

synocus
group

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Business Orchestration as Transformation Approach

23. May 2016

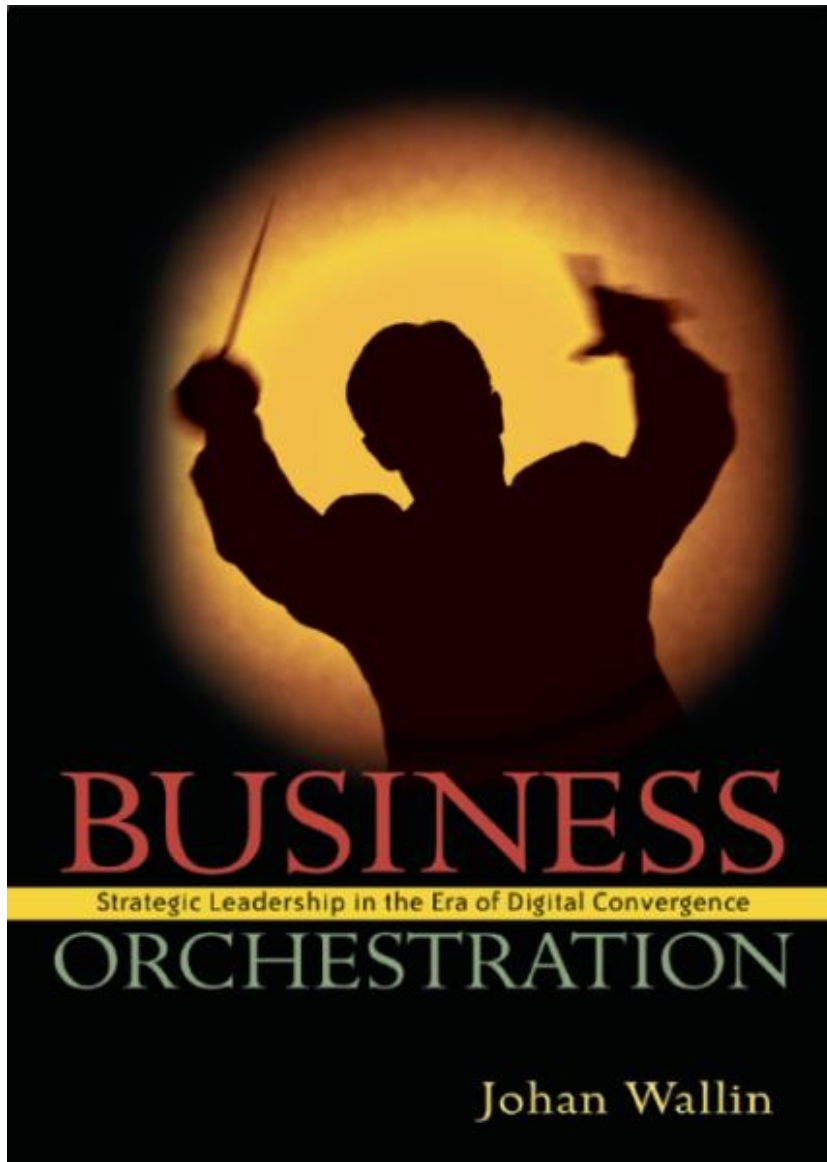
Johan Wallin



Content

- Business Orchestration – Ten Years After
- Case Nautor Swan 45
- Case Eco Urban Living
- Case World Alliance for Low Carbon Cities
- What Next?

Business Orchestration - what ten years after?



An In-Depth View on Tomorrow's Management Bestsellers

Building on last year's success, EURAM 2006 will again offer the unique chance to learn about some of the most interesting upcoming books on management research and methodology. This special track explicitly links to the European research tradition of presenting and discussing original work in the form of management books, and not only scholarly journal publications. As an innovative concept, this track offers the opportunity for deep discussions with the authors, and at the same time fosters closer links between authors, management researchers, management practitioners, and publishers. Four sessions will present 14 upcoming books, selected in a peer-review process from more than 65 submissions.

