Georg Michalik

Co-Creation Mindset

Eight Steps towards the Future of Work

Springer

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Preface

The department was divided. Alliances had formed between team leaders, and there was open conflict. The head of department had his favourites and others he could not get along with. The assignment was to get to the root of the conflict together with the head of department. The coach started with one-on-one discussions. In the process, he observed that each of the people involved had a credible version of events, but that the different versions did not fit together. How could that be?

If you have ever mediated a dispute yourself, you will probably have experienced something similar. The reason for this is that people construct their own reality. In doing so, they condense the story and arrive at different conclusions. However, an amicable solution is only possible if the parties involved recognise the same reality, are open to other points of view and allow themselves to be convinced.

The more complex the situation, the greater the likelihood that people will construct their own reality and the more difficult it will be to agree on solutions. The VUCA world (Volatile, Uncertain, Complex, Ambiguous) poses this challenge to companies and other organizations. They face a growing gap between an ever-increasing number of options and the need for faster, consensus-based solutions.

Co-creation aims to bridge the gap between possibilities and sustainable solutions. In co-creation, people connect to recognise their shared reality, to set a common goal and, from this, to arrive at actions that are binding for everyone. The idea of co-creation is obvious, and more and more people are of the opinion that only in this way is real problem-solving possible.

Co-creation shows us how to uncover our hidden potentials. Together we can achieve things that would not be possible alone. But this is not always so easy. The book shows how the co-creation mindset and the eight steps of the co-creation process make it possible for people to overcome their single-minded ideas, connect with each other and together make the impossible possible.

The book is full of practical examples of how this has been successfully applied in business. It gives managers, HR professionals and consultants a wealth of ideas on how to awaken the dormant potential of their teams and organizations.

The goal of this book is to clarify what is meant by co-creation and how it is applied. It details an eight-step implementation process and describes how a whole organization can develop a culture and practice of co-creation. The reader will be shown how co-creation differs from other forms of collaboration. Co-creation is more than just a new buzzword. It's a different way of looking at how people work together.

Who is this book addressed to?

This book is addressed to people who are thinking about how they can perceive, decide and act together more effectively and efficiently. This usually happens when they repeatedly come up against limits in their perceptions, decisions and actions.

It is aimed at managers, technical managers and those who are functionally involved in the development of their organization: human resources, corporate development and continuous improvement.

It is also addressed to experts who help guide companies and organizations in their development. For them, it is a storehouse of insights, methods, experiences and proven procedures.

The book is also intended to provide an impetus for all the members of an organization to explore different ways of collaborating and to shape their future together. Teams that work with the Co-Creation Mindset are happier, more creative, faster and more committed in execution.

Q & A

I am often asked to describe co-creation in a sentence: what it is, what it is not, how it works, when to make use of it and so on. This Q & A right at the beginning of the book is intended to answer your basic questions and to pique your curiosity.

What is co-creation?

- Co-creation is a way of jointly shaping the future in organizations.
- Co-creation builds on human connection: knowing yourself, connecting with others and being bound together by a common purpose.
- Co-creation is an attitude: only in openness, trust and transparency is it possible to find sustainable solutions to complex problems.
- Co-creation is a process that leads people to consistent cooperation in eight steps.
- Co-creation can change corporate cultures, leading them out of the old world and into a new one.

When should it be used?

- When organizations are looking for a future-oriented form of value creation.

(continued)

- When a major goal or a vision needs to be defined or implemented.
- When people are no longer working well together.

  When should it not be used?

- When the will to share responsibility is not there.
- If there is not enough decision-making authority.

  When is co-creation recommended instead of other methods of collaboration?

- Co-creation instead of agile methods: if the relevant structures, processes and attitudes have not yet been clarified, then co-creation is a progressive way to reach that point.
- Co-creation instead of team development: when the development of a team should be linked to a concrete goal.
- Co-creation instead of continuous improvement, lean, kaizen, etc.: when the gap between "is" and "ought" has become so large that it can no longer be bridged by mere corrections.

  When are other methods of collaboration recommended instead of co-creation?

- Project management: when it is clear why, how and what is to be done, then it is a matter of implementing this through projects.
- Process management: when the projects have been implemented and it is a matter of integrating them into daily processes.
- Meetings: when co-creation is too exhausting, and you want to switch off for a bit.

  How can success be measured?

