

Collaboration, trust and innovative change

RUTH ANN HATTORI & TODD LAPIDUS

Customer Contact Corporation, North Carolina, USA

(Received March 2003; revised April 2003)

ABSTRACT *As the twentieth century waned, technology raised the bar of global economics and spawned an era where change and innovation are inextricably linked. This view of organizational change involves examination of the perspectives and behaviors required for innovative change. We present case studies of two organizations that focus on trust and collaboration in their pursuit of innovation. In comparing these organizations, a matrix emerged distinguishing four types of stakeholder relationships for groups working together toward a stated goal. Organizational behavior has been examined through many lenses—in the context of learning for the management of conflict and many other aspects of general development. While these views share some similarities with our own analysis, success in the twenty-first century may demand more than the examination of such factors within the domain of improvement efforts. Instead, we find that the rigorous pursuit of the precursors and enablers of innovative change are unfolding as one requirement for healthy survival within highly competitive business sectors.*

KEY WORDS: Breakthrough, collaboration, creativity, innovation, performance, productivity, teams, trust

In the wake of recent ethical and economic crises triggering yet more uncertainty and suspicion in the corporate world, the pursuit of innovation is suffering. Continuous innovation requires technical competence, a nurturing climate, management commitment and collaborative relationships calling for an extraordinary degree of trust among the participants. Around the globe, some organizations are making huge strides in building or improving the processes and systems needed for innovation. Yet, it is still relatively rare for organizations to focus on the practices, mindset and relationships needed for the effective collaboration of people, teams and even historically adversarial companies.

In this paper we propose a framework for examining collaboration, trust and innovative change. Parts of our framework may be reminiscent of the Thomas–Kilman (1974) model for conflict management. However our study of collaborative innovation reveals dimensions far beyond principles of conflict management. Our

Correspondence Address: Todd Lapidus, Customer Contact Corporation, 223 Longwood Drive, Chapel Hill, North Carolina 27514, USA. Tel.: +1 919 403 6144; Fax: +1 919 403 7916; Email: tlapidus@c3corp.com

framework presents four types of relationships at play in the business world, one of which can open up new possibilities for remarkable innovation. The consequences of change are often not knowable or controllable. For organizations facing unusual change, collaborative relationships may offer the greatest ability to innovate in uncertain conditions. Two case studies illustrate how building trust lays the foundation for collaborative practices to produce exceptional results.

The four types of relationships considered are: Collaborative, Cooperative, Competitive and Adversarial. Each exhibits a different state of trust.

As pointed out by Rosa Beth Moss Kanter (1989), in her book, *When Giants Learn to Dance*, ‘Business collaborations, joint ventures, labor-management partnerships, and other stakeholder alliances all involve the element of trust.’ The dictionary defines trust as, ‘firm belief in the reliability, truth, ability or strength of someone or something’ (OUP, 2001), which provides some context, yet is not entirely helpful. Assessing four attributes of trust: authenticity, history of fulfillment, the ability to fulfill, and commitment to the relationship proves more helpful (Solomon and Flores, 2001).

In table 1, what we mean by ‘highly invested’ is that all four attributes of trust are present. That is, a) the parties are authentic in their interactions with each other—they say what they mean and mean what they say; b) they have a history of delivering on their promises, c) they are able to fulfill their responsibilities within the specific domain of action; and finally, d) they are clearly interested and involved in how their actions will affect each other’s; well being. This highly invested state is one necessary precondition for collaborative innovation.

In the CSX–Tropicana Cultural Partnership (see case below) two companies moved from an adversarial and costly relationship to collaborative innovation. The first step in making this transition was to build trust between the partners and establish belief that commitment to the relationship existed. A difficult task, they established this vital link by creating tangible mechanisms specifically designed for the partnership. The Partnership Committee chartered its own identity and purpose, and they invented their own processes for launching innovative change. They were also clear on their authority and responsibility.

