A New Way to Work

Thought Leadership Series
Part 5: Fostering Improvements in Process, Sales & Innovation in a Virtual World

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Fostering Improvements in Process, Sales and Innovation in an Increasingly Virtual World

Driving greater and more valuable engagement in the enterprise takes more than just collaboration tools. It requires a fresh look at key functions and processes to identify opportunities to enrich engagement in a mobile/global/virtual workplace. In this paper, Keith Ferrazzi focuses on the vital elements of core process, sales and innovation, sharing research, case studies and tips for improving key business functionality.

ferrazzi greenlight
Technology is important, but to drive greater engagement requires more than just collaboration and communications tools. The other necessary focus has to be on the people part of the equation: How can we lead our teams to improve our existing processes in an increasingly virtual world? How do we sell more? How do we innovate more effectively?

My answer to all three questions has shifted with the globalization of marketplaces and workforces and the communications tools like engagement platforms that are emerging in response. Leveraging those new collaboration tools correctly allows sufficient engagement – despite distance – to tap a broader range of collaborators. That can make all the difference – particularly if the communication streams, social exchanges, and supporting documents relevant to a conversation are presented by a central teaming framework.

I’ll explore an answer to the process question; two answers on innovation (on iterative and open innovation, respectively); and then look at how greater engagement and remote communication can help you sell more.

Transforming Your Organization through Social Collaboration

In a previous piece, “Rules of Engagement in an Increasingly Virtual World,” I covered the notion of using social collaboration to keep businesses processes on track, pinpoint expertise and harness collective knowledge. If implemented the right way – and this is a big if – social communication and collaboration has the potential to be truly transformative, to radically reshape internal structures and constraints within your company.

A social platform can be used alongside Business Process Management (BPM) tools to keep processes on track via constant open dialog about where each piece of work is in the end-to-end process. That’s a great first step if your company has just rolled out social collaboration. But suppose your company isn’t one with clearly defined, highly-regulated processes already in place.

Suppose that instead, it’s like many of the companies we work with. Suppose your company has lines of business or functional areas where processes have been established but aren’t followed, or they are followed despite bottlenecks and friction points that make employees want to tear their hair out.

If that sounds familiar, you have a few options. You can leave things as they are because you feel you’ve already invested enough time and energy in establishing the business process. You can combine a few process tweaks with a top-down campaign to increase buy-in, hopefully increasing participation rates in following the process as designed. Or you can use your social collaboration platform to open the dialog to everyone who is affected, encouraging them to discuss what the business process should be – what would be the most efficient, effective way to do things. And then change the process accordingly.

“You use business processes as the common language for what to change – and how to change the daily work,” says Soren Pommer, Cofounder and Managing Director of Gluu

“You can use it to observe the conversation around what’s not working – getting vital feedback,” says Pommer.

For companies that don’t have a lot of established business processes, social collaboration can be used to create them, sidestepping the pitfalls of establishing top-down processes that few employees understand fully, let alone follow.
A Powerful Tool for Implementing Organizational Change

I recently talked with John Stepper, Managing Technology Director at Deutsche Bank in New York, and was blown away by the work the bank is doing to engage its employees. By aligning disparate people in different parts of the globe together behind changes that affect the bottom line, Deutsch Bank uses internal social collaboration as the basis for change. John blogs publicly about the process, which he calls “working out loud.”

In one initiative, bank employees were sent “My Bill,” a statement of the monthly resources they used, and were asked if they could come up with ways to cut back, voluntarily. Giving employees control over what and how much they could cut was extremely successful, says John. “That’s where the social part comes in, spreading the message about what they’re doing, why it’s good, how they did it - building movement, or tribes, online. What’s important is you’re identifying common niches and connecting people towards some purpose.”

In another initiative, Deutsche Bank wanted to reduce mobile phone costs by letting people use personal iPhones for work, including discontinuing support for about 30,000 company-owned BlackBerries. In the past they might have created a policy that only vice presidents or higher-level executives would continue to be supported on BlackBerry. The policy would likely have sparked discontent among staffers who were attached to their phones. More importantly, it would have created a difficult-to-manage support situation for information technology (IT) staff as thousands of bank employees moved to their own iPhones. So Stepper’s team turned to the bank’s internal social-collaboration platform.