- An initial measurement is carried out through the Potentialum organizational diagnosis. How successful the measures were can be determined by follow-up measurements.

  What does it cost?

- A better question would be: "What is it worth to us if our organization is successful and the people in it are committed?"

(continued)

How long does it take?

- The co-creation kick-off workshop lasts a day and a half. A lot can come out of it.

I hope that you enjoy this book and that it leads you to many insights.

Greater Zurich Area, Switzerland   Georg Michalik
June 2020

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Introduction

What exactly is "co-creation"? What lies behind it? Is it just a trend? Is it just an old idea in a new package? How can we use it in our organizations?

Co-creation is more than a trend, more than a method and more than new packaging for received wisdom. Co-creation stands for a change in the way people think, feel and act. It grows out of a feeling of increasing helplessness in the face of problems. Even knowledge and innovation are not always helpful. It often seems that problem-solving is becoming more complicated by the day, not in spite of technological progress, but because of it. Innovation begets innovation, so that the number of options available to us grows exponentially. Technological progress can help us when the appropriate solutions can be found and applied, but keeping track of these and choosing the right ones is becoming increasingly challenging (Harari, 2015). On their own, individuals find this task overwhelming. It takes people who know how to communicate in an appropriate way to find the right paths forward.

How do we manage to figure out what these paths are in our organizations? The external environment is changing faster than ever, and companies have to react just as quickly.

What if we were to succeed in developing corporate cultures in which it was possible to foresee future developments? This would require an understanding of how openness, transparency and permeability can represent a competitive advantage. Companies need to understand that they are harming themselves if they promote a culture in which people work against each other instead of with each other.

This happens, for example, when successes are achieved in one division at the expense of other divisions within the company. It also happens when particularly talented employees are kept in their own division instead of being shown opportunities for development throughout the whole company, or when developers advance their own solutions without coordinating with product development in other divisions. A special term has become established to refer to these phenomena, which mostly emerge at interfaces within companies. In these cases, we speak of "silo thinking". If you are affected by this, you might be asking yourself: "How can

this be? We're all in the same boat! If only everyone else thought and acted for the sake of the whole company, then everything would be better".

This point is obvious and has often occurred to people. But if it is so obvious, why don't we do it? The answer seems quite simple in principle, because on the cognitive level we know what to do. On the emotional level, however, we find social behaviour outside the framework of our existing personal relationships incomparably more difficult. With our friends, families, neighbours and colleagues, as well as at sports clubs and everywhere where we are already connected to people, we willingly engage in social behaviour. With strangers, however, we do not feel connected in the same way, especially if there are many of them, if they are from somewhere else or even if they just look different.

1.1   Being Connected with Each Other

Perhaps some readers will object that this picture is exaggerated and simplistic. Human beings are much more diverse. Of course, this is true. However, a very specific aspect should be emphasised: we tend to view people who have less in common with us with more distance than people with whom we have more in common. The better we know our fellow human beings, the greater our emotional closeness.

Take the following example:

"Malaysia Airlines has recently been in the global media spotlight, due to the loss of contact with Flight MH370 and the search for the missing aircraft. The scheduled flight from Kuala Lumpur to Beijing disappeared from air traffic control surveillance at Subang Airport at 01:21 local time on 8 March 2014. Since then, the Boeing 777 with 227 passengers and twelve crew members [sic] on board has been missing. Despite the most extensive search operation in the history of aviation, neither the flight recorder nor debris have been found so far." (www.welt.de) (n.d.).

I can still remember how I felt, when I first heard the news in 2014: "Hopefully the plane will turn up. Maybe it's just a mistake". Days later, when still no trace of it had been found, it was clear that a major accident had occurred. My thoughts at the time were: "That's terrible. Those poor people and their relatives". However, I must admit that I went back to business as usual after that.

Can you remember what your thoughts and feelings were? How do you feel today about the fact that MH370 is still missing?

Now imagine how you would have been affected by the disaster if some of the basic conditions had been different. How would you have felt, for example, if you had spent your last holiday in Malaysia? How would you have grieved if your best friend or partner had been Malay? Or if there had been a tour group with 20 people from your country on board? Or if it had been a plane belonging to your country's national airline that had disappeared over the Atlantic?