Table 1. A matrix of dimensions/dynamics of four types of relationships

Relationship type	State of trust	Motivating force	Outlook	Behavior	Potential outcomes
Collaborative	Highly invested	For the good of the whole	Synergy	Responsible	Breakthrough innovation
Cooperative	Transaction oriented	For successful project outcomes	Win-Win	Willing	Preconceived success
Competitive	Reluctant or cautious	To look good	Win within rules	Shrewd	Compromise
Adversarial	Distrust	Not to lose	Win at any cost	Cut-throat	Unpredictable

In the CSX–Tropicana relationship, the other three criteria of a highly invested state of trust are also filled. Authenticity is supported by the open sharing of information. All committee members are given training to enhance their ability to fulfill their role, and a scorecard of meaningful metrics tracks the history of fulfillment of the partnership.

Not all relationships or business activities call for a highly invested state of trust (see table 1). A single transaction with someone or even a group of people may not need such an advanced state of trust. The purchase of a meal at a fast food restaurant does not need a commitment to the relationship with me from the cashier, the cleaning crew and the cook. Instead, the simple delivery of what is promised on the menu is probably sufficient to support the task at hand. Different types of relationships require different states of trust.

Table 1 presents a framework for defining four types of relationships by four factors: state of trust, motivating force, outlook and characteristic behavior.

When the motivating force of those involved is mutual concern for the good of the whole, we see a collaborative relationship. In the Neenan Company (see case study below) this is explained, ‘When we work on a project, the *primary* concern we have is for the success and welfare of everyone at the table.’ Their ‘everyone’ includes all stakeholders: customers, suppliers, subcontractors and their own employees. This motivation is sustained by a desire to achieve a highly invested level of trust. The primary behavior witnessed within their successful collaborations is responsibility. The operative definition of responsibility at Neenan is different from the more typical willingness to take care of ‘my’ assigned tasks in a timely and professional manner. Synergy is demonstrated by remarkable results. Although true collaboration is not always achieved, the behaviors manifested are far removed from the aggressive or cut-throat behavior embedded in the traditional construction industry relationships.

A major obstacle to building trust, fostering collaboration and creating innovation is a form of resistance we might call a masquerade. Avoiding confrontation is presented as ‘trust’; showing up on time for meetings and being a good listener are presented as ‘collaboration’. Brainstorming sessions are equated with ‘innovation’. These practices may reflect a further masquerade or simply, an honest lack of understanding of the rigors of innovation at top management levels. In the 1990s we heard ‘innovation’ used as a buzzword. Many executives mouthed the word; many organizations began inserting it into vision and mission statements. However, for many organizations, innovation only remained in the realm of rhetoric, as the rank and file did not find relevant support for their efforts in trying to fulfill on their mission’s innovation promise. This gap is now being recognized and will be helped by frank dialogue and precise definition of terms.

After years of collective experience, we are learning to expect that innovation takes much more than brainstorming, polite listening and casual engagement. Continuous innovation and the creation of new and distinct success touch core values, cultural norms, business practices and processes. For the last decade, InnovationNetwork[®] has studied the evolution of organizational innovation. They offer a simple definition of innovation that is in alignment with other experts in the field: ‘People creating value through the implementation of new ideas.’ By this definition, it is not enough to have ideas and implement them, but they must create

value for the organization, customers or humanity as a whole. In their InnovationDNA™ framework (www.thinksmart.com), InnovationNetwork cites trust as a basic value and collaboration as an essential element to achieve innovation.

Pertinent to the exploration of trust as a pre-condition for collaborative innovation, it is important to note that loss of trust—whether for economic or ethical crises—presents huge consequences. In a recent conversation with two innovators of a global manufacturing company, we examined the damage done by downsizings. The cycle of downsizing might easily reduce productivity and significant innovation for a year, as a direct result of the loss of trust. Confidence and trust deteriorate throughout the entire cycle often resulting in the downward slip of relationships—from collaborative or cooperative to competitive or in some cases, adversarial. When this cycle repeats every several years, the accompanying drop in innovation productivity is significant.

