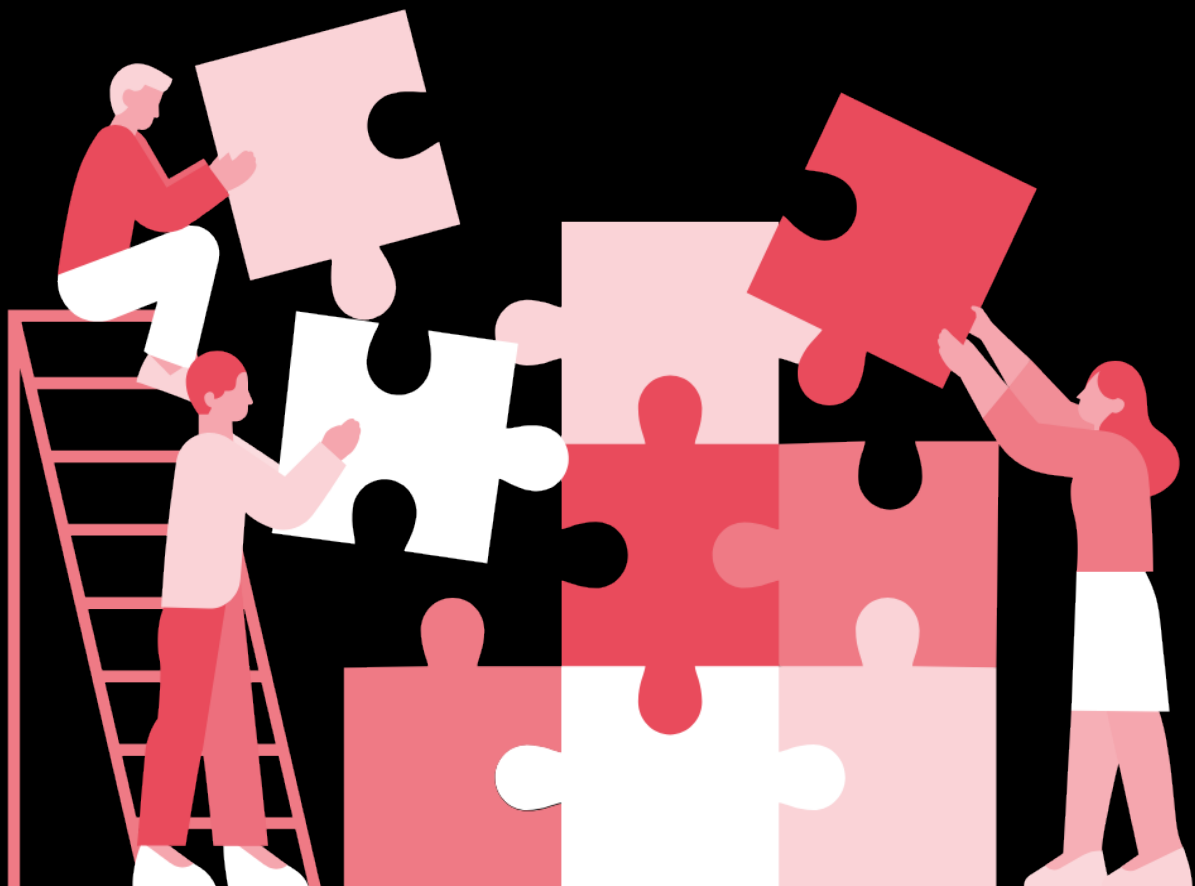


Whitepaper

BEST PRACTICES FOR CROSS-COMPANY COLLABORATION IN CORPORATE VENTURE BUILDING



Whitepaper

CONTENTS

01

BENEFITS AND CHALLENGES OF CROSS-COMPANY COLLABORATION

02

KEY TAKEAWAYS FOR CROSS-COMPANY COLLABORATION

- Be Clear About Your Underlying Motivation
- Build the Right Team Setup: Domain + Process + Decision-making
- Create Speed and Avoid Standstills
- Prepare Decision-Making as Well as Possible

