



The Collaboration Imperative
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Toronto Board of Trade Technology Series

November 15, 2010

Check against delivery

Good morning.

I'm here to propose a dramatically different approach to business relationships within my industry – the telecom sector – and beyond our sector.

And flowing from that, I'm here to propose a more valuable relationship between each of us and our customers.

As an industry, I believe we are competing with each other in areas where we should be working together. And because we're so heavily invested in that specific area of competition, we are mostly missing the boat in other areas where we could differentiate ourselves and create enormous value.

In fact we are competing so vigorously with each other on infrastructure development that we are turning our networks into a commodity.

You all know what happens in commodity markets. Buyers look for the best prices. Profit margins shrink and we all end up scrambling for relatively low-value work.

This may seem like heresy coming from a guy who runs a company that may be best known for its network, but as an industry we are over-building our network infrastructure. It is not strategic.

So my message today is that there is enormous value in a real, intelligent approach to collaboration in our industry on the infrastructure side. It will free up valuable resources that will enable us to compete like crazy – to provide our customers with creative innovations that are going to help them generate real productivity gains.

Let's collaborate with each other where it really makes sense, so we can collaborate with our customers to create fantastic value.

Collaboration is an incredibly powerful thing. It is a concept, a premise, a word, that is so widely used that it has become one of those meaningless invisible buzzwords. Everybody talks about it. Everyone wants it. But few are reaping the benefits. Only those who are willing to let it infuse their business model, their culture, their employee relationships and customer relationships, are going to be the big winners. But most organizations simply go about doing exactly what they have always done.

That is personally and profoundly disappointing to me because it is such a critically important missed opportunity.

If we can get this right, if we can really make it work, I know that Cogeco Data Services will be a big winner. But more important than that, our whole industry will evolve, innovate and grow, and that will have a powerful, positive effect on Canada and Canadians.

Unfortunately, we've got some work to do to get it right. We all think we're in the collaboration game but the truth is that too many Canadian businesses, if they're doing it at all, are doing it in a piecemeal fashion. Collaboration is like driving. Everyone thinks they're good at it but really, well, you've all been out on the roads.

Maybe we've adopted some of the tools and tactics, from desktop applications as fundamental as email, video conferencing and Web Ex, and as far flung as shared work spaces, or cloud computing.

But we are short-selling ourselves, our industry and Canada by looking at collaboration as a collection of tools and tactics. We need to look at it as a strategic imperative.

In fact, there's only one reason for a corporation to embrace collaboration and that's to create real, meaningful value. Doing it for any other reason is a distraction. Doing it without making it integral to your business strategy – well frankly that would just mean doing a noncommittal job and those usually end up costing you money in the long run.

But intelligent, strategic collaboration provides a direct path to higher value work. It is the route we need to take to maximize value creation.

In fact it's not just our industry that would benefit from strategic collaboration. A study by Deloitte suggests that the oil sands industry "should consider unprecedented levels of collaboration." Of course oil companies have a lot of different issues to deal with but according to Deloitte, if oil sands companies co-operate to reduce costs, coordinate logistics and streamline project management, their entire industry stands to benefit.

You could also look at the semiconductor sector. A few years ago IBM was losing money in that business. It made the decision to build what it calls an "open ecosystem" of microchip R&D with nine partners.

There are many other examples.

Boeing cut 12 months off the time it took to bring the 787 Dreamliner to market.

P&G improved its R&D productivity by 60% through its Connect Plus Develop program.

And at BT Group, the world's oldest telecom company, teaming up with outsiders on innovation projects has spawned more than \$1 billion in incremental sales in recent years.

Simply put, intelligent, strategic, thoughtfully executed collaboration means making more

money. And it means creating organizations that respond much more effectively to change -- organizations that are resilient, that are sustainably successful, for the long-run.

That's the "what's-in-it-for-you" equation, and I encourage you to think about with some urgency, because there are also macro-economic considerations that we all need to be aware of.

I am genuinely concerned for Canada that the status quo is not a sustainable option.

If we get strategic collaboration right, there are important benefits that accrue broadly to the Canadian economy. And a stronger Canadian economy benefits all of us. If we don't get it right, I worry that as an economy Canada will continue along the path toward irrelevance. That is the inevitable consequence of a poor track record on innovation and sinking productivity.