Conversely, the active focus on building trust among team members for the sake of innovation, such as our case study organizations demonstrate, increases commitment and productivity in a climate of overall trust. In *Mastering the Art of Creative Collaboration* (Hargrove, 1989), the author prescribes activities for trust-building as the groundwork for collaborative innovation. In the Team Performance Model, Drexel and Sibbet promote trust-building as a precursor for collaboration.

Creating collaborative relationships takes a lot of work and is a continuous challenge. CSX, Tropicana and Neenan all engage in constant dialogue and activity to build, maintain and repair relationships. Before committing to a collaborative relationship, individuals, teams and organizations should first examine if the situation requires such an invested state. A cooperative relationship is much easier and less costly to establish than a collaborative one, and it may be more appropriate for some or even most projects. All relationships have costs. Choosing the best relationship for the situation and investing in the development of the appropriate levels of trust and collaboration might well be the key to success.

CSX–Tropicana Cultural Partnership: portrait of change

The turnaround of a 28-year, bad business ‘marriage’ might seem like a miracle but in the case of the Bradenton, FL based Tropicana Products, Inc., and CSX Transportation, Inc., it was the result of the commitment of two very down-to-earth men and their trust of each other. Tropicana makes orange juice, a very perishable product that must be shipped quickly from their processing plants to everywhere they distribute. They were resigned to depend on their rail carrier CSX to transport much of the juice to its destinations—however, the relationship between this customer and supplier was adversarial, fraught with disappointment and entangled in complicated contracts doomed to extract minimum performance.

Gene Zvolensky, VP Distribution for Tropicana, was disturbed by the lack of trust in Tropicana’s relationship with CSX. He knew there had to be a better way, and he sought counsel from Bob Foxworthy (1997), creator of Trust Based Leadership methodologies. Armed with new understanding and belief in the

power of trust, Gene was determined to spark change—though he never imagined the magnitude of the change that would come.

First, he had to embark on a very different relationship with Leonard Baker, National Account Manager for CSX who handled the Tropicana account. Weary of prolonged disagreements, Leonard was eager to become Gene's 'partner' in the quest. They focused on building trust between them for the success of both companies as an alliance. But, two men are only two men. How could they involve others in their organizations to forge a bond where disagreement had prevailed for so long and create a platform for generating mutual success? The answer to both questions was the *CSX–Tropicana Cultural Partnership* (hereafter called The Partnership) launched in September 1998.

The Partnership pursuit was timely—CSX was already on the road to changing their culture and Tropicana was demanding innovation. The Partnership was founded with the purpose of creating breakthrough performance. The essence of how it worked was to eliminate barriers and forge relationships. Today, it functions as a committee of 20–30 members representing both companies; members change over time, and all levels and most functions are represented. They meet monthly to present and generate new ideas to increase CSX's top line and to reduce Tropicana's expenses. Decisions within their scope are made swiftly and new projects are launched without unnecessary delays. When ideas involve either significant budgets or larger organizational support, they are submitted to the appropriate management, who is committed to deliver decisions within 10 days.

Ideas from The Partnership have produced some stunning results: In their first year, they were able to realize US\$0.8 million (annualized) in increased revenue for CSX and reduced costs for Tropicana; in 2000, they were able to increase the number of railcars shipped out of the Bradenton plant by 50%; in 2002, they established a high-speed, cross-country delivery system and the first and only high-speed rail tanker, cutting delivery time from 12–14 days to seven days.

Changes in the relationship of the two companies are also startling: Yearly contract negotiations used to consume multiple lawyers for several months. Leonard and Gene just completed the design of a four to five year contract that is structured around a collaborative focus on increasing volume and innovation in reducing costs—and it took only 10 days! The legal departments are no longer involved in the negotiation; they finalize the fine print.

Additionally, as part of The Partnership practices, any and all employees of both companies can 'catch someone doing something right' and present them with a peer award. Approximately 100 of these awards have been given.