In none of the cases would anything have changed for you personally. Nevertheless, most people would be more deeply affected under these circumstances. That would be true for me, at least. People feel more or less connected to each other

depending on how much they have in common. A personal connection is a prerequisite for taking the interests of others seriously.

Of course, there are many individuals who have realised for themselves that it is important to connect with others, without reservation or discrimination. They engage in volunteer work, pursue a socially oriented profession or simply reach out to others, whether they know them or not. Acting in this way is mostly the result of a personal learning experience. Our socialisation in our family and environment also contributes to this learning experience. People need to experience for themselves why it is worthwhile to act socially. Without this experience, we primarily perceive the differences between us, rather than what unites us. Perhaps we were lucky and have been treated well by strangers or perceive others positively ourselves. In this way, we can learn what happens when we respect what unites people. If you feel this way, then you have probably had positive experiences of connection yourself. In doing so, you have been able to recognise the benefits of thinking and acting together with others and made it part of your attitude towards other people.

What does this mean for working together in companies or even beyond system boundaries? How well do we know all our colleagues and what positive experiences have we had with them? According to the view presented above, alienation ought to be greater in large organizations. Employees no longer know each other personally. They see strangers in their own company. If this is the case, then the obvious solution could be to create situationally based emotional closeness, and thus to make cross-departmental thinking, feeling and acting possible.

This is exactly where co-creation comes in. It seeks to enable people to have this positive experience of connecting with others.

When people connect with each other to create something new together, when they use their collective potential to confront complex problems, when they overcome their fears and realise that their fellow human beings are not a threat, then co-creation can take place. For it is together with our fellow human beings—whether we know them or not—that we must overcome the great challenges that face us. Only then can the new, the necessary, come into being in our companies and in the world more generally.

1.2   Finding Solutions Together

Aren't these thoughts also at the foundation of cooperation? You may be asking yourself what distinguishes co-creation from cooperation.

As the neuroscientist Gerald Hüther says: "When people connect, when they develop their potentials together, then something emerges that is more than cooperation. Then we can speak of co-creation" (Hüther, 2016).

The term cooperation is defined in very different ways depending on the context. The Oxford English Dictionary defines it succinctly as: "The action of working together towards the same end, purpose, or effect" (Oxford English Dictionary). The *Gabler Wirtschaftslexikon* refers primarily to cooperation between companies: "Cooperation of varying intensity, duration and purpose between legally

independent companies. Cooperation partners can be both competitors, i.e. companies at the same economic level, as well as companies at a different economic level" (Weerth & Mecke, 2018). For cooperation in psychology, the *Spektrum Lexikon der Psychologie* states: "Cooperation has been studied within psychology primarily by social psychology, with the prisoner's dilemma being a frequently studied experimental game situation, the central research paradigm. The prisoner's dilemma is also considered a prototype of a social dilemma in which short-term self-interests are placed above long-term general interests. The influence of social orientation on behaviour was shown in these numerous experiments. The classical approach considers cooperation as a social relationship that exists between the goals of the actors in a particular social situation. A distinction is made between cooperative and competitive situations. In the cooperative situation, the goals of the actors are positively related to each other, whereas in the competitive situation they are negatively related to each other" (Spektrum, 2000).

In cooperation, the focus is thus on the congruence of goals and the balancing of interests. In this process, the actors keep to themselves. In co-creation, the actors come together as a unit and create something in common. This makes co-creation very different from cooperation. Co-creation can be defined as follows: "Co-creation is connecting people and their goals to jointly create solutions".

Let us return to the phenomenon of silo thinking. You may now be wondering whether overcoming silo thinking is not, in essence, simply about working better together within organizations. If we pursue this line of thinking, then co-creation would help to overcome silo thinking in companies.

Imagine a silo: in most cases, it is a long storage container. It is intentionally designed such that there is no interaction with the environment. Silos are sealed, only being opened for filling and emptying. Wikipedia describes this situation in unintentionally metaphorical terms: "Silos are basically filled from the top and emptied from the bottom" (Wikipedia). We are also familiar with this arrangement from corporate silos (Fig. 1.1).

Decision-making processes in corporate silos also run from the top to the bottom, while the execution message runs from the bottom to the top. Thus, in the silo, we have a strong vertical orientation when it comes to communication. One might say that people do not look to the left or right, but rather up and down. However, companies do not get very far by orienting themselves on this vertical axis. They can increase vertical integration and can learn to work more efficiently, but they can only effectively enter into exchange with other divisions, customers, stakeholders, etc., along the horizontal axis.