You've probably all heard the statistics. The Conference Board of Canada gives us a "D" grade and ranks Canada 14th out of 17 nations in our ability to innovate.

If we are to be a force in the global economy, we need to figure out how to become better innovators. And we are not going to do that by over-investing in commoditizing our networks. We're focusing our resources on the wrong thing. We will become better innovators by rationalizing our networks and investing resources where the greater value is – working closely with our customers to enable them to innovate.

We'll become more productive better innovators by changing our corporate structures to support innovation. That means making some courageous decisions. It means changing some compensation structures to incent new behaviours. It means creating new systems to support new roles; create cross functional teams; tear down hierarchical layers.

Let me give you an example of the kind of innovation I'd like to see us enabling.

There's a consortium in the UK called Open Alchemy. Open Alchemy is a supplier-led initiative featuring some of the UK's most high-profile companies -- companies like Oracle, Rolls Royce, Virgin Atlantic, Pfizer and Unilever among others. They are united by a desire to be one step ahead of fast-moving business needs.

Together they designed a program that harnesses their different perspectives and diverse corporate cultures to spark radical new ideas. They take known business challenges and let loose some of the most innovative minds in the UK to turn these challenges into significant opportunities.

The result has been several major collaborative projects including WellBe – an alliance designed to motivate the public to adopt healthier behaviours in return for discounts on products and services. It is now undergoing rapid development due to launch in time for the London 2012 Olympics.

It's abundantly clear from the Open Alchemy example and countless others that collaboration drives innovation, which is an area where Canada comes up woefully short in report after report.

I think part of Canada's innovation problem may be that we're all wandering around trying to figure out how to spark those great "Ah ha" moments – the middle-of-the-night brainstorm that insulin could treat diabetes.

In fact, innovation is a lot more about working together. The exchange of ideas begets more ideas. Innovative thinking promotes more innovative thinking. Great ideas are usually the result of combining ideas – the result of building on other ideas.

As Isaac Newton said: *"If I have seen further it is by standing on the shoulders of Giants."*

That's collaboration driving innovation.

And we simply don't do enough of it in Canada. Many people go to work every day pretty content to do the kind of work they did the day before, in the same way.

That is a real problem for us.

Innovation drives productivity. There are only 24 hours in a day. You can't work 25 hours in a day. But you can work smarter. You can produce 25 or 26 or 27 hours worth of goods and services in a 24-hour day if you know how to work smarter.

The flip side of that is that lower productivity means every unit of production takes longer in Canada than in many other countries, which means it costs more. Canada becomes a less competitive supplier globally, and we lose business to more competitive suppliers in more productive countries.

Lose business, lose jobs. Lose jobs, lose quality of life.

But there's a better alternative.

Collaboration leads to more innovation. More innovation leads to greater productivity. Greater productivity leads to an improved quality of life for Canadians.

That's why I'm here suggesting that you, as Canada's business leaders, take a fresh look at what collaboration really means. Canada needs leaders who have a powerful vision of our future and how we're going to get there. Canada needs leaders who will build resilient, courageous and open companies that compete with the very best in the world; leaders who

are willing to stand on the shoulders of giants to innovate; leaders who will foster a culture of collaboration and who are, in fact, collaborative leaders themselves.

That's a tall order, I know. Everybody is busy trying to put out today's fire; and trying to divine your bets on tomorrow's next big thing.

Here's a suggestion. Spend less time trying to second guess the next trend and spend more time building resiliency into your organizations. It's next to impossible to anticipate when a Harvard undergraduate will create a software program that attracts a billion users within a couple of years.

It's much more productive to acknowledge that things like that will probably happen, and the companies that will benefit are the ones that are nimble, responsive and resilient.

My industry, telecom, is in a highly dynamic period right now. I suppose you could say it has always been thus. In the beginning, we had the single network and it belonged to Bell. Then the market splintered and we had different networks running on different platforms managed by different providers offering different products and services. It didn't take long for consumers to get confused and frustrated and for technology to offer the possibility of unification. Now, the tide has turned and we're moving back to the single network model. It's a very different network, but the big movement is the return to unity.

But we don't all have to build that network. Let's work together to build the foundation. And from that foundation each of us can create our own unique value. We can invest in ways that are going to enable us to be resilient – in ways that make us indispensable to our customers.