Track Co-Chairs: Kathrin M. Möslein (HHL – Leipzig Graduate School of Management) and Frank T. Piller (TUM Business School & MIT Sloan School of Management)

SESSION 1, THU, May 18: 15:00-16:30 New Frontiers of Management

Scholarly Work in Business Books: An Introduction to the Track, by Kathrin Möslein and Frank Piller

The Exceptional Manager, by Rick Delbridge, Lynda Gratton, and Gerry Johnson (Oxford University Press)

How do businesses go beyond prescriptive policies and manage the shift from the 'low road' of cost to the 'high road' of innovation and value?

Management and Creativity: From Creative Industries to Creative Management, by Chris Bilton (Blackwell)
Creative management: Innovation, decision-making and strategy – beyond brainstorming and towards creative destruction. Management of creativity: Rethinking the value chain.

Happy-Performing Managers: The Impact of Affective Well-Being and Intrinsic Job Satisfaction in the Workplace, by Peter J. Hsieh, Peter Sevastos, and Cary L. Cooper (Edward Elgar)

Contemporary rigor to solve an age-old conundrum in management – do happy workers perform better?

SESSION 2, THU, May 18: 17:00-18:30 Entrepreneurship and Strategy

Social Entrepreneurship, by Johanna Mair, Jeffrey Robinson, and Kai Hockerts (Palgrave Macmillan)

An introduction to social entrepreneurship theory and a framework for future research.

Social Entrepreneurship: New Models of Sustainable Social Change, by Alex Nicholls (Oxford University Press)
How grass-roots activists, NGOs, policy makers, international institutions, and corporations address social issues in new ways

Entrepreneurial Strategies: New Technologies and Emerging Markets, by Arnold Cooper, Sharon Alvarez, Aljandro Carrera, Luiz Mesquita, and Roberto Vassolo (Blackwell)

Entrepreneurial theory about uncertainty and entrepreneurial environments. And how much does country matter?

The Strategy Pathfinder: Micro-Cases and Concepts, by Duncan Angwin, Stephen Cummings, and Chris Smith (Blackwell)

Cases about macro-shocks, movers & shakers, industry terrain, perfect positioning, living strategy, corporate character, crossing borders, sustainability, and maverick strategies.

SESSION 3, FRI, May 19: 10:30-12:00 New Frontiers in Organizations

Handbook of Organizational Wisdom, by Eric H. Kessler and James R. Bailey (Routledge)

Taking the concept of wisdom beyond knowledge, this is the higher order subject of wisdom by applying a learning perspective to approximate a wise (vs. simply knowledgeable) organization.

Business Orchestration: Strategic Leadership in the Era of Digital Convergence, by Johan Wallin (Wiley)
A strategic view of how to integrate resources of others to orchestrate new levels of collaborative value creation.

Knowledge at Work: Creative Collaboration in the Global Economy, by Robert DeFillippi, Michael Arthur, and Virginia Lindsay (Blackwell)

Participation in the knowledge economy: Organizational, community, organizational, project, virtual, and global knowledge at work.

Niklas Luhmann and Organization Studies, by David Seidl and Kai Helge Becker (Copenhagen Business School Press & LIBER)

A step-by-step introduction to Luhmann's theory of social systems and his theory of organization.

SESSION 4, FRI, May 19: 13:00-14:30 Production of Management Knowledge & Theory

Connecting With Theory, by Anne Huff (SAGE)

How to avoid to be distracted into one fascinating alley after another without generating cumulative insight and how to engage the attention of others.

Producing Management Knowledge: A Book About Research As Practice, by Jan Lovstedeck and Torbjörn Stjernberg (Routledge)

The researcher as producer of knowledge: Approaches to knowledge production, from data to theory, and co-producing management knowledge.

