

CROSS-COMPANY CONSORTIUMS: Tackling Business Challenges and Developing Global Leaders Together

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This article is a summary of lessons learned from over a decade of experience with self-managed cross-company consortium programs throughout the world. Others have also provided their perspectives and I would, therefore, like to acknowledge the following individuals: Stefan Bauer, Karl-Georg Degenhardt, Aruna Krishnan, Chantal Fleuret, Stephen Mercer, Celeste Messina, Julie Powell, Ake Reinholdsson, Tony Russell, and Jan Wilmott.

There is growing realization that much development and learning, as well as business insights, are to be gained by executives when they engage with other business people **outside** of their organizations and share both experiences and dilemmas in a more systematic and focused way. This is a compelling reason why we see the growth of self-managed **cross-company consortium programs** (sometimes called B2B Consortiums) that involve non-competing companies and leaders.

In the past, and to a far less extent today, business schools were approached by companies to run these consortiums or initiated them. Over time, they found them to be very difficult to manage. According to one business school's internal report that analyzed almost twenty such business-school run consortiums at the end of 1990s: "while attractive and 'clonable', consortium programs have additional complexities, compared to managing open enrolment and company-specific programs. Certainly, more work is required--consortiums require a high demand on resources requiring a high level of support from a program director (faculty member), business school faculty, program manager, and program coordinator". They go on to state that these "additional complexities" included membership issues, that is, attracting the "right" companies because members "were hard to find and keep". The report concluded that for successful consortiums, "it is necessary to have a core proactive group of companies or an individual company as a leader or champion within a consortium. This core group should be flexible and should invite other companies to join on the basis of flexibility over exclusivity".

Today we see a distinct trend by companies to self-organize and self-manage their own consortiums without business school leadership and management. One early pioneering example was the Boeing-initiated International Consortium Program (ICP) (2001-2004) that involved ABB, ABN Amro Bank (today part of the Royal Bank of Scotland), BHP Billiton, and later the Benfield Group (now Aon Benfield), Standard Bank from South Africa, and Tata from India. Following on the heels of the ICP was another consortium, the Global Consortium Program (GCP) that included Alcan (now Rio Tinto), First National Bank (South Africa), Honeywell, and PanAsia Paper (now known as Norske Skog). Today there are several other consortiums including the Global Learning Alliance (since 2005) with Lilly, L'Oreal, Rio Tinto, Schneider Electric, and Wipro. And there are also local, that is, national self-managed B2B consortiums, as for example, in India. Since 2007, seven companies have come together to implement what they refer to as the "Seniors Leaders Program", involving the Aditya Birla Group, Colgate Palmolive, Dr. Reddy's, Genpact, HDFC Bank, Mahindra & Mahindra, and Wipro.

Self-managed cross-company consortium programs share some common characteristics. They tend to:

- be modular and less than three weeks in duration;
- run over a span of less than six months (for each program);
- include a Business Challenge provided by their respective top management;
- incorporate sessions on leadership and other business topics chosen by participating company representatives;
- involve between 4 to 7 companies, sending no more than 8 participants each, with less than 40 participants in number;
- be focused on engaging senior executives and separately, also "high potential talent". In the case of the Indian consortium, participants are three levels below the top executive team but with work experience of between 15-20 years and an average age of between 40-45. In the case of the Global Learning Alliance, participants, in general, are selected from those who report directly to the Board or Executive Committee. To GLA program directors, it is often important that all participants are peers, dealing with similar degrees of complexity in their roles;
- be self-managed by what can be termed a Steering Committee where all companies have a representative and work in partnership with an external provider. Usually a Steering Committee plays an active role in the design and implementation of the program, along with the outside advisors. In most cases the program directors also participate actively in their respective company teams during the program as well;
- organize venues either at a member company's learning center or where a location serves the common business interests of the consortium companies;
- include a costing scheme that is by company and not by individual participant attendance. A company is charged the same whether they send 4 or 7 participants thus ensuring cost sharing equality and the optimization of attendance.

