# CO-CREATION

## A FORMULA FOR BUSINESS TRANSFORMATION

Silver Rock
CONSULTING

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There is no shortage of academic studies linking leadership and decision-making. We do relish a leader with the critical thinking skills and fortitude to make a decision, yet there are pivotal points in the lifecycle of every business such as discovering a different pathway to growth or adjusting to market events where it is valuable and beneficial for a leader to extend an “open palm” to generate fresh ideas and build alignment.

In the following pages, we provide a taste of Silver Rock’s secret sauce rooted in “co-creation” which is at the heart of our methodology. Co-creation is an inextricable component of our suite of solutions and it is what makes each of our partner engagements unique with those seeking to transform their organization's strategic direction.

Involving groups of people in generating a new way of thinking can be transformational. Locking a diverse group of people in a room to “see what they come up with”, however, is not the answer. At Silver Rock, we follow a proprietary process perfected by the business operators on our team. The good news is that the concepts are straightforward.  However, like any elegant design which is intuitive on the surface, putting these concepts into practice is not as easy as it appears.

In this piece, we will define what co-creation is, share an example of how co-creation is integrated into our workflow and explain why execution is the “wizard behind the curtain”.

# CO-CREATION DEFINED

Simply put co-creation taps into the best qualities of teamwork. According to C.K. Prahalad, Venkat Ramaswamy, and Francis Gouillet who have been writing about this topic for over a decade, co-creation is about "putting the human experience at the center of the enterprise's design." Companies are increasingly including customers in product development. LEGO, the Danish toy manufacturer, has successfully reinvented its brand, engaging its community of super-consumers in the innovation process. Yet, co-creation goes a step further, including not only customers but the experiences of a broader group of internal and external stakeholders as it seeks to extract value from a wider ecosystem.

Silver Rock views employees as a key component of co-creation. Done right, interactions between teams of colleagues surface great concepts that may have previously resided behind closed doors but not brought forward or brand-new ideas that place the company on a fresh trajectory. Co-creation breaks hierarchical rules as it is not about trying to push an agenda or steer the team in a predetermined direction. This pretext not only insults the team's intelligence but also diminishes the purpose and intent for which the team was formed originally—to solve a critical issue or generate novel insights. We find that the team can sense if this was the back-door intention. The executive who brought the team together then loses future credibility.

There are principles of co-creation that rise to the surface that we have nurtured time and again working with clients :

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- Be intentionally lean and inclusive
- Balance diversity of thought with proven practice
- Embrace patience to go fast
- Combine hyper-listening and transparent decision making
- Multiply the effect of a team's knowledge and skills to create value

These ingredients of co-creation are very much like a recipe. Eliminate some, and the end-product does not taste right. Additionally, if the lead chef does not execute properly, the result is a loss of traction and trust, also resulting in a sub-par outcome. Co-creation is part art and part science - and the key is to do both well.

In the following sections, we will walk through an example of a company seeking to develop a new strategic direction and highlight how co-creation is an integral component of Silver Rock's transformation and visioning solution.

## WHAT IS STRATEGIC DIRECTION?

Imagine you have a Bugatti that can go over 250 MPH, or a company with strong core competencies and the potential for doubling growth. If you want to go far, you cannot just turn on the car and head in any direction.

The work of a business model is to move the car to face the right direction, ensure that there are not any unpassable obstacles in the near future, and solidify a good view of the road to come. That is the work of creating strategic direction - pointing the company on the right course.

# IT BEGINS WITH PEOPLE

Identifying the optimal mix of colleagues to participate in an engagement is where we begin with clients. This fundamental first step underscores the need to select the right combination and number of individuals that bring engagement, a range of viewpoints, and a willingness to "lean in"- all critical for co-creation. The starting point that we recommend is selecting an Executive Steering Committee. This involves three key positions: "The Executive Sponsor", "The Initiative Executive" and a Head of Strategy and Innovation (often called the CSO or Chief Strategy Officer). While this triad has a specific role as the ultimate decision-making body, leading the project team (which we call the "Taskforce" and will further define below) and designing the strategic model, each also has its unique and distinct part to play.

We would augment this group with two to three strategic advisors from the Silver Rock team who join the Executive Steering committee in leadership roles. This is critical, as third-party members have the latitude to ask the hard questions that may not get surfaced, as well as push back in other areas.

