

## **Raymond E. Miles, Grant Miles and Charles C. Snow Collaborative Entrepreneurship: How Communities of Networked Firms Use Continuous Innovation to Create Economic Wealth**

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In writing this book, the authors have taken a pioneering step in developing a model for how collaborative entrepreneurship might work in practice. Miles, Miles and Snow propose a new organizational form that can match underutilized resources with unexplored market opportunities to commercialize a constant stream of innovations in a community of networked firms. Based on a fictional case study of 'OpWin' Global Network, the authors develop their idea of a multi-firm collaborative network in which participants freely share resources, while trusting in the equitable distribution of resultant wealth. Hence, participants devote their energy to enlarging common economic wealth rather than to quibbling over its distribution.

The book first introduces OpWin's business model with underlying concepts of innovation and collaboration and arranges them into a model of collaborative entrepreneurship. The authors aim to demonstrate the plausibility of their model by comparing it to real-world firms and presenting it as the logical destination of a trajectory towards continuous innovation as business model. Barriers to the implementation of continuous innovation are highlighted together with practical steps for getting past them. The overall result is an intriguing and stimulating read that shares a glimpse on tomorrow's organizational thinking with today's practitioners and academics. The vision of networked economic actors sharing resources freely is as bold as it is appealing, but the authors have a lot of convincing to do to make it appear plausible.

Chapter one introduces OpWin Global Network as a projection screen for visions of future competitive strategies and organizational structures. It describes how this fictional case functions as a worldwide network of firms tied together in powerful collaborative relationships that spawn continuous innovation. The chapter unsettles the reader's taken-for-granted organizational models by highlighting how OpWin is different from traditional organizations. It leaves the reader wondering why and how it should work, but assures that projected organizational features warrant 'meaningful experimentation'. The second chapter continues the in-depth description of OpWin as a collaborative multi-firm network consisting of numerous, self-managed member firms, spanning many regions of the world. Its business model, organizational structure, and capabilities foster continuous innovation and are contrasted with historical structure-resource configurations for market penetration and segmentation. The new approach pursues a business model of 'strategic entrepreneurship' that systematically captures wealth from streams of planned and unplanned innovations both within and across market boundaries.

In elaborating on OpWin's potential for continuous innovation, chapter three emphasizes how some of its features resemble familiar organizations, while others are 'well beyond the experience of most managers'. Today's firms expand into new markets via new business units or inter-firm alliances. Organizing these entities, however, is costly and time-consuming and confines creativity in a narrow space of planned innovation within division lines. Although they may resemble business divisions, OpWin's operating units differ in that they choose to associate, act completely autonomously, and self-manage the dynamic boundaries and multi-directional relationships of the network. This mode of organizing is designed to create value from complexity, rather than coordination. It aims to overcome the restraints of planned innovation and inter-unit rivalry by establishing an atmosphere of trust in which members treat ideas as a common resource and collaboratively exploit capabilities.

Chapter four revisits basic game theoretic arguments and asserts that trustbuilding can overcome such calculations to establish collaboration as the 'essential meta-capability' supporting OpWin's business model. While competitive, co-opetitive, or cooperative behaviours are subject to ongoing cost-benefit calculations and ultimately driven by some degree of extrinsic motivation, OpWin members feel intrinsically rewarded by the process of knowledge-sharing, even though exact returns can only be

calculated ex post. Collaborators know that all parties are equally committed to their own and others' interests and would pursue an equitable distribution of future rewards. Examples from Linux and Finnish IT firms illustrate how some contemporary firms already implement elements of such collaborative behaviour and dynamic firm boundaries. However, the authors' extrapolation that these examples demonstrate the viability and plausibility of multi-firm collaborative networks seems debatable. Despite the collaborative potential that both examples demonstrate, their generalizability is limited, as the authors admit.

Chapter five gives a detailed description of how OpWin might evolve as a global network. Its organizational designers are expected to pick and choose elements from existing models of organizational structure, central services, modes of governance, and operating mechanisms and reconfigure them in novel ways. The network is governed as a limited liability partnership of sixty member firms and a flexible number of temporary affiliates who fluidly adapt their roles and responsibilities to ongoing ventures. Members operate independently in their markets, but share ideas in an 'innovation catalog' to alert potential allies to opportunities for collaboration. As alliances materialize, recipients of shared knowledge recognize the contribution and initiate equitable compensation. In line with OpWin's philosophy of minimal organization, innovation teams self-manage, and managerial intervention only happens upon teams' request. Otherwise, operating protocols specify widely accepted, voluntary behaviours that foster an ethos of equitable reciprocity, and mutual recognition. This ethos is sustained by OpWin's reward system, whose benefits let individuals pursue organizational goals for their personal growth, rather than for performance-related monetary rewards.