Cross-Company Consortium Objectives and Benefits

Participating companies believe that international and local B2B Consortiums accomplish several objectives and needs. In a successful consortium program, not surprisingly, participants also cite many of these as having been *their* benefits from a consortium program.

Companies state (and we paraphrase here) that consortiums:

- accelerate the development of global executives who can gain a knowledge and understanding of global business practices, cultures, and shared leadership dilemmas from executives in other global companies;
- enhance and accelerate a deeper understanding of trends in business and society on a global level;
- provide a platform to build an external orientation and networks for their leaders;
- encourage leaders to learn alternative perspectives on problem solving from other companies because change is the order of the day;
- ensure greater customization of design and contents for the program, designed and managed by learning partners to serve the needs of a specific population of executives and be easily aligned with business priorities;
- make possible an obvious cost advantage: for example, sharing the cost of world class global inputs and premiere faculty reduces costs for all participating companies.

What Things to Consider and Watch Out For When Starting a Consortium

For those companies that would like to launch and implement cross-company consortiums, a number of steps and issues should be considered.

1. There should be a "champion" company or a core group of companies that have the backing of their top executive leaders (CEO, Chairman, Board) to initiate and implement such a consortium.
2. It requires resources both in terms of time and funds to organize a consortium. The initial clarification of objectives, discussions with potential partners and alignment and agreement of consortium members takes several months, longer than most people think.
3. The reasons for selecting consortium partners can vary widely so there should be clear selection criteria. For example, we have seen the following being taken into account: non-competing industries and companies, number of employees, size of annual revenues, the global reach or "footprint" of the company, reputation and brand, depth of innovation, membership in the Fortune Global 500, the Financial Times Global 500, assets under management, and so on.

Strategic objectives and realities drive learning objectives. Boeing, for example, was looking to "globalize" their senior executives as quickly as possible in order to compete more effectively internationally. Most of their people were either US-based with a smattering of Australians with little or no exposure to the global business environment. As a result, Boeing sought out companies that had their home base in various regions of the world: India, Africa, Europe, Australia, and had either an obvious regional or global presence, or both. The reasoning behind this was to expose Boeing's executives to leaders who had very extensive international and regional experience and were willing to share their knowledge and lessons learned. Flexibility was as important as exclusivity in the minds of the Boeing organizers and so often size was not as important as the depth of possible learning and openness to learning and sharing.

Most companies in international cross-company consortiums tend to be on both the Fortune Global 500 or the FT Global 500 but sometimes a small yet dynamic company has been invited into a consortium on a rotational basis, since it would not, due to its size, have a large enough pool of top executives to participate in a consortium over a longer period of time than other members.

4. The Steering Committee members representing their companies in a cross-company consortium should be influential and respected in their organizations, with considerable self-confidence to deal effectively and easily with the very top senior executives at board level, as well as with other line managers in their company. Steering Committee members should be able to help their internal senior executive sponsors craft and assign important strategic business challenges for participants to work on and ensure a balanced appreciation of a focus on business results, and learning that is both of significant benefit both for the organization as well as for individual participants. Steering Committee members must also be able to command the respect of peers in other companies, since it is their role to recruit new companies into a consortium.
5. Having a "charter" or agreement among the cross-company consortium companies is essential both for the efficient running of a consortium as well as for providing guidance and clarity to potential company partners as well. One such "charter" covered the following topics:

- Principles and Objectives of the Consortium
- What is Required of a Consortium Member Company
- What is Required of a Steering Group Member
- Financial Arrangements

Steering Committee Processes and Organization
Participants from Partner Companies (number, levels of responsibility, profiles, and responsibilities during the program)
Cancellation and Postponement
Use of Company Facilities/Location for Modules
Appropriate Number of Participants and Participating Companies
New Participant Companies
Program Design (and timelines)
Relationship, Processes, Fees and Roles of Outside Advisor/Providers