By neutralizing the playing field, we play an objective, yet active part in creating and guiding the roadmap, directing the taskforce sessions, and leveraging co-creation principles to ultimately design the transformative business model. The advantage of this approach is key executives are helping to shape and generate new ideas by participating "in the Taskforce" instead of being the voice "leading the Taskforce". This juxtaposition is an especially important distinction. The dynamics of the group shift in a dramatic, good direction.

After the Steering Committee is formed, the next step is using a process to strategically pick the extended team of people that will be attending the Taskforce sessions (Exhibit 1A: Step 1).

Generally, you want to involve:

1.Stand out leaders from across the business at a Vice President and Director level
2.Emerging leaders that have been identified as "Rising Stars"
3.Contrarians and others that may not come to mind immediately. Converted, they become your loudest ambassadors

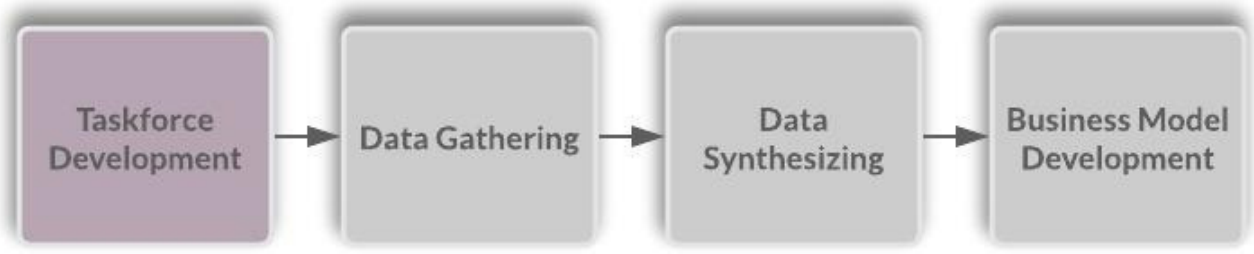


EXHIBIT 1A

Stand-out leaders will be excellent voices to carry the work forward and influence those that are slow to embrace new concepts. "Rising Stars" should be great contributors. As an added benefit, you get to witness these standouts in an already high talent setting. This process does not allow anyone to hide. The risk-takers, innovators, process makers all step forward. The ones who try to blend in may only provide minimal value.

While those in groups one and two may appear easy to select, rounding out the Taskforce is not as easy as it seems - and even more challenging for an internal person to make the call as to who is chosen to participate.

We have learned that having a systematic process called "Stakeholder Analysis" to carefully pick the team can pay dividends in multiple aspects including maximizing participation, creativity, and innovation. This exemplifies another tenant of co-creation: ensuring that diversity of thought is guided by a proven practice.

Rooted in research from A.L. Mendelow who studied the impact of stakeholders from both their interest level and position of power, Silver Rock develops an optimal roster of 12 to 16 taskforce members as well as supplemental "extended voices" to add insight and ultimately help champion the overall effort. By understanding the motivations and skills of each member, team leaders are best equipped to align specific people to functions and levels of involvement.

## CO-CREATION AND THE VIRTUAL WORKPLACE

A high-touch, highly collaborative methodology like co-creation can work remotely. While it is hard to fully replace the camaraderie and relationship-building that in-person meetings afford, what the pandemic has proven is that it is not impossible to build strong bonds through virtual meetings and do meaningful work. In fact, throughout 2020, we have seen efficiency play out in our predominately remote engagements in the amount of content that is covered in each session and the laser focus of those involved.

# INTRODUCING THE ROADMAP

Once the Taskforce participant selection is complete, we find that having a roadmap to share with the team engenders trust in the leadership, underscoring that time is going to be well spent. As illustrated in Exhibit 1B the next phases of the project are Data Discovery and Data Synthesis.

Using data to level set the team begins the collaboration process so that everyone runs on equal footing, and typically yields a foundation for the team to rally behind. This is accomplished by analysis of information that is available internally, external market data, and primary data collected from the consumers of our clients' products and services. Typically, there is not a shortage of material to review, yet having an outside set of eyes looking directionally and critically at the data uncovers what may need to be supplemented.