Very quickly, a handful of Apple devotees within the company offered to set up an online as well as physical, in-house “Genius Bar” where people switching over from the old company phones could come for help making the transition. Volunteer Genius Bars began popping up in Deutsche Bank buildings around the world. Stepper says that at last count, more than 30 ad-hoc, in-house Genius Bars have opened.

“It feels completely different, because you’re able to tap into and unleash contribution from distributed resources,” says Stepper.

Going Beyond Savings to Full Process Transformation

I’ve mentioned a couple of cost-saving examples, which are important to lead with if you’re trying to convince senior management of the ROI (return on investment) of implementing social collaboration. Beyond cost savings, an internal engagement platform can be used in a whole range of ways to bring about change in your organization.

Mark McDonald, group vice president and head of research for Gartner Executive Programs, notes that social collaboration can be used very effectively when senior management wants to stay in touch with how people are doing “in the trenches” and what they want to improve. The conversation usually starts with the CEO writing to employees, humbly asking for their input.

However, in my experience working with clients - many of whom have tried this approach - it’s very easy to get it wrong. One of two things typically happens:

• Many staff are afraid of reprisals or of being perceived as complainers, so they say nothing.
• The CEO is flooded with so many complaints that they aren’t actionable.
The way around this is to show that candor is valued by completion of the second crucial step: after careful listening, figure out which concerns matter most, prioritize them, and take action.

For example, Bell Canada is a telecommunications firm with 40,000 employees – exactly the sort of place where a CEO’s request for input from the troops could quickly devolve into a gripe session of massive proportions. Thus Rex Lee, Bell Canada’s Director of Collaboration Services, created ID-ah!, a space where employees could submit ideas, read and comment on each other’s suggestions, and vote on them. In the first six months, 15,000 staff visited the site and 6,000 voted. In all, 27 ideas were chosen for review, and 12 were implemented.

Why does this work better when implemented through online collaboration than the old suggestion box in the corner of the lunchroom did? Simple: Because the discussion is open. Everyone knows what's being said and ideas gain momentum as more people voice their support. No more folded-up pieces of paper in a tiny, locked box that management opens once a year and quietly forgets about. Working out loud is much more powerful.

So, what if your company is more the type of place where people clam up when asked to voice their concerns?

Over the years, Ferrazzi Greenlight has worked with large companies where senior management believed this was an intractable problem. In reality, these weren’t deeply dysfunctional cultures, but leadership wasn’t really promoting candor – even though it believed it was.

Anthony R. Tersigni, Ed.D, FACHE, President and Chief Executive Officer of Ascension, a nonprofit and Catholic health organization, faces a fair amount of skepticism when he holds town hall meetings with the associates of hospitals that his company is considering acquiring. They fear for their job security, benefits, and the changes that are likely to come. Yet Ascension has grown its network to 1,500 locations including hospitals, clinics, hospice agencies, retail pharmacies, cancer treatment centers and sleep centers to name a few, mainly through acquisitions that seem a good fit for the Ascension network. The key, says Tersigni, is establishing candor right away.

“I usually start by saying, ‘It takes one brave soul to ask a question,’ and then the questions begin to flow naturally,” says Tersigni. If they don’t flow spontaneously, he’ll get the ball rolling by bringing up a couple of tough questions and giving honest answers that don’t skirt the issue. “It’s amazing the candidness that follows once they get answers to tough questions that impact them and their colleagues directly.”

Tersigni holds the town halls face-to-face, which makes sense for a first meeting, and only then goes virtual. Yet a growing number of companies host town halls remotely. Stepper says Deutsche Bank has held 30 electronic town hall meetings in the past couple of years.

Again, you can do it with a social media engine or, better yet, a platform that integrates all content streams – including a transcribed recording of a relevant video town hall – into point-in-time contextual views.
Engagement and the Re-blooming of Communities of Practice

Social collaboration within a company can be an enormously powerful tool for managing change, whether that’s getting people to make choices about cost-cutting measures, or reshaping business processes that aren’t working. I think it also has the potential to finally make communities of practice, a term coined by Etienne Wenger in 1998, come together on a much wider scale within business.

Communities of practice have been around since guilds were established, perhaps even longer, and still exist in diverse fields ranging from the Centers for Disease Control to professional associations to corporations. These collaboration centers for people in the same role can be internal or external, and vary in their aims from getting people up to speed and keeping them in sync to gathering a group of experts to work on a tough problem in their shared field.

