Championing SME eCollaboration

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Abstract
Collaboration and eCollaboration are arguable necessities for firms in today's economic age. Gone are the times when a firm could stand alone in the market warding off the competitive pressures of rival firms. Today, just the competitive forces of globalization alone are significant drivers to enable collaboration amongst rivals. The advantages of collaboration and eCollaboration for SMEs are profuse, providing small firms a measure of economic security in a world in which many industries face hyper-competition, particularly from countries with very low costs of labor. In discussing the nature and advantages of eCollaboration, the need for an eCollaboration champion becomes apparent. This case discusses eCollaboration from the perspective of 70 Australia SMEs and presents a model for the successful championship. In so doing, it discusses the multiple roles a champion must embrace and the various issues and dilemmas that are contingent to these roles.

Keywords
ecollaboration, championing, sme

Disciplines
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EXECUTIVE SUMMARY
Collaboration and eCollaboration are arguable necessities for firms in today’s economic age. Gone are the times when a firm could stand alone in the market warding off the competitive pressures of rival firms. Today, just the competitive forces of globalization alone are significant drivers to enable collaboration amongst rivals. The advantages of collaboration and eCollaboration for SMEs are profuse, providing small firms a measure of economic security in a world in which many industries face hyper-competition, particularly from countries with very low costs of labor. In discussing the nature and advantages of eCollaboration, the need for an eCollaboration champion becomes apparent. This case discusses eCollaboration from the perspective of 70 Australia SMEs and presents a model for the successful championship. In so doing, it discusses the multiple roles a champion must embrace and the various issues and dilemmas that are contingent to these roles.

Keywords: collaboration, e-collaboration, SMEs
INDUSTRY BACKGROUND
It is becoming increasingly important for smaller organizations with similar or complementary capabilities to collaborate in order to survive in today’s increasingly competitive global marketplace (Cheng, Love, Standing & Gharavi, 2006; Lawson, Hol & Hall, 2007). In order to better understand the role of a successful facilitator of collaboration, research was undertaken in Sydney, Australia. The research was conducted amongst representatives from three different industry clusters:

A Defence Supply Network. These are manufacturers and distributors of equipment, goods and services supplied to maintain the ready state of the Australian Defence Forces. The need for these companies to collaborate is manifest as Defence is strategically moving from the situation of dealing with many suppliers to a preference to deal with only a few. As such there is increasing pressure being placed on these suppliers to join together in one form or another. There were 34 companies represented in this cluster. Most were SMEs with less than six employees. However, there were two larger companies (500+ employees) involved in the study. Most of these SMEs were also familiar with and had engaged in eCollaboration. As a result of this firms were able to extend to the research a wealth of information and experience.

An Information Technology Cluster. This is a group of companies who provide technological services and equipment to other businesses – i.e. B2B. The majority of these businesses were in the position of wanting to collaborate, but not yet doing so and not really knowing how to begin. There is great scope for collaboration among this cluster as there is a lot of complementarity among the businesses. For example, some were producers of software, some hardware, and others of electrical services like installers and networking companies. There were 18 companies represented in this cluster. All were SMEs but were small with an average of 3.5 employees. Only around half of these SMEs were familiar with, or had used, eCollaboration. For example, one firm had extensive knowledge and had gained large amounts of economic value through their collaboration with other cluster members, while other SMEs were reluctant to indulge through their fear of sharing customers and customer information with ‘competitors’.

A Marine Association. There was more variety in this group of companies. They ranged from suppliers of marine products (e.g. boats suppliers and fishing products suppliers) to repairers (e.g. outboard engine repairers) to operators (e.g. tourism operators and fishing charters). The biggest inhibitor for successful collaboration among these companies was there profound lack of IT-based skills – a majority were reluctant to engage with even the most rudimentary of e-tools for collaboration. There were 12 companies represented in this cluster. All were SMEs with an average of 4.2 employees. Only a few of these companies were familiar with eCollaboration. Only one had actually engaged in eCollaboration, and while this was more of a taste than an actual enterprise, they had a positive experience by sharing web-based links, and co-bidding on projects through a utilisation of complementary products and services.