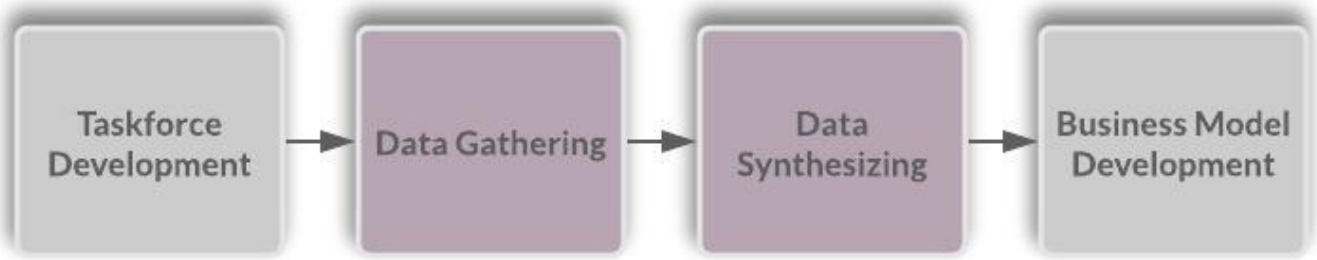


EXHIBIT 1B

We also pivot, balancing what data is available, with what can be purchased or created new through research efforts such as focus groups or quantitative data surveys. It is important to fence off what is not included in the project scope. In fact, we encourage the Executive Steering Committee to be forthright on what is "off the table" in terms of ideas or pathways to follow.

Of note, skipping the important steps of data gathering and synthesizing, and jumping to brainstorming will not effectively bring the collective together. The team needs the right data and the right application of the data to fuel the co-creation process and gain momentum – in essence, "go slower, to go fast". The Taskforce needs to process "what could be" and "what might be" by considering all aspects of the information, including any disparate or dissonant market perspectives. In the absence of a burning platform for change, you risk losing the heart and soul of a group that collectively innovates better together than individually.

Once we help a client's Taskforce with data synthesis and the identification and prioritization of critical ideas, we move to the last step in the process, building the Strategic Framework or Business model (Step 4).

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## WHAT SKILLS ARE NEEDED FOR CO-CREATION?

The right team is in place, the roadmap is well-conceived, and the Taskforce is beginning to interpret data – all great progress. At this point, it is time to overlay another key ingredient of the co-creation methodology which involves the skillful art of leading "group" conversation and listening intently for what people mean in addition to what people say. This is not an easy role to fill as it is difficult to bring out the best in quiet thinkers while taming the bold. In a true sense of co-creation, these individuals need to build community and forge an alliance in the group. They are the true "wizards behind the curtain."

As the third party or an objective member of the team, Silver Rock is uniquely suited to lead these collaborative experiences. Using proprietary methodologies, we uncover unspoken nuances, efficiently draw voices out and coalesce them together at the right time to ensure all viewpoints on the team are heard and that ideas are elicited for team consideration.

By hyper-listening for "big ideas" as well as those concepts that may not have had weight but could get traction if explored differently, we are able to close topics with decisions that will feed into the business model components. Extra value is created with our approach as we recognize those exemplary participants that emerge among the group.

Co-creation leaders draw voices out and coalesce them together at the right time to ensure all viewpoints on the team are heard and that ideas are being brought forward for the team to consider.

## THE NEXT GENERATION OF LEADERS

Being selected to participate in a co-creation experience is often a professional development opportunity that can lead into future career advancement. The companies we work with benefit from increased engagement of valued teammates because of greater job satisfaction and learning new skills. Raising up these unique individuals can and has generated the next divisional or group executive in a company.

It is inspiring to see the evolution from operational to transformational thinkers. In one recent engagement an analyst on our client's team grew exponentially, thriving in working sessions, resulting in an expanded role in the in the next phase of the project. Growth is also seen at the highest levels of an organization as evidenced by a recently appointed CEO who was able to expand scope of influence and gain support from a new management team stemming from a visible, collaborative role during our engagement.