03

COLLABORATION CHECKLIST





Summary

You are not alone if you are looking to collaborate across companies to foster innovation. There are some common challenges that come up, like misaligned goals, cultural differences, and information silos. This whitepaper summarises some of the best practices to make collaborating across companies the game-changer it should be. These learnings have been generated and applied in a high paced idea validation project by Wertstatt 8, the innovation unit of regional energy supplier Energie AG Oberösterreich, together with the venture builder V_labs. To truly succeed in cross-company collaboration, you need to follow some crucial steps. First things first: Be transparent about why you are doing this and make sure everyone involved is on the same page. This will save you some major headaches down the line. Next, assemble a team of experts who can combine their domain knowledge and leadership skills to keep the project moving forward. And do not forget the import-

ance of clear communication and process facilitation! When it comes to making progress, speed is key. That means setting clear expectations, timelines and ways of working together. You want to avoid any standstill that could slow down your progress once your project starts. Finally, prepare for tough decisions ahead of time. By being proactive and setting up a solid decision-making process, you can avoid unnecessary downtime in the future. By following these best practices, you will be well on your way to collaborating efficiently and driving outcomes that connect domain knowledge with a clear innovation process. Trust us, it is worth the effort!



BENEFITS AND CHALLENGES OF CROSS-COMPANY COLLABORATION

With 85% of employees not being engaged at work, the loss of productivity amounts to approximately \$7 trillion (Gallup, 2022). Every year, \$541 billion are lost in ineffective meetings (HBR, 2022). Quiet quitting is not just a trend among younger professionals but certainly relates to the fact that people expect more purpose, work-life balance, excitement, and social exchange at work (Ellis, L. & Yang, A., 2022).



In a disconnected organisation, innovation grinds to a halt. Individuals' and teams' great insights get trapped in silos. Employees feel stifled – unheard and disengaged.

(HBR, 2022)

Among other reasons, it is a sense of disengagement and disconnection across departments and from the outside world, which paralyzes employees. Cross-company collaboration helps avoid that kind of disconnection and fosters continuous exchange and social interaction. Other benefits of cross-company collaboration includes: access to new resources; exchange of tacit and domain knowledge; sharing of risks and costs; encouraging openness and co-creation; reducing silo-thinking; and sharing of best practices and success stories.

So yes, cross-company collaboration can be a game-changer when it comes to innovative mindsets and organisational structures, but that does not mean it is not challenging at times too. Key challenges include: misaligned goals and expectations of outcomes; lack of trust; poor communication; cultural differences; and mismanaged coordination by both parties. In this whitepaper, we (Wertstatt 8 and V_labs) would like to share our four key takeaways for successfully collaborating across companies based on a joint project in the field of renewable energies.

The four key takeaways in a nutshell:

- **Motivation:** Why being clear about the underlying motivation is key
- **Team:** How to setup a team for success
- **Speed:** How to create and maintain speed
- **Decisions:** How to prepare for decision-making

OUR KEY TAKEAWAYS FOR CROSS-COMPANY COLLABORATION

#1

BE CLEAR ABOUT YOUR UNDERLYING MOTIVATION

The key to successful cross-company collaboration is crystal-clear communication about each other's objectives and expectations. Achieving this helps to create a mutual understanding of the partnership's purpose.



I wanted my team to experience first-hand how to deliver results in a short period of time by open cooperation and a diverse set of motivated minds.

(Christian Stein, Managing Director, Wertstatt 8)

These underlying motivations may vary from one collaboration to another, but nonetheless within the teams they should be clear and aligned. For our project at hand together we identified four main themes of motivation:



Teambuilding

One of the primary objectives was to align a relatively new Wertstatt 8 team in their way of collaboration, while fostering a sense of cohesion and teamwork among the participants, who worked together intensively over a defined period of three weeks.



Mindset

The second objective was to foster an open mindset within the corporate innovation team, including innovation partners like V_labs, domain experts in- and outside the company, as well as potential future customers.



Methods

Another objective was to ensure that all team members shared a collective understanding of innovation methodologies and related best practices to accelerate future projects.



Involvement of external partners

Another final objective was to cultivate and enhance relationships with external partners such as V_labs, to continuously get challenged and receive professional sparring from like-minded innovation experts.

In summary, commonly shared goals in cross-company collaboration projects are crucial to achieving desired outcomes, fostering team cohesion, and enhancing productivity. When all participating entities align their objectives, it promotes a sense of shared responsibility and focus. This alignment ensures that all efforts converge toward the same end.