From these industry sectors 70 participants, from 64 companies, were engaged in focus group sessions. Each session was facilitated by an experienced moderator and a scribe. The size of each group was kept between eight and ten participants to encourage equal participation (Krueger 1998). Group consensus was not sought during the focus groups. Rather, each participant was encouraged to provide their individual opinion and experiences (Morgan 1997). The goal of each focus group was to allow candid discussion around a range of pre-organised topics.

THE VALUE OF E-COLLABORATION
Technology has done many things for small businesses. In one sense small business has been harmed through the advance of technology, which, from a competitive perspective, has made the world a much smaller place (Mustaffa and Beaumont, 2004). To balance this, technology now provides the means for small businesses to collaborate and build complementary skills to provide a better competitive standing in the world market. Electronically enhanced collaboration, or eCollaboration, allows firms to transcend the
boundaries of space and time, permitting asynchronous communication and other Information Communication Technology (ICT) enablers (Burgess & Sargent, 2007). eCollaboration provides participants clear market advantages, not least among these is profit. Gains can also be realized in areas like knowledge management, increased customer service, optimized supply chains, and better inventory control (Perry et al. 2002).

There is a great amount of discussion in the literature about the importance of firms, especially small to medium enterprises (SMEs), to work together and maneuver from a position of competitiveness to one of collaboration (Cheng et al, 2006; Ginige, 2006; Lawson et al, 2007). Popular strategies exist to leverage synergies, expand economies of scale, increase market access and size, and optimize supply chain advantages (Jones & Burgess, 2009b). With the enhancement of eCollaboration, firms can also learn to integrate systems, enhance knowledge transfer and retention, and increase redundancy of labor and capital (Lawson et al., 2007).

In its fundamental sense, collaboration is the process by which two or more businesses work together to achieve a common purpose or goal using shared resources and co-commitment. This way, both of the end users of this sort of collaboration strategy are gaining, in terms of their knowledge or economic value gain. As this process involves flow of knowledge or activity from within an entity to outside of the entity or towards an entity from outside the boundary of another entity, one could term this as an illustration of open innovation strategy (Chesbrough, 2003).

eCollaboration is a new approach to the formation and maintenance of cooperative enterprise involving the introduction of electronic communication tools to facilitate collaboration. With eCollaboration the interface between firms changes and can take a multitude of forms. Most common are the Internet and email. However, businesses can embrace a range of tools from as simple as a mobile phone or SMS (text) through to complex systems like SharePoint, web sphere, and other management information systems. eCollaboration can be understood as “the computer mediated process of two or more (dislocated) people working together on a common purpose or goal, where the participants are committed and inter-dependent and work in a common context using shared resources, supported by (web-based) electronic tools” (Mayrhofer & Back, 2003, p. 7). Through eCollaboration, stakeholders are able to network between the fields of computer-human interaction, computer-supported cooperative work, and electronic commerce.

eCollaboration provides participants clear market advantages. A commonality of information exchange enables an expedient path of communication that establishes a sense of exclusivity to only those members with collaborative access (Ma, 2009). Seamless knowledge management and storage is also achieved (Meixner & Haas, 2008). Transaction costs can be reduced, and a larger population of stakeholders can be included in transactions for minimal marginal expense (Meixner & Haas, 2008). Firms are able to engage in value creation through enhanced inter-partner learning and by “combining internal and external resources in innovative ways” (Ma, 2009, p. 68). Shared information systems also enable firms to optimize supply chains, reduce inventory costs and risks, improve customer service, and better manage forecasting and planning (Ma, 2009). Moreover, some of the problems related to intercultural conflict that are common with conventional forms of collaboration may be avoided through a greater reliance on the virtual environment associated with eCollaboration (Stern & Hicks, 2000).

However, in some situations, eCollaboration may have detrimental effects. Firms may differ in their levels of technological acceptance. These differences can lead to inequities, where the more technologically capable firm could take advantage of their weaker counterparts (Jones & Burgess, 2009a; Ma, 2009). The virtual advantages of eCollaboration may also become a substitute for a physical presence. Firms must maintain physical contact to produce functional relationships; not least among these is the need to build a sense of trust with the collaborators (Jones & Burgess 2009a). eCollaboration is also
at the mercy of the technological ‘weakest link’. As a result, collaborating teams are perceived as being only as good as the worst information management and communication system amongst the partners. For example, the quality of a partner’s poor internet site may reflect across the whole group of collaborators (Ma, 2009). This was a strong element in resistance towards collaboration for the participants from the marine sector.