# FORMING THE BUSINESS MODEL

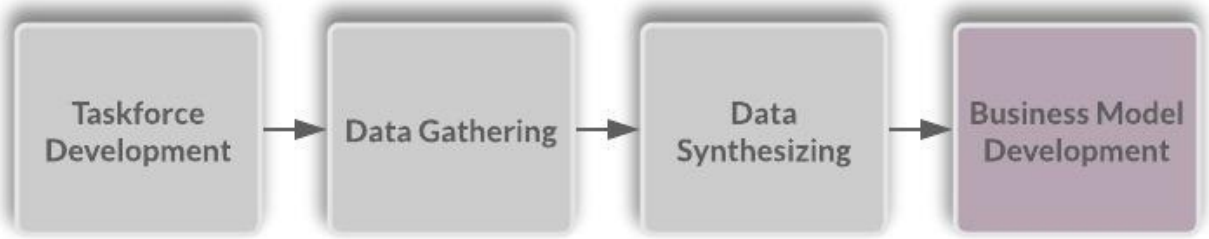


EXHIBIT 1C

The data gathering and synthesis by the team mark the beginning stages of building the business model. Telling people to change because “they should” rarely results in a cohort moving forward. However, when you divulge what the market data present as well as forward-looking indicators, a community will rally behind a direction as a solution comes into greater focus.

In breakout groups, we work with teams to identify data standouts, core competencies of the company, future drivers of the market, watchouts, and other weaknesses of the business. The synthesis of these various data points begins to reveal a picture for change. Some organizations take it even a step further, using this data to develop a “North Star” for the company to align the group on a higher aspirational purpose. The Taskforce’s collaboration creates a synergy that helps formulate the components that are instrumental in designing the new business model (Exhibit 1C: Step 4) .

In Silver Rock’s methodology,  the building blocks of a simple business framework  are illustrated in Exhibit 2 and include:

1) The Foundation
2) Business Levers or Transformational Drivers
3) Aspirations

At this stage, this is not about the “How”, but about the “What”, and encompassing the "Why". There is often a tendency for the team is to take their newfound knowledge from the data and jump immediately to a list of tactical solutions. While it is important to think about execution, we help our clients temper their desire to move too quickly into the action phase, guiding them with a disciplined cadence until the big ideas are formulated.

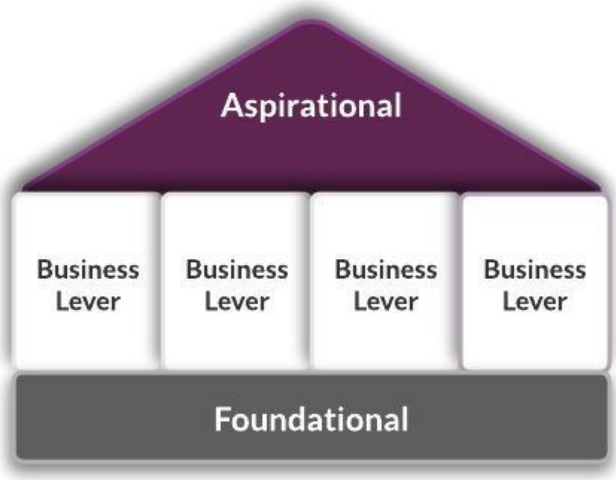


EXHIBIT 2

It is in this ideation phase that we find it necessary to tap into those special team members that possess a unique ability to raise the level of thinking of the group. Working in tandem with these individuals, the Taskforce's identified concepts of service, market offerings, and operational excellence are raised to a higher level that will be essential elements in the model. A checks and balances step is added to ensure these concepts match up with those imagined in the "North Star".

Often work begins at the Foundation as this is ultimately what makes a company who they are. Suggested strategic items to consider in the Foundation are:

1.Core Values
2.Mission
3.Vision Concepts

It is these essential components that speak to the character of the company, reflecting not only the brand and but also the culture that provides the infrastructure of an organization.

The next section of the model is the Aspirations. By now it may be apparent how the "North Star" has its place in this process. It can lie on the top part of the business model, being the guiding light and serving as the rallying cry for where the team wants to take the organization. Members of the Taskforce become ambassadors of the "North Star", recognizing that they created and co-designed concepts that tie the model together. This is another value of co-creation - multiplying the effect of the team's knowledge and skills to create value. Instead of a lone executive leading the charge for change, there is now a cadre of believers - 20 to 40 colleagues from all parts of the organization - sharing their experience and belief in the direction that they helped to co-create.