#2

BUILD THE RIGHT TEAM SETUP:

DOMAIN + PROCESS + DECISION-MAKING

Siloed team setups without the right mix of skills, knowledge and decision-making power are two core barriers to effective cross-company collaboration. In the following, we will point out why we think that the combination of domain knowledge, process facilitation, leadership involvement and full-time commitment is key to success.



Domain knowledge

Gaining a comprehensive understanding of every last detail in a new domain within a few weeks is an impossible task. Therefore, it is crucial to integrate domain experts into the team and conduct expert interviews to fill knowledge gaps and provide guidance on the nuances that are often associated with complex projects. By taking this approach, teams can effectively navigate potential obstacles that may arise and ultimately improve their ability to achieve their goals. Obviously, we were not able to include all necessary experts (outside or within the company) in the team for the full project duration, but we identified the necessary key players upfront for subsequent interviews with industry experts and customers.



Every additional interview showed us a new perspective on the topic and helped us put the different puzzle pieces of the energy market together.

(Sophie Fletzer, Innovation Consultant, V_labs)



Process facilitation

Relying on the same process regardless of the team setup, project goals and timeline will not help you get the same quality of outcomes every time you go through this process. However, adhering to a defined process that can be adjusted to accommodate the team's progress and adapt to the project's situation can be beneficial. Assign a dedicated facilitator, who can be from either of the two companies, for each project phase and work package. His or her primary focus is to guide the team through the process and to enable the team to concentrate on the challenging content work, thereby increasing the likelihood of success.



Moderated discussions and equal decision-making processes were the keys to a successful sprint output.

(Stefan Schneider, Innovation Manager, Wertstatt 8)



Leadership in the game

In a process where narrowing down and ruling out ideas/solutions is sometimes a necessity to move forward, a team that does not feel empowered to make decisions can bring the project to a halt. Running back and forth to report to your stakeholders not only weakens your discussions, but also slows you down due to all the effort related to creating visual reporting material and explaining discussions at least twice. It's a real game changer when decision makers are members of the team - not as top-down dictators, but as sparring partners who foster open mindsets, challenge internal perspectives, and take decisions as a result of group discussions whenever necessary to move forward. The involvement and active participation of the senior management of Wertstatt 8 helped us to achieve and maintain the required speed throughout the entire project.

→ **Is 50% capacity good enough?**

One question that frequently comes up when staffing innovation projects in large corporations is whether it is feasible to involve employees in the project team on a part-time basis. While this approach has yielded positive results in a few isolated cases, the project setup at Wertstatt 8 stands out as a particularly successful example. Wertstatt 8 chose to involve the majority of team members in the project on a full-time basis, even though some of them were only working part-time. The success factor was that there was nearly no distraction for three weeks, enabling them to focus primarily on the project and topic at hand. To ensure the part-time employees were not lost on the way in the speedy progress of the project, weekly check-ins and check-outs were initiated, to get all team members aligned.



A regular coordination meeting at the beginning of the week was a valuable opportunity for me as a part-time employee to reintegrate myself into the project and speed up the process.

(Silke Heiss, Innovation Manager, Wertstatt 8)

#3

CREATE SPEED AND AVOID STANDSTILLS

→ **Align on clear outcome expectations**

Establishing a clear goal and expected outcome is a crucial aspect that team members should fully comprehend. This outcome must be precise and measurable within its framework. In our scenario, the expected outcome can be described as follows:



Identification of 1-2 venture building opportunities, based on a traceable derivation from trends and customer problems to ideas, and related experiments to validate business model hypotheses.

(Markus Rothmüller, Venture Manager, V_labs)

→ Starting with such a shared understanding it is easy to come up with a timeline. With the desired outcome in mind, the timeline should be planned backwards. The different sub-targets that must be achieved to reach the ideal outcome should be taken into account. Reflect on what is achievable within the given timeframe – in the specific case the project team decided to skip the pitch decks as part of the collaboration work and rather focus on the validated venture opportunities. Although it may seem outdated, we believe that the use of stages/gates is still a valuable tool for breaking a project down into smaller deliverables, creating focus, while maintaining an agile approach and iterating as necessary, nonetheless.