What do Gene Zvolensky and Leonard Baker believe are the most critical elements contributing to innovation? First and foremost, *building and maintaining trust*; the willingness to take risks and allowing individuals to effect change; management participates, is available and listening.

How do they keep The Partnership viable? Information is shared openly so the companies can thoroughly understand each other's business—'nothing is sacred'. Partnership committee members are given training on principles and practices of trust-building. The word trust, the concept, the principles and practices are kept in the foreground at all times—trust is discussed at every partnership meeting, there are visual displays about trust in the work environment, Trust Based Leadership is

part of their leadership development program. Leonard and Gene try to attend every Partnership meeting to model desired behaviors and demonstrate their ongoing commitment. They have created easy ways to nominate and evaluate ideas—a Fast Track format. They keep a ‘scorecard’ using 10–20 metrics to keep the focus positive and on results and success.

The Neenan Company: where collaboration is a passion

Archistruction[®] is a concept, process and mindset created by The Neenan Company (TNC) of Colorado (USA), a company that is rooted in trust, collaboration and ‘intentional’ relationships. When TNC was starting out in the mid-70s, founder and CEO David Neenan knew only the traditional approach to commercial construction—most jobs were competitively bid, lawsuits were abundant and project stakeholders held each other hostage through intricate contracts and an insidious system of ‘change orders’ to account for mistakes or omissions. Unfortunately, the system is still pervasive, and it is the customer who continues to bear the brunt of the burden for these wasteful practices.

A disastrous project in 1976 shocked David into deviating not only from the industry norm, but also innovating a business model that is still considered radical. On the verge of bankruptcy, he asked his colleagues, ‘What if we learned to collaborate?’ A high-energy, driven entrepreneur, once David decides a course of action, he pursues it with blinding passion. Knowing that collaboration demands trust and both require openness, one of his first moves was to remove all the doors from offices. (Today, in TNC’s new facility, there are no private offices, only scattered private conference spaces.)

In its purest form, Archistruction is a vertical process—beginning with development, financing, design, construction, and ending with property management. Clients can take advantage of all or some of the components. As a concept, it brings all stakeholders together from the very beginning, formative stages of the project. The aim of this collaboration is to eliminate the waste created through sub-optimization (self interest) of each party in the traditional system. As a mindset, the intention of Archistruction is to build relationships and trust sufficient to subordinate the voice of each discipline—development, architecture, engineering, contracting, property management—to the voice of the customer. The result is often innovation ‘on demand’ to achieve some extraordinary results.

When hiring new managers or key technical personnel, David includes in his interview process the story of Columbus’ near mutinous voyage to the new world. He says plainly, ‘Like Columbus, we’re on the high seas, we haven’t sighted land yet. This is a 25-year old battle with an industry opposed to change. What we’re seeking hasn’t been invented yet, and we need pioneers. So, we don’t just want your mind, we want your heart.’

While every person in the TNC organization may have a slightly different view, many in the company are highly conversant on the notion that collaboration is about responsibility for the whole. Their definitions of collaboration range from, ‘taking care of concerns of the group for the interest of the whole;’ to ‘putting others’ interests first and then aligning yourself with them;’ to simply, ‘being

responsible for everyone's success'. Collaboration is a passion at TNC. There is a keen sense of failure when they fall short of achieving it.

TNC goes to remarkable lengths to instill and acculturate their organization in the underpinnings of Archistruction—trust, collaboration, alignment and responsibility. In the last five years they have allotted huge budgets for training in these areas. Their weekly company meetings and semi-annual company retreats address both theory and its manifestation in current projects.

The nature of the conversations among collaborations in TNC is striking. President Jim Neenan is intent on perpetuating 'a culture where open conversations can happen'. The conversations he refers to are not trivial, going beyond obvious wants and needs: they address deeply held concerns that we, as humans, share. The question he and others ask that points to the essence of TNC's internal and external conversation is, 'What is it that you're concerned about?'