Finally, work turns to the middle section of the business model called Business Levers or Transformational Drivers (Exhibit 2). To illustrate how this might play out, we will continue with our example of creating a new strategic business direction. After a few sessions, the Taskforce co-created several concepts for growth including forming an innovation team, a competitive intelligence office, and a training camp for agile/innovative thinkers. To elevate the thinking to one big idea, one of the leaders coined the term, "The Innovation Office of Intelligence and Speed". This becomes one pillar as a Business Lever (Exhibit 2A).

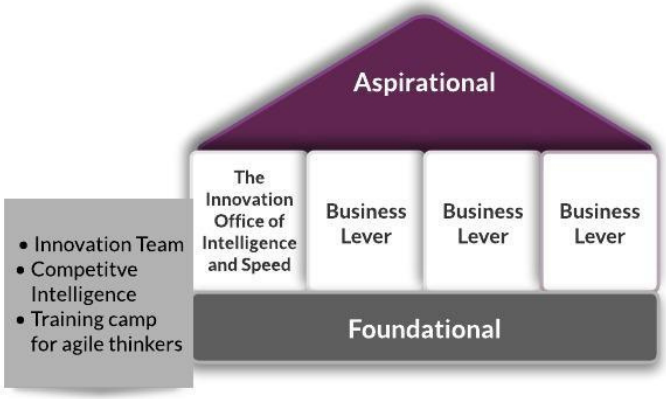


EXHIBIT 2A

In our engagements, we typically see three to six pillars that make up this section of the model - the "big brick items" to drive the company forward for the next five to 10 years. Creating these levers requires higher-level thinking methodology to synthesize concepts that naturally fit together. It cannot be emphasized enough that words matter in this step. Using the terminology that the team put together is critical to demonstrate the link between the growth concepts the Taskforce came up with and the fundamental ideas. Pictorially, we have even placed their concepts (words) on the model as sub-bullets. Replacing these words - or worse yet, the ideas- results in a loss of trust with the team often eroding alignment and slowing momentum.

# IT COMES DOWN TO EXECUTION - WITH ALIGNED DIRECTION

EXHIBIT 3

In marathon running parlance, it all comes down to the final miles. A roadmap is no different as there is one important step to complete: Implementation Planning (Exhibit 3: Step 5). Remember the operational thinkers? Here is where the balance shifts to those tactical team members that can make the business model come alive. Clients tell us this last link in the roadmap is commonly left off and Silver Rock's focus on this step is what makes us different.

Unfortunately, many leaders probably have experienced that in the six months after an engagement a CEO or other senior executive asks the question “Why has this new business model not gotten ‘off the ground". It validates the doubters on the Taskforce that said under their breath, “Good idea, but it will never go anywhere”. We feel the implementation step is as critical as the first phase of work (Steps 1-4).

The first part of Implementation Planning involves grouping the “Business Levers” into 3 to 4 “Workstreams.” Workstreams are small groups of people that share a common characteristic - they are exceptional at putting plans together that move major concepts forward. Each Workstream is then responsible for one of the “Business Levers” and creating an executable blueprint. This requires an understanding of where concepts tend to overlap and how they can be logically grouped together.

Typically, we recommend that “operational thinkers” from the original Taskforce be strategically placed in these Workstreams along with a leader to guide the progress of the group. We also suggest that a common platform is chosen to guide each Workstream harmoniously such as the Objectives/Strategies/Tactics (OST) framework.

Our recent experience has seen a resurgence of the Objectives and Key Results or “OKR” framework. Originally devised by Andy Grove at Intel and implemented by John Doerr, a range of companies including Google, SpaceX, and Netflix along with nonprofit organizations like Code for America have implemented the OKR methodology. Given the pace of change that businesses have had to adapt to during the past pandemic year, this is not surprising as OKRs are calibrated quarterly, not annually. Planning software solutions are flourishing, posting extraordinarily strong growth over the last year, with startups such as WorkBoard raising significant funding.

The OKR framework departs from the aforementioned OST approach as the “Key Results” require the Workstream to create metrics that measure progress to the “Objective”. This can be a difficult concept for the team to grasp and many prefer to move straight to tactics and create the “How”. Resist this! Once the team sees the wisdom of tracking progress to the ultimate “Objective”, people endorse creating this metric.