Effectiveness requires horizontal perception, thinking and action. Some companies have recognised this and developed horizontal processes. They call these "end-to-end business processes". Here, the process is considered to extend all the way from the customer enquiry through to the company's performance. The divisions involved can include marketing, order processing, production, shipping, service and many more. On the horizontal axis, interfaces arise that require different control and escalation mechanisms than on the vertical axis. In a standardised linear process, like end-to-end processes, these interfaces are known and can be managed.

Fig. 1.1 Working in silos
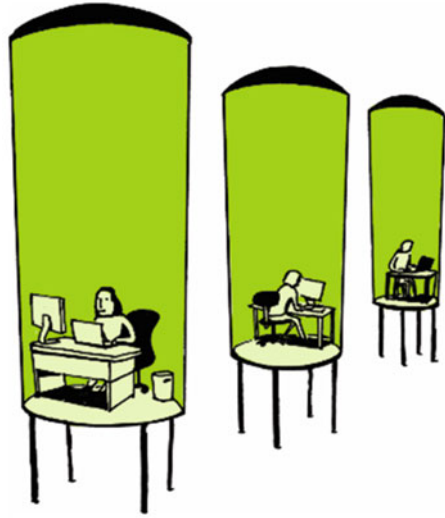
Fig. 1.2 Surfing the wave

There are either specific people responsible for this or cross-departmental control and coordination groups.

The situation is different, however, when it comes to the non-linear, complex processes described at the beginning. If we were to chart them, we might assume that they are chaotic: they skip process steps and move freely within hierarchies. They are iterative, sometimes incredibly fast and occasionally bring everything to a standstill. If a company does not learn to deal with them, they can turn into a serious challenge. However, if a company learns to skilfully manage them, then it creates the opportunity for major leaps forward in development. In this case, the company learns not only to create waves itself, but also to surf on them (Fig. 1.2).

The basic prerequisite for dealing with complex problems is "relational thinking" (Franzen, 2018). This form of thinking is contrasted with feature-oriented thinking, which suffices for solving linear complicated problems. Feature-oriented thinking compares the features inherent in different things and chooses those that seem more useful. By contrast, relational thinking sets things in relation to each other,

establishing relationships and attempting to recognise their shape within the whole
of things.

Relational thinking is demanding, because it requires calmness, patience, pres-
ence and space. Under pressure to meet deadlines and to succeed, we tend to prefer
simple, repeatable formulas. Once when discussing coffee capsules with an expert, I
stated that if you were to find the right type of capsule, you would get excellent
coffee, but that I myself preferred the hand-ground coffee from my portafilter
because it tastes a little different every day. He replied that he could understand
where I was coming from. They had done research, and there were indeed customers
like me. However, they only made up 5% of coffee drinkers, while the other 95%
preferred to have exactly the same taste every time.

Co-creation not only seeks to generate solutions through relational thinking, but
to do so by cultivating relationships to and collaboration with others. What would we
be able to achieve, if co-creation were to apply relational thinking to collaborative
work in organizations?

That is the claim advanced in this book. It aims to show how shared relational
perception, thinking, feeling and decision-making can make co-creation possible.
Co-creation should fulfil one central condition: it should suit the tastes of 100% of
the people involved, not merely 5%. We believe that this is possible, as long as we
have the right mindset and methods.

The following chapters will describe how to create spaces of shared relational
thinking, how to produce waves in these spaces and ride them together, how
companies can use this approach to address non-linear complex challenges and
how a culture of fearlessness and mutual respect can emerge in the process.

1.3   Being Connected: Finding Solutions Together

If people enjoy working together, they will work together.

To arrive at really good solutions, it helps when people find a way to connect fully
with each other, such that they are able to draw on their shared potential. This is
possible with just two people, but such a process can also involve several people who
join together as a team. In joining together in a process of co-creation, the individuals
should still retain their individuality, so that their personalities and experiences can
enrich the team. It would be great to be 100% a team, while recognising oneself and
feeling recognised as an individual within it (Fig. 1.3).

Cooperation and collaboration have become important buzzwords in companies
in recent years. Yet it is not always quite clear what the difference between them is
supposed to be. Do we really need another term to describe a particular way of
working together?

