your co-creation goal and approach connects to your current business. Integrate it with your strategy and goals, this will make it easier for people to adopt.

Shrink the change

- Co-create in small steps and provide balance.

The whole new approach of co-creating might seem as a very large and sometimes impossible task to do, which is something that might scare some people and create inertia. Fear will diminish when the expected task seems doable. So make it seem that way. Diminish the pressure. Shrink the change.

Divide co-creation actions in small steps (today I want you to think of 5 people outside this company who might be of value for the challenge we are facing.) By performing each small step, and experiencing that it was not that hard, people will be less reluctant to the change and more willing take the next step.

Within these steps, it's about providing balance: let tasks be challenging, but not so that it creates anxiety. Make use of peoples existing qualities and possibilities. First focus on what they can do well, then broaden that. When acknowledging people's qualities and optimising them, you'll find that people will have more fun - also a great motivator - in what they're doing - even if it means doing something new or different.

Go for direct result

- Start the learning process with a clear challenge.

Although it is a long-term process, co-creation is not something you should wait for to happen. You know by now you can run into some barriers, but it is important to 'just start doing it'. As with all new things you have to learn how to do it. So look for a tangible and clear challenge within the company that can be tackled with a co-creation approach. By setting boundaries you will also shrink the change and you will make it easier to work towards a

solution. Don't be afraid that it will go wrong or that it won't give the desired or expected results. You're learning and it doesn't have to be perfect.

MOTIVATION

Cut the leash

- Be autonomous and show individual value (for the team). Over centuries, many people have learned to follow orders, but deep down, we are all autonomous creatures, who like to direct our own actions and do things in our own way. This fact can be used when turning the co-creation corner. Because it is new for everybody, you all start at the same level and everybody can help to find the best approach. Stress the fact that all people in the team are always allowed to provide their input and ideas, even better: it is highly valued! Their knowledge counts. By asking for their knowledge, concerns and ideas, you are making them part of the change process and solution. You let them feel their value, which will motivate them to cooperate. Next to that, letting people carry their own responsibility over their actions shows and builds trust. Start your co-creation initiative with the best team possible: the motivated people, the ones who love to provide input and like to be challenged.

The highest form of autonomy is being in autonomous in task, technique, time and team. Everybody should get a task in which their strengths can be used and in which their autonomy can flourish. Of course there are deadlines, but they should be able to decide for themselves how they want to do it and when and preferably also with whom. However, don't expect people to do it all at once. Too much autonomy - when not used to it - is scary. And as we have learned: fear builds up inertia.

Do it together

- Find shared identity and get to know each other. Team building and creating a feeling of unity and shared identity is an important part of creating trust and encourages people to work together. It creates the sense

of 'we' rather than 'us' or 'them'. Trust can only be built by spending time together, interacting with each other and getting to know each other. As with change, building trust is a process, it takes time. Take this time with the internal team (that may consist of different departments) before the actual co-creation activity. Show a focus on each other's interests, recognise the contributions of others, and demonstrate confidence in their abilities. That way, shared values can be found.

Discover the feeling

- Go outside and bring the outside in. Think again of driving a new route for the first time. If you know what to expect, you will be more at ease. So manage expectations and prove that the new approach - co-creation - works, by letting people experience it. Understanding is one thing, feeling it is another. When people don't know what to expect, it helps to make them feel the situation, experience that they can do it. Doing something new also means creating a shift in identity: you are no longer 'normal' employees, you are co-creators. It's what you do.

To motivate your team and cultivate this identity and mindset, practice co-creation (exercises) together. Co-creation means opening up, so go outside and bring the outside in. Talk to consumers, invite experts, call clients and visit companies or teams that already co-created successfully. Prepare questions and make sure everybody gets involved in the discussion. You're not the first to try the co-creation approach. There are many successful cases and examples. Show them to your team to prove it works. Let them look for the bright spots: why did it work and how can we use that in our own process?

SUPPORT

Set the scene

- New behaviour in a new environment. Often when you think it is a people problem, it actually is a situation or environment problem. Because adopting new

behaviour is easier to do in a new environment, provide specific time & place for co-creation initiatives. This helps people to get used to the new way of doing things as well as building habits and desired behaviour. Provide a place by literally creating a co-creation environment within or outside the company walls, where people can step away from business as usual. In this co-creation environment, people do things differently and can work on their new mind-set: they are co-creators. Of course, this can also be an online environment, as often you will work with people from outside the company or even across the ocean. When inviting people from outside to participate in a co-creation session or activity, a (online) place where people can get to know each other also helps to build the trust within the team.

Make it a habit

- Incorporate it through the organisation.

Habits come natural and don't take much effort. That's why they come in handy when changing a mindset or behaviour. Incorporate co-creation practices in many company activities to make it 'natural' behaviour. This will also stimulate the co-creation experience and let people behave in a certain way.

For example always ask people to look for at least one solution outside company walls before trying to solve it yourself. This might be easier for some than for others, therefore surround the team with people who already have the co-creation mindset.

Behaviour is 'contagious', so these people can help spread the new approach and give the right example. You can learn from each other, other departments and different visions.

Get the board in

- Make sure there is co-creation support.

Many organisational barriers can be overcome when there is board level buy-in. Make sure higher management supports the co-creation initiative and provides a clear rewarding system. They are responsible for freeing time and budget in order for the company to change into

the new co-creation direction. It is very important to let employees know that they can spend time on this and that it will not get in the way with their (other) targets.