Despite the above mentioned challenges, eCollaboration has the potential to contribute to business success. However, it is a function of business that does not come easily or naturally in most cases, and it has the possibility of going wrong in some cases. To have a better chance of success collaborators need a person or body to assist with the facilitation of their collaboration. In the first instance this can be an organization which assists with networking. Following this, collaborators will benefit from having a champion. A champion in this case is someone who is either involved in the partnership, or who is external to it, but who may be able to support and guide the relationship to foster the advantages, and steer around the disadvantages (Ginige 2006; Jones & Burgess 2009b).

A champion can be an individual or a group of individuals. However, when the term is used here it is meant that, in the majority of cases, a champion will be a network entity that is led by one or more people. This network will have members. These members are the current, or potential, collaborators. The network of members may be led by a representative committee or by independent individuals. The champion may be voluntary and unpaid, or delegated and paid, or any combination of these two factors. They may also be a government body or association.

The problem, however, is that a majority of SMEs fail in their attempts to realize these advantages through eCollaboration for one very strong and clear reason – there is little or poor utilization of a facilitator or project champion (Ginige, 2006). Based on the analysis of the three industry sectors introduced above, the study has taken a closer look at this problem. The next section will present an empirically grounded discussion on how firms can better adopt the services of a facilitator – a champion, either internal or external – and what such a person, or people, can do to better ensure eCollaboration success.

THE eCOLLABORATION CHAMPION

The use of a champion to facilitate eCollaboration has clear advantages. However, little is known about the role the champion plays when facilitating eCollaboration. These three industry clusters (discussed above) are analyzed to determine this role. The findings of analysis are summarized into a model of the role of an eCollaboration champion in Figure 1, below.

In order to encourage eCollaboration amongst firms there are four major needs the champion, or an organization acting as champion, must satisfy. The first two of these are seen as soft needs and hard needs, respectively. These two needs are 1) Social Integration – soft, and 2) Project Management – hard. These two needs comprise must-do functions that the champion must fulfill. The next need – Marketing – provides the champion a value-add function and works to both justify and sustain its role as champion. The fourth need – feedback – is also a value-add function that can be provided by the champion, however, this role is not seen as being a mandatory need that must be satisfied. Instead, it is something that if done, is appreciated by collaborators. These needs are discussed in greater detail below.
Social Integration
Social integration is the capacity of the champion to provide for the soft needs of firms wishing to engage in collaboration. Social integration comprises three main functions. The main function of these three is the ability of the champion to facilitate social connection. The next function is to facilitate trust. The third function is to provide mentoring. This third function is especially relevant when firms engage in eCollaboration because of the need to support the technical skills of collaborators. Social integration is illustrated in greater detail in Figure 2, and each function is discussed below.
Create connections

Through physical and virtual means, champions provide social connection. The first of these, which is more fundamental (and definitely more traditional) works by providing a series of gatherings with common and reoccurring themes, for instance regular speakers who address issues of common interest (e.g., strategies for dealing with the Global Financial Crisis or software to improve production lead time). Associated with this, the champion will provide a venue and refreshments. Usually, a significant amount of time is allocated for members to network. The ability to meet and network seems to have increased value during the lean economic times:

*The primary interest in members attending the … forum meetings is the potential opportunities that may arise from meeting people face to face, and being provided the opportunity to promote individual businesses. As Australia continues to be influenced by the global economic downturn, the opportunity to network and possibilities to create business opportunities has become more attractive to members. (Industry Participant)*

A second means of providing this social connection is through a website or web-portal. Of those groups who act as champions, those with web facilities tend to be far more successful:

*In a network such as this, suppliers are encouraged by access to a large number of potential buyers and buyers are attracted by a comprehensive choice of suppliers. This cycle acts as an enabler for both suppliers and buyers to be able to network which also encourages collaboration between supplier members. (Industry Participant)*