Lessons Learned by Cross-Company Consortium Companies

1. Senior executives are able to relate better to theory when they see it being practiced by peers from other industries;
2. Very often seeing their own business challenge through the lens of these peers provides a completely different perspective to the business challenge and hence more innovative solutions;
3. Interacting with peers from different industries who are facing similar leadership challenges albeit in different environments and industries, universalizes leadership competencies and behaviors and hence lends more credibility to "Leadership Development" initiatives;
4. Many long lasting business and personal relationships have developed between participants as the program was able to provide a "safe" platform whereby trust and honesty were established;
5. Managing the administration and logistics of a program are far more complicated and time consuming than originally assumed. And when consortium programs are fully self-managed, that is, without the assistance of outside providers, ensuring uniform quality of experience when a module or program moves from one consortium partner to another is not easy: it is important to establish clear guidelines and standards;
6. A web site for a program is essential because it allows participants to capture information and share knowledge even well beyond a specific program's duration, thus also building an effective alumni network;
7. Careful consideration should be given to the program venues. Some consortiums select venues based on criteria that are not just cost effective, as described above. For example, in one consortium, locations for the programs are also chosen for the importance to the respective company businesses, and in another example, a two module program venue selection is based on selecting a representative venue for an "emerging economy" and then for a "mature economy".
8. Also vital is the active participation and engagement of a Steering Committee made up of representatives from the Consortium companies. One program director viewed a Steering Committee as the "heart and soul" of a consortium program and compared it to "somewhat like a marriage--but one without any type of legal contract". Although his consortium also had a Charter, its real strength lay in "the members' personal pledges to work together, communicating openly and honestly, supporting the Program through thick or thin, and devoting the energy and resources necessary to its growth and success. Trust and teamwork were the essential ingredients. We spent many hours together developing plans, strategies, and just getting to know one another." It could be added that participants must also respect their Steering committee member so that participants can more easily "trust the people and trust the process";
9. Flexibility is more important than exclusivity, a point already mentioned when considering

- new company partners;
10. Good consortiums turn into communities of practice, with program directors, and participants going beyond learning and sharing on matters regarding just the actual program. In the best cases, larger dilemmas and issues are discussed even after the program itself;
 11. When it comes to content in these cross-company consortium programs, it is important to keep in mind the nature of adult learning, and to respect the maturity of participants. To paraphrase one pioneer of executive learning: the best curriculum is in the experience of participants in the room and the best teachers are they themselves. Lectures, case studies, simple simulations, should be kept out of a consortium program or kept to a minimum. They tend to be more in the domain of MBA and other business studies. Almost all participants have already been through these approaches and this career phase. And in most cases these traditional tools are not helpful as the realities and issues encountered by senior executives are far more complicated, where there are no "right answers". Getting participants to see themselves as "partners in adversity" and creating as many opportunities as possible in order for them to share, clarify and discuss their business and leadership challenges is the true contribution any cross-company consortium should strive to achieve.

The Future of Cross Company and Self-Managed Consortiums

Ironically, the future of cross-company consortiums lies in the lessons learned from past experience. We know that the best learning and business results come from people tackling unfamiliar problems in an unfamiliar setting. The cross-company consortiums discussed above can be described as familiar problems in a somewhat unfamiliar context.

In the 1960s and 1970s some pioneers of executive development and education went further. Among the things they initiated were consortiums that included participation from public as well as private sector organizations; participants working on the business challenges of **other** organizations; and even more, implementing their recommendations on the business challenge in the **other** organizations--truly unfamiliar problems in an unfamiliar setting". For example, one participant, an engineer from a manufacturing company worked on a major business challenge in a bank and was then responsible for implementing his recommendations inside that organization. Who is doing this today? And why not?

Cross-company self-managed cross company consortiums are today clearly of value to participating leaders and their organizations. With a little more effort and imagination, and guidance from past experiences, we can achieve even more by going "back to the future" in one way, and in another way by recognizing the benefits of working together in our increasingly collaborative world.

Sources/Further reading:

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