Next to supporting it, the co-creation thought and vision has to be continuously communicated from the upper level to increase the chances for it to stick.

CASE EXAMPLES

For each of the 9 ways to get your team ready for co-creation we now present a case example, illustrated in fig. 4.

Procter & Gamble: Procter & Gamble is very clear about their co-creation goal: 50% of all product innovations have to come from 'outside' of the company. This supports their higher purpose: they are a co-creating company that values the knowledge of others. By involving others, they can build better solutions.

Achmea: Achmea started co-creation in small steps. One project at a time, one department at a time, one client group at a time. This way, the company slowly got used to the new approach. Now, co-creation is seen by many Achmea employees as 'the way we do things'. These same employees will probably be responsible for spreading it further in the company.

KLM: KLM started co-creation on a very specific case, enabling them to search for specific knowledge outside their company. By keeping focused on this challenge, the results were spot-on.

Getronics: Getronics stimulated autonomous behaviour by providing budget for all internal team-members of the co-creation project. This would enable them to actually implement the results of the co-creation project. Receiving this 'trust' and 'carte blanche' motivated one of the team members to develop his own iPhone application, something Getronics had never done before.

Nokia: Nokia has many departments worldwide that are working together to come up with solutions in the field of Augmented Reality, creating whole new structures throughout the company.

Ducati: Ducati opened its doors for very loyal consumers (or 'fans' as they call it) that they spotted within their online community. These customers became active partners and were involved in the design process of the motorcycles.

Lego: Lego organises many co-creation situations. With Lego Mindstorms, Lego empowers fans and employees to co- create both online and offline.

Unilever: Unilever uses a so called 'diffusion model' to spread out their co-creation strategy throughout the organisation.

Siemens: Siemens makes a strategic move towards customer intimacy, led from 'above'. The Chairman of the Board believes that more and more solutions will be developed in cooperation with customers.

READY TO CO-CREATE

Hopefully, with the knowledge of what you may encounter on the way, you are more confident and eager to start your co-creation journey. Each company and every person will encounter its own barriers and has to look for its own best ways to overcome them. Maybe the co-creation path sounds like a hard one. But don't let these potential barriers become a barrier to you or your team. Use the 9 ways to provide direction, motivate your people and support them. And they also apply to yourself: don't try to do it all at once, take small steps of change and towards co-creation. This way you will learn and eventually become the co-creation expert.

CHANGE

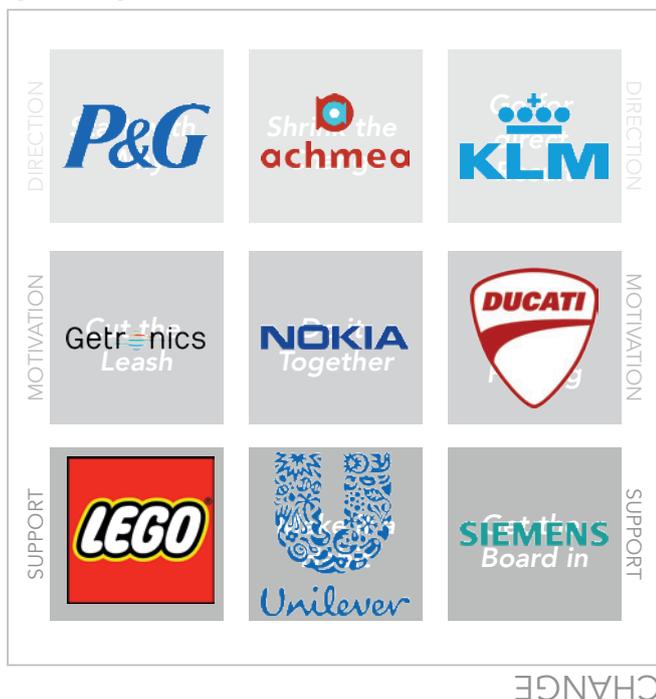


Fig. 4: Case examples for the 9 Ways to get your team ready for co-creation

TAKE SMALL STEPS OF CHANGE AND TOWARDS CO-CREATION

ABOUT FRONTEER

Fronteer is an Amsterdam-based strategy consulting firm. Our key areas of expertise are innovation, co-creation and brand development. We have diverse backgrounds. Our inquisitive nature is supported by entrepreneurial experience and solid business sense. We believe that co-creation is a long-term engagement between clients and people from outside their company. It's success is expressed in inspiration, enthusiasm and action.

ABOUT ROOFTOP CO-CREATION

"No matter who you are, most of the smartest people work for someone else" (Joy's law).

Rooftop is an expert co-creation tool. Rooftop brings together a client's team and outside experts for a specific, time-pressured challenge, that demands expertise and breakthrough ideas. Contributors are hand-picked, based on the challenge at hand. Rooftop is always customised to client's needs.

A group of people working together 1 day, no interference from day-to-day hassles. A pressure-cooker delivering clarity & inspiration. Each session uses a fixed structure and a toolbox of tried-and-true exercises. The output: richly detailed concepts, buy-in and excitement. Rooftop projects vary from single high-energy sessions to series of connected Rooftops embedded in larger strategic projects.

INFORMATION

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Author	Marieke Streefkerk, Consultant at Fronteer; Martijn Pater, Partner at Fronteer
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NDSM-Plein 20
1033 WB Amsterdam
info@fronteer.amsterdam
+31 20 475 0555
fronteer.amsterdam