Yet as budgets got squeezed, project teams focused on efficient execution became the dominant form of organization; and communities of practice haven’t become an integral part of every-day business operations. That’s a pity. The good news is that social-collaboration tools that keep important ongoing conversations about shared work and improved process top of mind have the potential to establish communities of practice as an important way to solve problems and increase the quality of work being done.
Virtual Innovation

The image of the tight-knit team that started a company over a kitchen table is iconic. Current research that tries to capture the "Ah-ha!" moment, as neuroscientist John Kounios does with brain imaging, reinforces the idea that innovation is capricious, that it can’t be planned for or assigned to a group of people with clearly defined roles. It happens once in a rare while in an unexpected way – maybe when you're in the shower – or when two people get together and something just clicks. Suddenly, an innovative idea is born.

Many companies are trying to increase those serendipitous moments between coworkers, hoping to spark collaboration on a breakthrough idea. Google is building a new complex with an internal infinity-loop pathway linking people more closely to each other. Zappos is turning its lobby into an open space for informal collaboration and is considering adding digital trivia games to its elevators to stimulate conversation in a space that’s usually silent.

The idea that working physically close to other people creates an incubator for innovation has gained attention among academics, too. In a preliminary study, Felix Kabo and a team of social scientists at the University of Michigan in Ann Arbor found that researchers with overlapping walking paths collaborated more than those with no overlap. Increasing the overlap by 100 feet made the researchers 20 percent more likely to collaborate.

While I find some of these ideas – and the neuroscience behind innovation - fascinating, I strongly advise Ferrazzi Greenlight's clients, many of whom are large, distributed enterprises, not to pin their innovation strategy on remodeling their HQ so that people are no more than 100 feet apart. In reality, the challenge that the vast majority of multinational business leaders face is how to leverage remotely located and mobile teams and manage distributed innovation successfully.

Let’s face it: MOST innovation is iterative. It's called “sustaining innovation” and it’s the main engine for steady growth for corporations around the globe. No, it's not as sexy as disruptive innovations like Post-It notes, the power saw, and frozen peas were in their day. Nor is it as disruptive as the idea behind the launch of Google, which disrupted an established market for search engines by applying the library-science notion of citations and ordering search results according to how many links referred to a given page. That breakthrough earned Google top website honors in 1998 from PC Magazine for what it called “an uncanny knack for returning extremely relevant results.”

Even Google owes its revenue as much or more to a continual stream of iterative innovations in search-ad monetization. Similarly, Apple’s iPhone 5 got plenty of press, but it too is just an incrementally improved version of what was a breakthrough product a few years ago.

The advice I give multinational clients is, first, decide what type of innovation you want to undertake – breakthrough or incremental? If it's incremental, are you planning to improve a process, find creative ways to cut costs, or trying to improve a product? Each of these demands a different approach. If your challenge is that you want to improve product development using distributed teams of people, it would be useful to decide which of the three approaches below best fits your company’s needs before rushing into implementation.
Leveraging Remotely-Located Product Teams

For most global companies, teams located in far-flung parts of the globe are a huge untapped resource for innovation. At a large manufacturing company with whom Ferrazzi Greenlight recently worked, most innovation came from research and development teams located in the United States, despite the firm’s presence in approximately 180 countries around the world and its research labs in more than a dozen locations. Most products marketed abroad included only minor adaptations for local markets. While some of these were successful, many weren’t. Often they were much too costly for the local market. Also, some were developed myopically, without fully understanding local needs.

As homegrown competitors in emerging markets started to become a force to be reckoned with, the company began to encourage their own local teams to propose innovations. One such team was located in India, where the overcrowded and poorly maintained infrastructure of roads is shared by trucks, cars, scooters, bicycles, and even livestock. As you might imagine, accidents are commonplace.

Using base technology originally developed in the U.S., the company’s research unit in India proposed and co-developed a special strap-on bumper for cars that reduced impact and made fewer accidents fatal. The local team’s superior understanding of the market’s needs - and its price sensitivity - defined the project’s parameters, while U.S. team members contributed technical and testing expertise. The resulting product was so successful locally that the manufacturer is considering marketing it in other emerging markets - but not without getting sufficient input from local teams first.

This process, known as reverse innovation, a term coined by Vijay Govindarajaniii, has tremendous potential for opening new markets for multinationals, most of whom have until now focused on selling pared-down U.S. products in other global markets.