One project that epitomizes the TNC and Archistruction alchemy is the Ft. Collins, CO plant of New Belgium Brewing Co., makers of Fat Tire ale. They were challenged to create an environmentally sustainable plant in the tradition of the old breweries of Western Europe. It became an international collaboration launched by five TNC architects/designers visiting 400–500 year old family-owned breweries in Belgium and Germany to gain an understanding of what lessons they have gleaned over centuries of experience. The result is a facility with a timeless feel that pre-treats its own wastewater in a way that captures the released methane to co-generate up to 80% of the plant's power needs. The dock area includes a snow melt system that uses heat from the waste process; there is natural cooling in the brew house using thermal chimneys, and many of the building materials used were 'green'. This project won an industry award for Outstanding Environmental Project.

On another project, for a high tech client, TNC demonstrated the power of their collaborative process by designing, obtaining permits and building a manufacturing facility in just 60 days—lightning speed. They shaved several months off the timeline of a traditional process, resulting in savings to the client almost equal to the cost of the entire project. The success of this project was borne in TNC's ability to identify and address the concerns of clients. Their client in this instance had a compelling business goal for the project to be completed in an extraordinary timeframe. TNC General Manager John Barberio says, 'The cost of the building was insignificant in comparison to the potential revenue through manufacturing by the client.'

TNC is also able to collaborate with developers by understanding their concerns. One such concern is keeping the ratio of land area-to-rentable building area high in order to maximize their return on land. TNC helps developers increase returns by cost effectively increasing building size.

Miguel Burbano, a TNC architect thinks that 'magic' is created when a team addresses the concerns of both the individuals and the collective. He lists the following preconditions necessary for collaboration:

- Trust
- Shared goals
- Shared language

- A desire to participate and the existence of a genuine role
- Openness and listening
- Passion for the process

As David Neenan fiercely declares, ‘We are trying to change an industry here. We have made lots of mistakes and expect lots more. The real key to the kind of collaboration we seek is to get the egos out of the way. Collaboration is for the sake something—the customer and his concerns.’

References

- Foxworthy, R. (1997) *Trust Based Leadership*™, Workbook and training materials, Foxworthy Consulting, Inc., Haymarket, VA.
- Hargrove, R. (1989) *Mastering the Art of Creative Collaboration*, McGraw-Hill, New York, pp. 67, 142–43.
- InnovationNetwork® (2002) *InnovationDNA*™, at www.thinksmart.com
- Moss Kanter, R. (1989) *When Giants Learn to Dance*, Touchstone Books, Simon & Schuster, New York, p. 362.
- Soanes, C. (ed.) (2002) *Pocket Oxford English Dictionary*, Oxford University Press, Oxford, p. 984.
- Solomon, R. and Flores, F. (2001) *Building Trust in Business, Politics, Relationships, and Life*, Oxford University Press, Oxford, pp. 5, 13–5.
- The Grove Consultants International (1994) *Team Performance*, The Grove Consultants International, San Francisco, CA, p. 20.
- Thomas, K.W. and Kilman, R.H. (1974) *The Thomas-Kilman Conflict Mode Instrument*, Consulting Psychologists Press, Palo Alto, CA.

Notes on Contributors

Todd Lapidus is the founder of Customer Contact Corporation (C3). Underlying his internationally distinguished career in organizational improvement is the deep seated belief that employees—at all levels—hold the key to maximizing productivity, profitability and customer retention. He has spent 22 years successfully translating this insight into creative programs and has been featured in articles published in Peter Drucker’s *Leader to Leader* and Tom Peter’s *On Achieving Excellence*, as well as *The New York Times*, *The London Times* and *Business Week*.

Ruth Ann Hattori, as Co-founder of InnovationNetwork® and leader of InnovationUniversity™, has studied the many ways organizations innovate. She found the common denominators for ongoing innovation are really about people—the creativity and passion of individuals and the way some teams come together to create magic. Before pursuing innovation consulting full-time, Ruth Ann had an extraordinary career as an innovator and leader in the sportswear industry. Having written articles on innovation, she is currently writing an innovation training workbook.