During our workshop, I realised that successful cross-company collaboration is not just about sharing resources or knowledge. It's about having a practical perspective that's focused on results, and a deep mutual understanding of the challenges and opportunities we face.

(Samir Shehata, Innovation Manager, Wertstatt 8)

→ **Align on the modus operandi**

To prevent standstills and barriers during the project, it is important to agree on all aspects of functional collaboration at the outset. This includes communication tools, brainstorming tools, documentation formats and outputs, decision-making processes, regular check-ins/daily updates, in-person and online meetings, weekly goals, and outcomes. The objective is to anticipate and clarify any potential obstacles in advance and unify two teams from distinct backgrounds, employment statuses and locations into a single, cohesive entity.



For me as a new member of the team, the collaboration was a perfect example of „learning by doing“. On the one hand by using different innovation methods in practice and on the other hand by learning something about our team organisation.

(Alexander Klug, Business Developer, Wertstatt 8)

→ **Align on timeline and stages**

To establish momentum early on and avoid delaying debates about process or methodologies during a project's execution, it is advisable to agree on clear decision gates and milestones upfront. While the precise steps to be taken to reach these milestones should remain iterative and adaptable in response to project progress and findings, establishing key stages can prove beneficial. These stages might include the following:

1. Opportunity space definition based on trend research and expert interviews
2. Problem definition and pain point prioritisation based on customer and problem discovery research (interviews, diary studies, observations, etc.)
3. Solution ideation based on problems, through workshop formats, evaluated with clear criteria (e.g. RICE - reach, impact, confidence, effort)
4. Competitive market research, focusing on direct and indirect competitors
5. Business modelling and assumptions rated by risk (probability of assumption being wrong, impact if assumption is wrong)
6. Derivation of main hypotheses and plan on how to test them

→ **Do not be afraid to share insights and ideas**

Cooperation only works if it is based on a deep mutual level of trust and commitment. Once you know you have found the right partner, do not hold back with sharing information. The more you give, the more you will get! And by doing so, the level of trust will increase even further, leading to better results as you work as a team. The Wertstatt 8 team constantly encouraged V_labs to challenge the existing ideas, taking the role of the "devil's advocate", bringing in their own business ideas and working on the challenge just like internal team members.

#4

PREPARE DECISION-MAKING AS MUCH AS POSSIBLE

One of the key barriers for standstills in innovation projects is decision-making dependencies on leadership not being available or included in the project.



Block decision workshops in calendars right from the start

Decision workshops should be scheduled before the project's launch, following the established stages as a roadmap. It is essential to ensure that all necessary parties are present at the workshop and consulted beforehand to pave the way for effective decision-making and execution. It is crucial that decision makers understand the project, its context and implications. In order to achieve this level of information, it is important that they are available for longer durations and not just for a fifteen minute decision-making session. You will notice that a more thorough involvement of decision makers leads to more visibility of the project which in turn supports the project's success overall.



Due to the numerous ideas that arose during the entire process, quick decisions were necessary to avoid standstills. As we had already limited the time for decision-making in advance, we were able to carry out our 3-week sprint successfully.

(Lisa Miesenböck, Expert Prototyping & Digital Solutions, Wertstatt 8)



Clear evaluation criteria and open discussions

Clear criteria are key to fruitful discussions and sound decision-making. Pain points, ideas, business models, and assumptions must be evaluated against established standards to ensure all stakeholders are aligned. Before the workshop, the rating should be done individually to avoid biased assumptions and overruling of the collective decision-making process by leadership.



Scoping and benching ideas for the future

Decision-making can be challenging, even with the help of ratings and discussions. When faced with such situations, defining the project's scope and benching ideas for future consideration can be helpful. Consider what falls within the project's scope, including focus areas, relevant markets, business models, technologies to explore and strategic assets. When everything fails, benching ideas to revisit later helps avoid discussions driven by personal bias and ego. Make sure that benching has a dedicated format and that ideas do not get lost.



The decision on which opportunities to take forward is always a tricky one. Knowing that the other ideas will not be binned, but just benched for the time being, helped to make the tough call.

