Chapter 4
Collaborative Performance:
Addressing the ROI of Collaboration

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ABSTRACT

Collaboration is gaining attention as a key driver of overall business performance, innovation capabilities and productivity. However, there is a discrepancy between the perceived importance of collaboration and the extent to which companies approach collaboration in a structured manner. Few companies methodically evaluate how well they perform in the area of collaboration, and few have implemented management and leadership principles to systematically improve collaborative performance. This article explains how businesses can benefit from systematic, structured investment in tools and methods supporting collaboration, and concludes with a few governing principles and a list of specific action points for businesses that are interested in improving their collaborative performance and obtaining a higher Return on Investment (ROI) on their collaboration initiatives.

INTRODUCTION

As an important dimension of work, collaboration seems to be getting more attention both from researchers and industrial practitioners. However, collaboration is a dimension of work that has not yet been fully understood, neither in terms of components, patterns, routines, interactions, or business implications of new collaborative strategies and approaches. Collaboration often involves complex interactions between the technology and tools that are used to collaborate, and the organizational culture and processes that support and encourage collaboration (Gofus, Conway, Kostner, & Cotton, 2006).

Measuring and managing knowledge worker productivity poses numerous challenges, as the type of knowledge work that characterizes many

DOI: 10.4018/978-1-61350-459-8.ch004

different types of jobs today involves complex interactions with others, and many intangibles that are difficult to relate to other key metrics of corporate performance such as e.g. profitability, top and bottom line growth, and innovation performance. In addition, the number of commercially available collaborative tools with various degrees of overlap in functionality can be confusing to even proficient users of such tools.

Despite the problems with evaluating and managing collaboration, a growing body of research emphasizes the importance of collaboration as a key driver of business performance. One study show that workplace innovations account for 89% of multifactor productivity gains (Black & Lynch, 2001), while an industrial survey of 946 decision makers in key positions as line managers or in the IT department (Gofus et al., 2006) concludes that collaboration positively impacts an organization's business performance, as collaboration constitutes twice the impact of a company's strategic orientation and more than five times the impact of market and technological turbulence influences. The data collected in this industrial study indicates that 36% of a company's overall performance was due to its Collaboration Index, a finding that suggests that collaboration is of strategic importance, and represents a domain that should be monitored, facilitated and managed to make sure businesses reap the potential benefits. Other recent studies have highlighted business benefits of collaboration that adds to the proposition that collaboration has wide implications for businesses. In a 2006 study of C-level executives, IBM (2006) found that collaboration and partnering is considered very important for innovation by over 75% of the 765 executives participating in the survey, yet only slightly more than 50% responded that they collaborate to the extent that is required to reap the potential benefits. These data show that although collaboration is emerging as an important issue, there still seems to be a gap between the perceived importance of collaboration, and the actual attention paid to collaboration. The previously common view that strict protection of IPR (Intellectual Property Rights) is the only sustainable way of keeping a competitive advantage is also challenged by alternative, open approaches to sharing knowledge, as in closed versus open innovation concepts (see, e.g., Chesborough, 2003). Foroohar (2005) argues that:

The new work paradigm–sharing, rather than protecting, trade secrets–is quickly becoming the way forward ... The era of the information silo is over. As the world has gotten smaller–and its problems (from global warming to virus hunting) have gotten more complex–it's increasingly apparent that we'll need coordinated teams to get things done.

This shift towards more collaboration is based on the assumption that few if any companies have all the necessary knowledge, capabilities and resources in-house to successfully innovate today – on the contrary, successful innovation typically occur at intersections between different knowledge domains rather than in isolation. Innovation is emerging as a network phenomenon, where different disciplines, competencies and organizations meet, merge and adapt while ideas are challenged, developed, tested and reengineered–as a collaborative effort.

METHODOLOGY

Our research is based on a literature review in the areas of collaborative performance assessment, knowledge worker productivity and competitive advantage based on collaborative knowledge work. To obtain a sufficient coverage of a comprehensive range of relevant dimensions, references include both scientific journals and industrial periodicals and whitepapers that cover topics not commonly or sufficiently addressed in reviewed journals.