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Book extract: The rise of interdependence

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01 Oct 2013, David Archer and Alex Cameron, Socia Ltd , Financial Director



ON US Independence Day 1962, in a speech delivered in the hall where the American constitution was created, John F Kennedy chose as his subject not independence but interdependence. Or as he said - "not the individual liberty of one but the indivisible liberty of all".

At the time he was trying to engage his audience in the creation of a new transatlantic partnership and the need for America to support the emerging consensus in Western Europe against the Warsaw Pact. To do so he drew by analogy on the long tradition of checks and balances in the United States constitution between state and federal power - a system "designed to encourage both differences and dissent".

But in a rather prophetic way, his speech looked ahead to the wider challenges facing political and business leaders across the world in this 21st century. As Kennedy put it: "As the worldwide effort for independence inspired by the American Declaration of Independence now approaches a successful close, a great new effort - for interdependence - is transforming the world about us."

He saw that however strong the desire for independence might be, the prosperity and the security of one country (even the most powerful and wealthiest on earth) was dependent on the well-being of all its trading partners and neighbours.

Some 46 years later in a speech at the DAVOS World Economic Forum in 2008, former British Prime Minister Tony Blair quoted from JFK and echoed the theme. He said "Globalization is forcing changes in how people collaborate in a fundamental way: if we are interconnected and the world is interconnected, the only way for the world to work is to have a set of common values. We have no option but to work together."

And this is not just political rhetoric; we believe there are many financial and technical forces which will

continue this drive to increasing interdependence and this drive has consequences for business leaders as much as for politicians in the years to come.

There are many forces that drive interdependence. Whether its oil, the supply of credit or specialist skills, if there is a limited resource and multiple calls on its use, inter-dependence of one form or another is inevitable. In addition to resource constraints, there is the growth of networked technologies. As these technologies grow so do the interconnections of the people that use them and, in turn, the technology provides faster and more extensive ways for people to be connected. Leaders cannot ignore the consequences of networked technologies for the way they communicate and manage their business. But the speed of global communication has major consequences for the way leaders feel that they have to behave. And finally there is the impact of regulation, especially in utilities, transport and telecommunications. Whilst the main job of the regulator could once have been seen as achieving value for money for the public by ensuring competition between the various players in the system, they now have the task of enabling collaboration, often to achieve cost reductions required by the government.

The leadership response

In today's world interdependence is inevitable, but collaboration takes lots of leadership effort.

That doesn't mean you need to collaborate everywhere, but you must know how to decide where to collaborate and how much to collaborate. And then you need to build the collaborative leadership skills and capability across your organisation to sustain those relationships in the areas where it brings the greatest benefit.

Inter-dependence can have its advantages. When there is an urgent global problem such as an imminent pandemic, organisations from many different countries and cultures can see the need to collaborate and pool large resources to innovate at surprising speed. For example when the World Health Organisation needed to combat a deadly outbreak of the SARS virus, it was able to bring together teams from 11 research labs around the world to collaborate on isolating the virus - they managed this incredibly demanding and complex task in just one month . Collaboration between organisations with different knowledge bases and traditions can be immensely creative - if it works.

But all leaders need to find a strategy to respond to the reality of interdependence - you can't go it alone anymore.

The significance of this was perhaps best expressed by the CEO of Nokia, Stephen Elop as he launched their partnership with Microsoft in 2011. At that time Nokia was still the biggest mobile phone manufacturer in the world with over 23% market share, but it was losing out in the growing smartphone market, primarily to the Apple I-phone but also to the Blackberry and Google Android devices. Elop saw it wasn't just his rivals' design quality that was attracting customers, it was the whole set of add-ons, downloads, covers, and other highly fashionable items that were tying customers in.

Nokia were being beaten not just by better products but by entire ecosystems - a universe that customers would enter when they bought an Android or iPhone and would never need to leave. By entering a partnership with Microsoft, Elop was taking a bold leadership step to respond to this new threat. He said: "Today, the battle is moving from one of mobile devices to one of mobile ecosystems.... Ecosystems thrive when they reach scale, when they are fuelled by energy and innovation and when they provide benefits and value to each person or company who participates."

Elop makes the case for collaboration as a leadership response to this business challenge of a complex world. But that demands a change in leadership style; a movement away from the "traditional" charismatic or heroic individual leading their team or their organisation to glory and the adoption of a more co-operative approach, where leaders work together to build the relationships they need to ensure

mutual success.

*The article above is an extract from the recently-published '**Collaborative Leadership - Building relationships, handling conflict and sharing control**' (Routledge, April 2013). The authors are co-directors of Socia Ltd (www.socia.co.uk), a consultancy specialising in advising private and public sector leaders and Boards on managing critical business relationships.*

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