In summary, a balance is needed, and it is up to the champion to ensure there is balance. Organizations need access to both face-to-face opportunities for networking, as well as access to electronic systems which support networking. The champion should also encourage members to utilize both sources:

*Businesses can manage their involvement independently and organize collaborative projects online at convenience to them. Finally, in the organization of collaboration there must always be a human element. Technology is a tool for making collaboration easier, but there is always a requirement for personal connection to drive the network. (Industry Participant)*

Need to facilitate trust

Trust is seen by many as the major issue in establishing collaboration. It is therefore, of primary concern to champions to ensure that trust issues are managed well. Trust can be managed by champions in four steps: First, they must establish *bona fides*. Second they need to audit collaborators to ensure they are *able to perform*. Third, the champion should work to *manage confidentiality*. Finally, the champion should ensure a *business imperative* is maintained.

Establishing *bona fides* is an important contribution that a champion can make, because it is difficult for individual firms to perform this function, and they are usually embroiled in the relationship when a *bona fide* check should be made. The champion, acting as a third party who is not invested in the outcome of the relationship, can be impartial in ensuring the transparency of each partner. This step is needed because firms who make a mistake in collaborating with the wrong partner will be reluctant to try again – their propensity for trust will have been dampened. Through assurance of *bona fides*, the champion can underwrite the collaboration with a necessary level of confidence to enable the collaboration to begin, and begin again next time.

A need to ensure partners are able to perform comes from the phenomenon of small businesses tending to promise they can do more than they actually can. This tendency to push themselves beyond core capabilities often results in disappointment and a loss of trust. The champion, who acts as a central body, is in a good position to monitor firms inside and outside of collaboration and to track their performance and behavior. The champion can then act to referee potential partners and vouch for their ability to perform.
An important issue with collaborator’s involvement is their reluctance to share too much information due to the confidential nature of their business. This is especially important in the early days of collaboration while trust is still building. In this case, the champion can act as a trusted information conduit to ensure that all sides receive the information they need, while closely managing information which is sensitive or confidential.

A final area of trust, supported by the champion, is to ensure collaborating partners maintain a business focus and that all potential distracters, like politics and personal relationships (for example, I like working with him, I don’t like her), are minimized. In the end of the day it is about the bottom-line. If businesses don’t make a profit, then no one wins: “The overriding theme for enabling collaboration is an offer of profitable business for the involved firms. Member manufacturers are essentially only interested in collaboration as an impact on their bottom line” (Industry Participant).

**Need to provide mentorship**
While there is a general need for mentoring, and many of the networks studied provided mentoring from a leadership and management perspective, with regard to eCollaboration there is a specific need to build skills in the area of technical proficiency, especially with the internet and other ICT tools. “As many of the network’s benefits are technology focused, many of the business operators lacked the technical knowledge and motivation to take part (Industry Participant). The firms engaged in collaboration often deliberately steered clear of technical aids due to fear or ignorance. There were also differing levels of risk tolerance between firms, which created frustration when firm A was willing to use internet-based collaborative tools and firm B was unwilling. Champions can add a great deal of value by assisting firms to embrace technical aids to eCollaboration by ensuring each is competent with the tools they will need to optimize their partnership.

**Project Management**
Project management focuses on the more rigid elements of the collaboration, which are less easily manipulated by individuals. For example, one of the champions involved in this study facilitated collaboration by establishing rules for exchange and by maintaining a delicate balance of approach to maintain collaborative activity without intervention. As there is little flexibility in these more structured elements of the individual businesses (i.e. rules of behavior; project goals; team values; assurances of equity) they can create barriers between firms who would otherwise make good collaborative partners. A concern expressed by interview participants is the potential for inequity among the partner businesses in terms of control, shared values, and brand value. The role of the champion is to ensure the smooth process of inter-firm collaboration by managing these hard issues. There are three major needs that a champion must satisfy. First, there is a need to ensure that a system of democracy is built into each of the collaborations. Second, the champion needs to ensure there is an alignment of values and culture between collaborating companies. Finally, the champion must satisfy all of these hard and soft needs, while maintaining limited intervention. These needs are illustrated in Figure 3, and discussed in greater detail below.