If you're a veteran of the telecom industry – and some days I feel more veteran than others – you'll remember the glory days when we developed a new product or service, rolled it out to our customers and said, "Buy this."

Now our customers want customization and flexibility, but as an industry we have not yet been as responsive as our customers would like. In an industry that grew up being about speeds and feeds, our success now depends on being able to meet very specific needs. Customers are telling us what they need, and if we are very good providers – and if they let us – we should be joined at the hip with them.

And guess what? If we provide that customization and flexibility, our customers will use it to do great, innovative things. That will create growth opportunities for the whole industry.

Let me give you an example. We're working with TMX Group in a partnership that has seen us develop a collaboratively-engineered network that meets the very specific needs of the financial markets. We combined expertise from both organizations and brought different verticals together. The end product is something that neither of us could have developed independently. It's possible because TMX does have a collaborative culture.

That type of relationship can actually blur the lines between customer and company. The people who have been traditionally on the outside of our corporate decision-making are now becoming more self-directed and expect us to respond not just to their needs and wants as a business, but to their needs and wants as individual purchasers.

This isn't just a fad. It's a fundamental shift. Being connected and self-directed is an increasingly common way of life for people of all ages, but particularly for the younger demographic that will soon be making decisions in the corporate world.

And it's already happening, both formally and informally.

On a formal level, we are seeing some organizations in the wireless space, for example, that are starting to get the idea that they can collaborate on the infrastructure piece and compete on the added value piece.

On the informal level, there's a culture of collaboration all over the place. It is a way of life for millennials, who are used to finding and extracting information and choices instantly and constantly.

In fact, a culture of collaboration is the best way of partnering with customers. And if you want to extend the engagement privilege to your customers, you have to treat your employees with the same respect. That's what we're working on at CDS. We're not completely there yet, but we're taking important steps.

We built cross-functional teams to address our key business areas and those teams involve people from all levels, departments and functions within our company. We gave the teams their mandates, but within those terms, they have complete creative authority to develop solutions, action plans and strategies. The process is imperfect, but the bottom line is that the teams' ideas are progressive and impactful and we're now implementing the teams' recommendations on a number of fronts.

We took a similar approach to developing our cultural values. CDS leadership took a supporting role and employees from all facets of the company took the lead. As a result, our values do not just enable and encourage collaboration. They are the product of collaboration.

This kind of open communication and involvement can get a little messy. But if we eliminate all risk, I guarantee you we'd also be "genius-proofing" the system. By committing to an open process, we open the doors wider on genius, on inspiration and on innovation.

I believe that success is a direct function of how much control we are willing to disperse throughout our organizations.

I can even offer you some empirical data to support that belief.

Dan Pink, the author of a very interesting book called "*The Surprising Truth About What Motivates Us*," has assembled some convincing research from a variety of sources that I think you'll find surprising.

The research shows that for cognitive workers – people who really have to be thoughtfully engaged in their work every day – money is NOT an effective motivator. In fact, financial incentives for cognitive workers actually resulted in poorer performance.

The research showed that as long as people are not poorly compensated there are three things that motivate them.

First: Mastery. They wanted to be the very best at what they do.

Then: Purpose. They want to know that what they are doing is part of achieving a greater purpose. And then -- autonomy. They want room to move. Room to act.

As corporate leaders, the research demonstrates that if you give up some power and control, if you push autonomy down through your organization and empower people, you'll get higher performing individuals – more creative people, innovating and driving value creation.

Giving people autonomy? That's a little scary. But that's a price of collaboration and collaboration is the path to innovation, to productivity, and to all the good things that flow from that.

In the telecom sector, collaboration should be easier for us than in many other sectors. We have a head start. We already partner with the competition more than most industries. We all buy from each other and our networks are already connected. No single provider has a network that spans the entire country. We all manage a pipeline that includes someone else's network, services or equipment.

The next step is apparent – we need to progress from partnerships of convenience to true strategic partnerships. If we do that, everyone has the opportunity to become more innovative.

Together, collaboratively, I know we can become more effective partners with our customers and with each other. I know we can provide better products and services. I know we can be more effective, efficient and innovative. And I know we can create enormous value.

Thank you to all of you for indulging me this morning – and thank you to the Board of Trade.