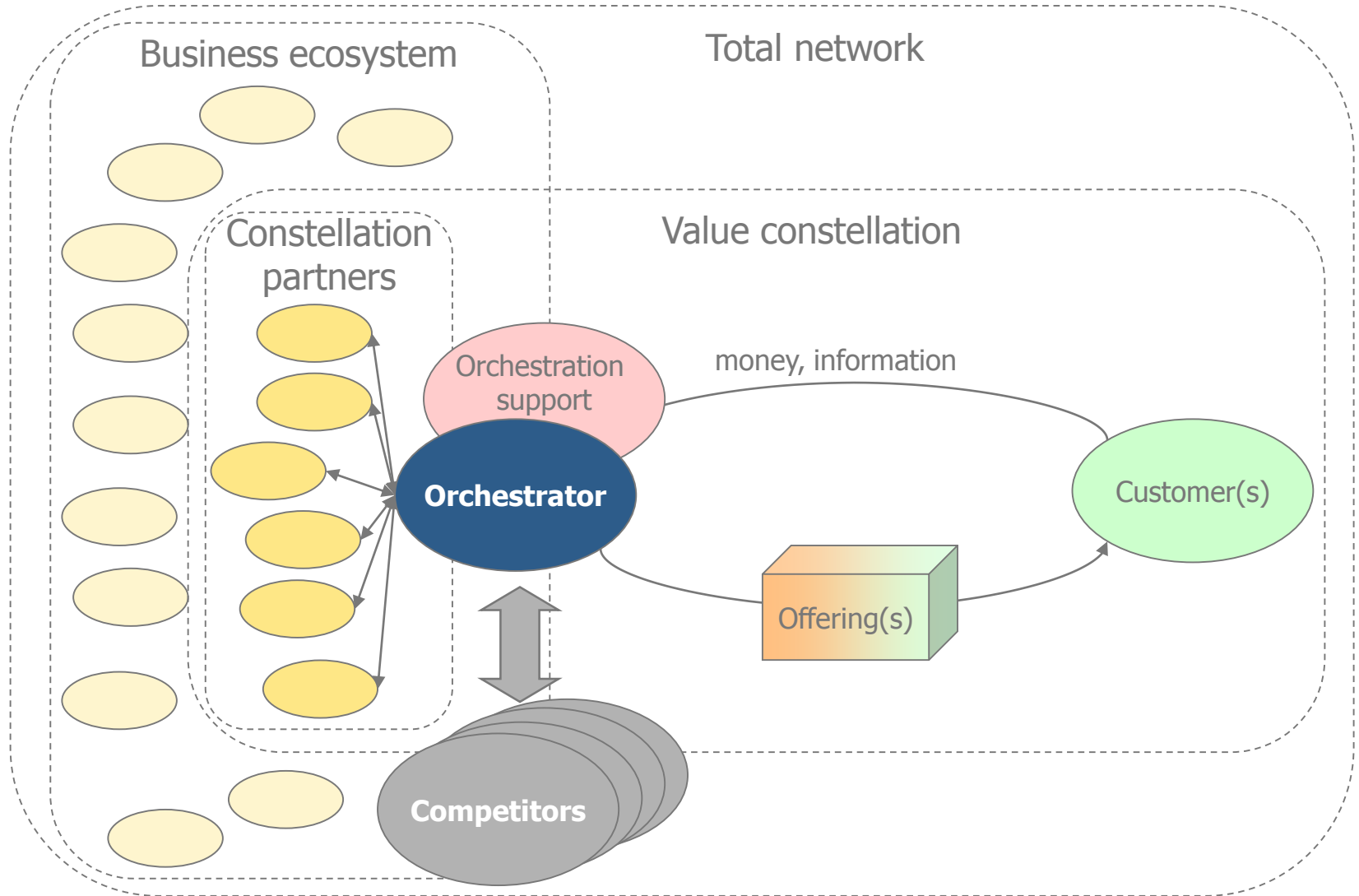
Advances in Doctoral Research, by Luiz Moutinho, Graeme Hutcheson, and Paulo Rita (WorldScientific Press)

Within the academic realm, doctoral research plays a vital role in the advancement of knowledge – and this volume represents the very best in recent doctoral research in management.

Presenting authors are highlighted.