**Workstreams are small groups of people that share a common characteristic - they are exceptional at putting logical plans together that move big concepts forward.**

Over time, senior leaders can also now discern whether the organization is making progress on execution. Silver Rock has taken this one step further and blended two business models: OKRs and an overlay of our proprietary “P.A. I. D.” accountability framework. (P.A.I.D. is Silver Rock's modification of R.A.P.I.D., developed by management consultant Bain, and the RACI responsibility assignment matrix.) As outlined in Exhibit 4, the four elements of the P. A. I. D. model - Performer /Accountable / Informed / Decision Maker - ensure that there is clarity in roles and responsibilities. It is important to note that without the right Decision Makers in place progress slows dramatically, or worse yet, halts completely. Senior leaders need to stand behind the outputs from the Workstream phase or they will not move forward.

EXHIBIT 4

Once all the Workstreams have completed their "Implementation Plan", it is important that each team share "Objectives and Key Results" with each other, a step which is an efficiency play. Silver Rock has created a framework, "IDI's" - Interdependencies, Duplications, and Integrations- that can be used across the Workstreams. For example, spotting "Duplications" in tasks or ideas between two Workstreams gives the teams a reflection point to determine who is best positioned to move an item forward, thereby eliminating a section from the other Workstream's plan."Integrations" may require input from one Workstream into another Workstream's piece of work, ensuring a smooth handoff.

Finally, we have found that often the work of one Workstream is co-dependent on another thus an "Interdependency" exists. For instance, one Workstream requires that another Workstream complete a critical section before they can embark on their activity. Sequencing of calendars and timing becomes critical and without this discussion, productivity is lost.

# THE CO-CREATION RECIPE

It is powerful to reflect on the co-creation methodology and the ethos it achieves in an organization. Unlike a binder of recommendations that struggles to get usage after a presentation is made, our clients benefit from a co-created framework that serves to guide decision-making as the market pivots or new opportunities arise.

## But is co-creation for everyone?

Co-creation as a practice is industry agnostic. However, our experience shows the co-creation methodology is particularly valuable in the following scenarios:

1.A new(er) CEO who wants to recraft the direction for that company and be inclusive in the process.

2. An established CEO who is challenged with aligning the executive team on a strategy.

3. A leadership team philosophy that believes that one person (CEO) does not hold all the answers and a sum of the parts will yield a more robust direction.

4. A CEO who created a strategy that has not gained traction or buy-in from divisional leaders who do not feel ownership in the direction.

5. A hard-charging CEO and a fast decision-maker that recognizes a more bottoms-up solution approach may create better adoption.

**This naturally leads to the second question- can anyone execute on co-creation?**

It takes certain skills to manage diverse groups, pick the right participants, coalesce thinking so all feel heard, use co-creation tools that bring ideas to the surface, take raw concepts and transform them into big ideas, and design processes so Workstreams deliver a solid execution plan - all while creating community and trust.

**This is our passion at Silver Rock.**

In an ever-changing business environment, we're proud of the confidence leaders place in us to transform their ambitious organizations through alignment and co-creation of a shared vision and strategy.

Curious?
We would love to unleash greatness within your organization.

**Get in touch with us:**
**Connect@SilverRockConsulting.com**

## ENTERPRISE TRANSFORMATION

CO-CREATION OF CORPORATE VISION AND STRATEGY

## BUSINESS UNIT GROWTH STRATEGY

CO-CREATION OF MEDIUM TO LONG-TERM UNIT STRATEGY

## IMPLEMENTATION FLIGHT PLAN

CO-CREATION OF GOALS, METRICS, TARGETS, AND ACCOUNTABILITY STRUCTURE TO SUPPORT STRATEGY

## BOARD AND EXECUTIVE TEAM ALIGNMENT

ALIGN AND ELEVATE NEW AND ESTABLISHED LEADERSHIP TEAMS AROUND STRATEGY

PRE AND POST MERGERS & ACQUISITIONS
NEW BUSINESS UNIT AND PRODUCT LAUNCHES - ORGANIZATIONAL OPTIMIZATION

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