A New Look at the Potential of Cross-Functional Teams

Popular a decade ago, cross-functional teams are a concept the business community currently loves to hate. A study of team functionality by OnPoint Consulting shows they often lack focus, role definition, authority, and accountability. Another study that uses longitudinal data suggests that cross-functional teams engaged in integrated product development have more difficulty building on each other’s ideas than teams from the same functional area, and that friction is common on cross-functional teamsiv.

Let’s try looking at this through a different lens. In Filters Against Folly, Garrett Hardin writes about how every discipline (art, chemistry, accounting, economics, etc.) creates a set of filters or “way of seeing” that is designed to block other types of inputs. These make an otherwise overly complex and contradictory world easier to understand and manipulate.

When a team of people from different areas of expertise is assembled, the filters act as barriers, causing tension between the team members and reducing productivity. Knowing this and planning for the points of friction that come up can turn an unsuccessful cross-functional team into a high-performance one.

One thing is certain: Cross-functional teams are better equipped to solve complex problems than teams from a single function.

iii http://www.tuck.dartmouth.edu/people/vg/blog-archive/2009/10/what_is_reverse_innovation.htm
iv wpweb2.tepper.cmu.edu/facultyadmin/upload/wpaper_635871025756222_4Todorova_Weingart_2010_Working_paper.pdf
Stanford University’s Center for Professional Development conducted research on this problem and identified five key areas where points of friction tend to arise:

- Team dynamics
- Project issues
- Boundary issues
- Functional issues
- Governance issues

The researchers also identified a structure and set of priorities that alleviated the majority of these problems. The first is to form a Portfolio Governance Team (PGT) of senior managers who are responsible for setting strategy and managing the product pipeline across all projects, with market timing as a priority. The PGT then creates small, core cross-functional management teams for each project. These teams are held accountable for their projects from end-to-end and for the tactical aspects. A larger group of cross-functional staff are charged with execution.

In this way, every project has an end-to-end-accountable leader, and cross-functional teams have the project’s business success as their only goal. Most importantly, all projects are customer-focused. As issues arise, the structure and priorities give the team a framework for solving them, and for escalating an issue if necessary.

Early reports I’ve heard on the implementation side are promising. The model seems to alleviate issues that arise when cross-functional teams are large with no clearly defined structure.

When Open Innovation Works

I don’t think it’s an overstatement to say that open-source software has disrupted the software industry’s business model and is the best example of open innovation. A Standish Group Report in 2008 estimated that open source delivers $60 billion in savings to consumers every year. As Eric Von Hippel puts it in Democratizing Innovation:

“Innovation communities can increase the speed and effectiveness with which users and also manufacturers can develop and test and diffuse their innovations. They also can greatly increase the ease with which innovators can build larger systems from interlinkable modules created by community participants.”

Eric Von Hippel

http://quarry.stanford.edu/xapm221116ecp/docs/03A_ECP_Cross-Functional_Teams.pdf
http://web.mit.edu/evhippel/www/democ1.htm
Now that we’ve seen how relationships can fuel better engagement within virtual teams, it’s time to put the “R” back in CRM. It’s called customer relationship management, but often in our work with clients I see sales and marketing executives focused entirely on the transaction rather than on building strong customer relationships. Yet our data, drawn from more than 10 years’ work in the field, shows that teams that focus primarily on relationships grow their accounts twice as fast as teams that emphasize completing transactions.

While implementing a truly relationship-centered CRM requires thought and planning, it’s so easy to reach out and touch customers virtually using the abundant tools that are available today – from videoconferencing to tweeting your firm’s latest news – that there’s no excuse for not doing so. First, you need a plan – a relationship action plan (RAP).

I want to give you a quick sketch of the sort of plan I mean, as well as some real-life examples of how you might leverage virtual tools to deepen and strengthen relationships across the board. These techniques are not limited to relationships with customers or even to external relationships. I know executives who use the same techniques to build trust and rapport within their own teams.

If your company is large, initially I’d recommend identifying a single high-potential customer account in which you would like to build stronger relationships. Next, put together a key account team made up of people from your company who currently interact with the customer. It’s important to keep the team size relatively small (12 or fewer people) to facilitate planning and communication.

Once you’ve put together a team, establish a long-term sales goal that looks three to five years down the road for that particular customer, breaking it down into milestones that you will need to hit along the way. These will serve as key indicators of whether you’re on track to achieving your goal at any given point along the way.