All are welcome! Sessions will take place in room A2-085.

Business Orchestration



Some recent quotes

- Professor Yoram Wind and colleagues at Wharton:
 - *Based on analysis of 40 years of financial data for the S&P companies, Network Orchestrators outperform companies with other business models.*
<https://hbr.org/2014/11/what-airbnb-uber-and-alibaba-have-in-common>
- Professor Marshall W. Van Alstyne and colleagues at MIT:
 - *The focus of strategy shifts from controlling to orchestrating resources, from optimizing internal processes to facilitating external interactions, and from increasing customer value to maximizing ecosystem value.*
<https://hbr.org/2016/04/pipelines-platforms-and-the-new-rules-of-strategy>
- SHOK johtoryhmä: ***Yritysten strategisen johdon sitoutuminen avainasemassa;***
 - *Radikaalisti uudenlaisten ansaintamallien ja arvoverkkojen sekä suuremman riskin sisältävän innovaatiotoiminnan orkestrointi edellyttää onnistuakseen yritysten ylimmän johdon vahvaa sitoutumista yhteistyöhön.*
http://www.epressi.com/media/userfiles/10944/1463560894/kaupallistumista-kansainvalisyytta-huippututkimusta_shok_jory_final.pdf



Photo: Carlo Borlenghi / Nautor



Case Nautor Swan 45



Step One: Securing Enterprise Efficiency

- redesigning the ecosystem for lower cost and flexibility

- In April 1998, Nautor, the producer of Swan yachts was bought by a consortium of Swan owners, led by long-standing Swan owner Leonardo Ferragamo.
- Nautor was then employing 325 people had a turnover of €27 million, and a very loyal customer base, but was not profitable.
- Ferragamo's first goal was to improve Nautor's efficiency. Luciano Scaramuccia was appointed new managing director. He had previously been a senior manager at Italian yards such as Azimut-Benetti and Perini Navi.
- Scaramuccia knew the market, the competition, and also that Nautor was too old-fashioned and had to change to become profitable.
- Nautor had a world class product through the partnership with yacht designer German Frers. The yachts were highly appreciated by the customers, but Nautor couldn't meet the price target. The supply chain had to be redesigned.
- Traditionally, the building of a Swan was accomplished almost totally in-house with each part of the boat as a separate responsibility. A new element brought in by Scaramuccia was to treat each individual yacht as a project, and to use external subcontractors to provide efficiency and flexibility.