(Sophie Fletzer, Senior Innovation Consultant, V_Labs)

**Data not assumptions**

In order to make decisions that are easy to accept, base them on data whenever possible. Gather statistics, quotes, benchmarks, and other supporting evidence to ensure that decisions are based on facts. This approach also provides a robust foundation for defending decisions to stakeholders, such as leadership or investors, later in the process. Do not rush; take the time to conduct thorough research and collect data to make informed, data-driven decisions. A clear process for data collection and analysis is essential to achieve this goal.

We hope that these practical learnings will encourage you to either take the first steps towards starting cross-company collaborations or help you improve the results of your ongoing initiatives. Of course, this is not a definitive collection of all the helpful tips and tricks, but a condensed version of the most important factors to help you with your future projects. We have prepared a short checklist to guide you through some key questions and best practices, empowering the team members from both parties to merge into one fully-functioning innovation unit.

ANOTHER CHECKLIST? YES!

**Do you have clarity in your team about the motivation and intention behind your cross-company collaboration project?**

..as for example: to improve team building, to establish the necessary innovation mindset, to practice and align on innovation methods, and to include external experts for sparring and knowledge exchange.

**Do you have a well-balanced team setup?**

Domain knowledge / experts identified?

Facilitators of the innovation process identified?

Decision-makers / leadership involved?

Distractions of project members from daily business reduced to a minimum?

**Have you setup the project to avoid as many road bumps as possible?**

Outcome expectations clear?

Modus operandi (tools, meetings, output formats, etc.) clear?

Timeline, stages and decision gates clear?

**Are you ready to take decisions when the time comes?**

Required stakeholder schedules reserved for decision workshops?

Evaluation criteria clarified?

Benching- and out-of-scope-criteria defined?

Mindset and process to take decision based on data not opinions established?



We worked hard and during the process we had our ups and downs, which is typical for innovation processes. So be prepared to face them in cross company collaboration as well. Once you have run through such a collaboration and it worked out well, a further common project will be easier, as you already know each other and know what to expect or what to improve.

(Karin Dietachmayr, Managing Director, Wertstatt 8 GmbH)

Authors

V_labs

Markus Rothmüller

(Senior Venture Manager)

Lukas Meusburger

(Managing Partner)

V_labs is a venture builder that supports corporates in building new products, business models and entire ventures from scratch. Their interdisciplinary team of about 40 people covers all the roles necessary from concept to prototyping, UX / UI design, digital marketing and IT development. In this project, V_labs coached and supported Wertstatt 8 in their efforts of developing a new product to facilitate the energy transition. The scope of this project included process guidance, coaching and sparing of team members as well as research, the facilitation of problem discovery, ideation, solution, hypotheses and experimentation workshops.

Wertstatt 8

Christian Stein

(Managing Director)

Karin Dietachmayr

(Managing Director)

Wertstatt 8 is the innovation vehicle of Energie AG Oberösterreich (Upper Austria's main utility). The team develops digital solutions and new innovative business models in the fields of energy, circular economy and sustainability. Therefore, they dive deeply into pre-defined search fields and identify relevant customer pains and gains. The team is very close to customers and involves a lot of different stakeholders and experts of the W8 innovation ecosystem. Their working style is hands on, customer centric and open. Wertstatt 8 loves to learn and generate output and impact. In this cooperative project, Wertstatt 8 defined the search field, worked actively to identify the relevant customer pain points and generate a set of problem solutions, conducted various insight and validation interviews.

Literatur

Ellis, L. & Yang, A. (2022): If Your Co-Workers Are 'Quiet Quitting,' Here's What That Means: Some Gen Z professionals are saying no to hustle culture; 'I'm not going to go extra'. Available at: <https://www.wsj.com/articles/if-your-gen-z-co-workers-are-quiet-quitting-heres-what-that-means-11660260608> [Accessed 3 July 2023].

Gallup (2022): State of the Global Workplace: 2023 Report. Available at: <https://www.gallup.com/workplace/349484/state-of-the-global-workplace.aspx> [Accessed 3 July 2023].

HBR (2022): How Collaborative Intelligence Can Boost Business Innovation Available at: <https://hbr.org/sponsored/2022/04/how-collaborative-intelligence-can-boost-business-innovation> [Accessed 3 July 2023].

vlabs innovation GmbH

office@vlabs.at

Mobile: +43 5522 21531

Seidengasse 20/3
1070 Vienna, AUSTRIA