A large part of the description reads as if commercial success was prerequisite rather than result of the network's operational viability. Member firms are expected to maintain a minimum net profit of twelve per cent, pay above-market wages, generate at least fifty per cent of revenues from continuous innovation, and attend to all stakeholders in an exemplary manner. Simultaneously, 'OpWin's licensing process is widely recognized in the corporate world as both creative and equitable'. However, citing successes of an entirely fictional case to substantiate the viability of a revolutionary business model is neither a powerful nor a rigorous argument to convince critical readers of the plausibility of the new model.

Chapter six returns to illustrating how OpWin's forerunners have realized some elements of multi-firm collaboration. Case studies of a symbiotic industrial-municipal alliance in Denmark, partnering processes in the US American civil construction industry, and of the ACER group's business federation show that, historically, favourable conditions have allowed broad collaborative relationships to evolve spontaneously from successful bilateral collaboration. However, all reported cases have stopped short of becoming full-scale collaborations at the level OpWin is described achieving.

Chapter seven deals with the barriers to creating a global collaborative network, of which five are cited: organizational, institutional, societal, philosophical, and conceptual. Divisional boundaries impinge on inter-departmental collaboration, while institutional conventions complicate the construction of a new organizational form. As the collaborative meta-capability that OpWin's viability so centrally relies on is unlikely to flourish in these environments, 'collective will' and substantial investments at the societal level are indispensable to pave the way for the emergence of collaborative networks.

Perhaps more fundamentally, to progress towards OpWin-like organizational forms, conceptual barriers in management thinking must be broken down, as existing theory is hard-pressed to accommodate and legitimize networked firms engaging in continuous innovation. The authors are confident that conceptual, legal and institutional barriers will crumble as soon as firms like OpWin demonstrate the merits of collaborative entrepreneurship, even though societal and philosophical barriers might take longer to get past.

As chapter eight points out, any historic management concept faced – and eventually overcame – similar barriers. Here, pioneering firms are motivated because they can match current ideals of market responsiveness, cost efficiency, flexibility, and sustainability more closely than existing alternatives, as community commitments and novel reward systems discourage opportunism among network participants. However, designing a reward system to buttress self-control, trust, and intrinsic motivation constitutes OpWin's key challenge. It should provide long-term security to mitigate concerns for current needs and allow individuals to experience intrinsic rewards from sharing and innovation.

In the last chapter, the authors re-emphasize their conviction that collaborative multi-firm networks engaging in continuous innovation will emerge in the near future. However, this emergence is contingent upon investments in promoting collaborative skills as a societal meta-capability rather than organizational competence. Historical evidence from the United States, postwar Japan and Germany, and more recently Ireland demonstrates the potential economic impact of social investments on societal capability-building.

The authors deserve credit for attempting to stimulate thought on the forms collaborative entrepreneurship might take. Although the proposed new organizational form is an extrapolation and recombination of existing structures and processes, this is a distinct contribution to advancing debates about novel configurations of structures, strategies and resources. In this, the fictional case study of OpWin is a powerful tool. Detailed and evocative descriptions of the network's features endow a yet non-existent concept with some identity that captures imagination. Comparing and contrasting this fiction with historical examples of real-world organizations provides the backdrop for evaluating OpWin's viability. Connecting OpWin to existing firms incorporating fragments of collaborative multi-firm networks is an adequate way out of the dilemma of presenting convincing evidence of an anticipated reality.

However, the authors' boundless confidence in the viability and plausibility of their model as an extension of existing collaborative forms comes at a price. Resting their case on well-founded, yet empirically unassailable convictions, and presenting it with almost missionary zeal, the authors deliberately offer boldness at the expense of methodical orthodoxy.

Too often, the network's success appears as a prerequisite to its viability. Notions of participants knowing 'full well' the equitable allocation of rewards, being 'confident' about adequate recognition of ideas, and users 'of course' crediting the originators of innovations, tend to create a prescriptive and slightly uncritical rhetoric. In the light of the barriers looming on the way to realizing collaborative multi-firm networks, a pinch of reservation may have produced more credibility with the reader.