**Need to provide mechanisms for democracy**
The need for democratic structures is closely coupled to the need for assurances of equity and mutual benefit. In both of these there is a need for collaborators to be able to have equal say, equal control, and to have equal shares in costs and benefits. In some cases larger firms have taken advantage of smaller firms. This power inequity can lead to bitterness and a lack of trust, and sometimes leads to a failure of the collaboration. A champion can act to institute democratic mechanisms to ensure sufficient equities exist and are managed for the best interests of the group, the project, and the client. As a participant from a focus group explains, equity is essential for business success: “mutual benefits are essential for successful collaboration. If overtime, one party consistently benefits more than another, the collaboration is not
sustainable.” Further, even if benefits are reaped by all participants, there must still be an equal level of benefit in comparison to other participants that is maintained to ensure the sustainability of the collaboration.

Figure 3. The Role of an eCollaboration Champion as a Project Manager

**Need to foster shared values**
Firms enter into a collaborative relationship for one ultimate reason – to increase profits, if not immediately, at least in the long-run. However, in attaining this outcome, firms collaborate to meet different needs. For example, firm A may collaborate with firm B to acquire knowledge and experience, or to access a new market, or to secure supply chains they didn’t previously have. These reasons and needs are all legitimate and, providing they are explicit, should not create impediments to a good business relationship. However, values and culture are a largely invisible force driving a firm’s actions and behavior. The ability of values and culture to undermine what appears to be a solid partnership is uncanny. It is, therefore, important that firms become aware of each other’s values and, where possible, align them so that dissonance is reduced. For example, Firm A may hold customer service high in its list of values, Firm B, instead, may value cost efficiency. It is possible that these two values may be incompatible. So during the collaboration Firm A will consume resources maintaining high levels of customer service and Firm B will see this as a waste of money. This study came across this conflict when one partner of the collaboration wanted to expand the business into areas where they already had a high level of competence, while the other partner thought there were more opportunities for the venture if they took on new business in unexploited industries. This incompatibility in business direction ultimately led to a downfall of the relationship.

To be successful in collaboration, consensus on the goals and objectives of the group as a whole is imperative. A champion is able to see these goals independently and impartially and is able to mediate solutions and assist firms in adapting to a common culture and value system.

**Need for limited intervention**
While a champion has a great deal of scope to add value and create stability with new collaborations, the champion has to be careful to let businesses make their own decisions and focus on their own outcomes. Too high an involvement by the champion can be taken as meddling, which can lead to mistrust and can
disrupt the whole process of championing the relationship. Participants from one focus group suggested: “One key success factor for [our champion] is the focus on providing the right amount of support for networking without getting involved with individual projects.” In another focus group it was emphasized that “members must have complete control in how collaborative partnerships play out within the network. Objectives and organization for a business network cannot be pushed by any individual or organization that doesn’t have the motivations of the [partnership] in mind.” Therefore, a champion needs to provide a framework and support for collaboration, but cannot enforce a certain way of doing things.

**Marketing**

When businesses collaborate they usually do so for a particular business venture or goal. When this venture or goal is satisfied, many collaborations continue and seek new work from other areas. A value-added service a champion can provide is to market the skills and services of this collaboration to other areas, both internally to network members and externally through a web-portal. However, in contemplation of marketing, a conflict cycle emerges. A major driver of network success is the ability of a champion to provide value-added services like marketing; however, in order to do so, membership must be sufficiently large. A conflict occurs when membership costs are introduced. That is, the larger the membership, the larger the network, and the better the internal and external marketing; however, a large membership means increased costs, which means a charge must be placed on membership, which in turn has potential to reduce membership and increase the need for the champion to provide value-added services. This conflict means that a network will reach a balance between service and cost, and the size of any group will have consequent limits, that is, it is impossible for a network to maintain exponential growth.