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When this preliminary work is complete, it’s time to bring the team together. Often the account teams we work with are geographically distributed, so I like to bring them together using a combination of document-sharing software and videoconferencing. Each team member
shares a list of contacts he or she has with the customer. If the team is broadly connected, the contacts won't be limited to procurement staff and could run the gamut from C-suite executives to supply chain managers to key product developers.

Next, rate both the quality of the relationships you have with these people and their business impact – how important they are to growing the account. Every team I've worked with quickly sees which relationships could be stronger and which are most important as focal points.

Now for the fun part: Planning how you're going to deepen and strengthen the relationships you already have with your customer. Whatever specific approach you decide to use, generosity is the key to success. Everybody responds to it.

A short email to your contact’s boss to let him know what a great job he's doing will motivate him to go the extra mile with you in the future, too. Taking the time to sit down with your customer over a long lunch and probe him about the business challenges he faces – and how you can help – can have an enormous impact on the quality of your relationship. But it doesn't have to be face to face, as some of the examples I'll describe below illustrate.

After Ferrazzi Greenlight introduced relationship action planning (RAP) several years ago at a large telecom client of ours to use across 64 global accounts, the company reported £728 million in new deal revenue from those accounts within 18 months, as well as a 27% increase in portfolio penetration.

The beauty of relationship action planning is that it is only limited by your team’s creativity. In our increasingly virtual work environment, I thought I’d share a couple of examples that take advantage of technology to build better customer relationships.

## Virtual Tools for Better Relationships – and Better Business

Unlike its competition, Vanguard, a financial services company based in Malvern, Pennsylvania, doesn’t have a nationwide network of offices that customers can walk into and sit down with an advisor to discuss their finances. Most of their business comes from word-of-mouth referrals, and contact with customers is entirely virtual. Until quite recently, all customer contact was handled on the phone and through emails.

A few years ago, the company began investing in digital technology, equipping Vanguard salespeople with iPads and mobile sales desktops that allowed them to do digital presentations, pull up documents, and handle questions by connecting to both internal experts and external collaborating websites.

Despite these advances, when it came to working with families on financial planning, Vanguard’s sales people used the phone and email as the main means of communicating with customers.

Recently the company decided to up its game by building stronger relationships with families. Sales people began holding virtual meetings with potential new customers using videoconferencing software. The effect on the business was stunning: Sales jumped 19% in the first year. In addition, NetPromoter scores (a measure of how likely a customer is to recommend a service to family or friends) went up by 2.5%.

“The reality of it is, if you’re establishing a relationship, you can actually establish a face-to-face relationship virtually,” says John Marcante, Vanguard’s CIO. The sense of trust carries through to follow-up phone meetings later on, he adds.
Leveraging Collective Expertise

Executives selling complex technical products still spend a lot of time on planes, which, aside from being time-consuming and costly, isn’t necessarily the most effective approach. The more complex the product, the more information a potential buyer needs – and the more complicated the questions they are likely to ask.

A lone sales rep, thousands of miles from headquarters (HQ), may not have all that information available in the moment and may have to deal with lack of a cell phone signal inside a building and the hit-or-miss nature of ad-hoc calls in trying to contact HQ to get it. Lugging around equipment to demo is another issue. A team approach, leveraging virtual technology, is more effective and more efficient.

Sarnova, a medical device distributor based in Dublin, Ohio recently hired Tim Rubert as its new vice president. Tim quickly realized that Sarnova, a market leader in the Emergency Medical Services (EMS) and Acute Care (hospitals) space, wasn’t using video in its sales process as effectively as it could.

Product management visited medical device manufacturers frequently to identify new technologies to bring to market as well as conduct quarterly business reviews. Also, EMS teams and hospitals often delayed purchases because, although they had the specs from product sheets, they weren’t sure about some of the nuances of how the product worked and whether it would meet their patients’ needs. Salespeople spent huge amounts of time on planes, lugging around cumbersome equipment as a result.

Rubert saw this as an opportunity to implement key technology. Sarnova product managers and salespeople started using videoconferencing for meetings with suppliers and customers to answer nuanced product questions. Travel costs have dropped, decisions on new products to bring to market are quicker, customers make purchases faster and most importantly, patients’ needs are better met. Customer relationships that were already good are stronger, and the risk of purchasing equipment that didn’t meet an EMS team or hospital’s needs are diminished.
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**Workflow Considerations and KPIs for Deploying Engagement Solutions.**
In our next issue we’ll share key concepts in workflow enhancements in the new way to work; and we’ll discuss key metrics to insure your investment does more than merely “work as designed”.

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