As you read this book, you will learn that co-creation builds on a fundamentally
different premise than previous approaches to working together. It is therefore
advisable to introduce a new term to describe this particular approach: co-creation.

Fig. 1.3 Being able to be the whole team—and within it the "I" for individual

In Chaps. 4 and 5, we will look at the Potentialum organizational model. There, we distinguish cooperation from co-creation, in that cooperation is a team's knowledge of the rules of cooperation, while co-creation is the application of this knowledge to value creation.

People in organizations need to know how they want to and should work together. These rules define how responsibilities, roles, tasks, communication, interfaces, etc., are handled. However, on its own, this knowledge does not make a company really efficient. For this, it needs to connect people who have complete mastery of their specialisation to form a "performance community" that makes it possible to create something new.

New things come into being from connection; they "emerge". Aristotle described this emergence as follows: "That which is composed of components in such a way that it forms a unified whole—not in the manner of a heap, but like a syllable—is obviously more than the mere sum of its parts" (Aristotle). One might say that when masters of various subjects unite come together in pursuit of a single goal, when they have a shared understanding of an object, they have the power to change things. Such a result can only come from a conscious connection between experts. This too is co-creation.

Moments like this are often not planned, but somehow simply happen. A situation of this type arose when I was taking the train to the airport with two business partners after days of intensive work. The journey took an hour. For 2 days, we had been working on a concrete project and, at the same time, had kept talking about an idea that we only sensed on some level. Exhausted, we drifted off, started philosophising. All of a sudden, a new idea emerged from the unity and diversity of our thoughts. The three of us still talk about what happened that day, laughing about how one of us took a nap and suddenly everything was as clear as day.

We had not been actively looking for this situation; it simply happened. It was not entirely by chance, since we had had deep conversations with each other again and again, but it emerged coincidentally at that moment and under those circumstances.

Are these "aha" moments between people that create great things, that bring about real innovation and change, merely the product of random chance? Or can they also be brought about consciously? Can we create spaces of time, experience and connection in which co-creation can occur again and again in very different constellations? We have been working on this problem and believe that this question can be answered in the affirmative. These moments can be deliberately brought

about. It is always very specific things that we do, moments that we create, spaces that we need in order for this to become possible.

Imagine what it would be like if you could consciously create great moments like the one on the train. If they were no longer left to chance, and thus rather rare? If we could do this, then it would be a big step forward for our organizations. We would be able to connect our brains ever more comprehensively into goal-oriented, and yet inspirationally open thinking spaces—creating a shared consciousness that is more than mere computing power. For humans possess what computers do not: wisdom, deliberation, experience and values. They can incorporate purposeful action, and thus make use of what makes us human at our core: uniqueness, creativity, unpredictability and sometimes surprising irrationality from which something new can emerge.

We call these moments "co-creation"—that is, a human connection aimed at creating continuous value. Co-creation is not left to chance, but is consciously brought about, in order to be exploited and learned from. Through it, we learn about ourselves and what we want to achieve.

Through co-creation, we create a "collective consciousness" from those involved in the process. In this collective consciousness, people connect with each other, as well as with the matter at hand, understanding together what their role is in the process and experiencing themselves as no longer separate from each other. In this moment, the individuals are connected to each other in what is happening. They see themselves and the others as an essential part of the perception, evaluation and shaping of the whole. This is where co-creation takes a distinctive path from other problem-solving or workshop methods. If we reach this high level of connection with others and the common connection with a goal, then we can synchronise our thinking going forward. In synchronisation, cognitive abilities and sensations are joined together in a network, opening up new mental capacities for coping with complexity.

We see: In cooperation, people seek the common denominator. They keep to themselves and contribute their interests, and the result is negotiated. This common denominator is the compromise. In itself, a compromise is not a bad thing, but it is also always less than what could be possible. Because as long as they are in a negotiation situation, people are under stress. And under stress, our creativity is limited.

Cooperation also only takes place as long as our interests overlap. When this is no longer the case, cooperation breaks down. Co-creation is looking for an alternative way. In essence, this book describes this alternative path: people in the co-creation all press the "reset button" and start all over again, together. With this, they have nothing to lose, but only to win. This is also the reason why those involved in co-creation can approach each other without stress.

However, this requires strong personalities who are willing to trust the result of the group more than the result they have defined for themselves. To do this, they need to know their strengths and the strengths of others in order to trust themselves and the others.