Another dilemma of marketing is whether to focus on network strengths – that is the combined skills and experience of all members and, through the web-portal, act as a one-stop-shop where the champion will delegate work as it comes in – or whether to focus on business strengths – that is to advertise each individual member or partnership according to their individual skills and experiences. The first option provides the network more flexibility; collaborations can be assembled according to project needs, regardless of size of complexity. However, this requires a high level of input and management by the champion, who may later be accused of meddling or favoritism. The second option, is a far less hands-on approach, but means that work may be passed up if existing collaborations are not able to take on the new project. Figure 4 illustrates the complexities involved in the role of marketing.

![Figure 4. The Role of an eCollaboration Champion as a Marketer](image-url)
Feedback
This final need – the need for feedback – enables the champion to manage information that comes from sources both internal to the network and external, from clients and other groups. As information is mainly collected through the web-portal, this function provides the collaborating partnership access to feedback which may otherwise be unavailable. The integrated model of the eCollaboration Champion is exhibited in Figure 5.

![Integrated model of the Role of an eCollaboration Champion](image)

Figure 5. The integrated model of the Role of an eCollaboration Champion

CURRENT CHALLENGES OF E-COLLABORATION
As discussed above, the use of a champion is not the panacea for overnight eCollaboration success. There are many issues that remain to be resolved, managed or optimized. This section will highlight three of these problems and expose them for further discussion.

**Favoritism**
The champion is in a great position to provide bias and advantage to some firms at the cost of other firms, even unintentionally. Just a quick glance at the field of organisational justice shows what a minefield of potential disaster this adventure, or misadventure, can create. A question then arises, in what ways can favoritism and bias be avoided?

**Technical competence and technophobia**
There are many systems that need to be integrated when firms collaborate. Electronic systems are one of these systems. However, when it comes to eCollaboration they are probably the most important system.
Electronic systems incompatibility is one of the biggest causes of interfirm misalignment and is a great contributor to the prevention of eCollaboration commencement.

To illustrate, this study likes to give an example from the marine cluster discussed here. Assume Firm X – a supplier of engine control systems – wants to collaborate with Firm Y – a firm which reconditions engines. They are both bidding on a contract for the refurbishment of five ocean going ferries. Firm X is a young company with staff who are tertiary trained. They communicate through email, text and Facebook, because these methods are fast and asynchronous providing a great deal of flexibility. On the other hand, Firm Y is an old company, established in the 1970s. They are a traditional and more bureaucratic company. They meet regularly in a face-to-face mode. Communications are formal and usually written. They are not comfortable with modern communication methods because they do not see them as being reliable or legally enforceable. When these two firms get together great friction is created regarding their preferred methods of communication. If this happens, how does the champion deal with this situation?

**Balancing service and cost**
The balance of service and cost is a real dilemma. Ultimately we are all value seekers, and we will only invest in something that will add value to our own efforts beyond the cost of the investment. However, the case with the champion in this study is that value-added services like marketing and bidding systems come at a cost. This cost is usually distributed amongst members. For example marketing and facilitation costs alone could exceed $200,000 PA, with a network of 50 members this is $4,000 each. These costs are not large when one considers the budgets of large firms. However, in this case, as in most others of eCollaboration, the group members are SMEs who do not have large wallets. In this research, firms would not join a network unless they saw definite value-add, but the network could not provide this value-add unless they have sufficient membership. This catch-22 dilemma is a problem each champion must solve. The question remains, how would one solve it?
REFERENCES


**KEY TERMS & DEFINITIONS**


Asynchronous Communication: differs from regular – or synchronous communication – in that the sender and receiver do not need to share the same period of time. For example, a telephone is a synchronous device. Both users have to be present on the line together. Email on the other hand is asynchronous. The receiver does not need to be present when the email is sent for the message to be received and communicated.

Information Communications Technology (ICT): is all Information Technology (IT) enhanced communications. These include email, mobile phone, Chat, Blogs, twits, vlogs, etc.

eCollaboration: is “the computer mediated process of two or more (dislocated) people working together on a common purpose or goal, where the participants are committed and inter-dependent and work in a common context using shared resources, supported by (web-based) electronic tools” (Mayrhofer & Back, 2003, p. 7).

eCollaboration Champion: an individual, group or organization which is charged with the facilitation and support of a network of members who wish to engage in electronically enhanced collaboration.