Step Two: Nurturing Creativity

- building collaborative capabilities into the network

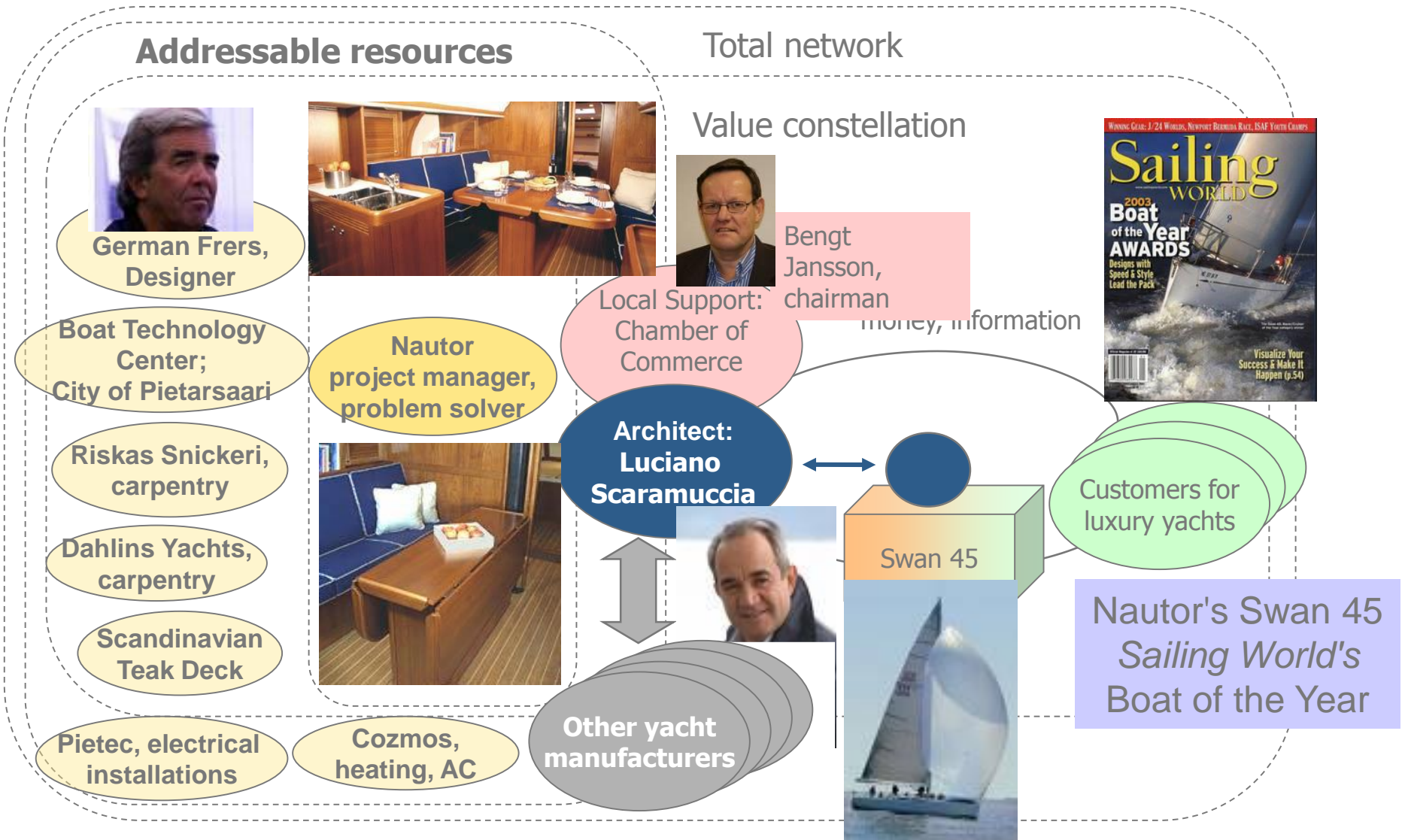
- To develop the new networked based approach for production Scaramuccia contacted the local Chamber of Commerce to team up with its chairman Bengt Jansson to get more credibility for the orchestration strategy.
- The network approach was welcomed by the regional decision-makers. In the autumn 2000, a quite large delegation of small suppliers for the boat building industry participated in the Interboat 2000 exhibition in Viareggio in Toscana, Italy, the home region of Scaramuccia. Lead by the local Chamber of Commerce, the initiative aimed to broaden the international awareness of also smaller enterprises in the boat building cluster.
- Scaramuccia also mobilized the local authorities to actively support the development of the company. In April 2000 it was announced that the city council of Pietarsaari had accepted to join the development of a new boating centre, BTC (Boat Technology Center).
- BTC provided the physical platform for the sub-contracting network. The new 45-foot yacht was manufactured through a network involving five key sub-contractors (Riskas Snickeri, Dahlins Yachts, Scandinavian Teak Deck, Pietec and Cozmos). This way Nautor could both cut lead times and increase flexibility.

Step Three: Orchestrating Innovation

- creating value through business orchestration

- Scaramuccia developed a new concept combining the strong brand with the principles of true mass-production.
- The standardized modularized Swan 45 concept enabled Nautor to produce a yacht in only 14 days by using the network of external subcontractors for design, woodwork and other key components.
- By September 2002 Nautor had sold 30 of the €600 000 Swan 45s, introduced in spring 2002.
- The new problem-solving attitude resulted not only in improved capabilities in addressing the needs of individual customers, but it also fostered a better collective problem-solving ability of the whole organization.
- Possibilities that previously had been neglected were found, and enabled the exploitation of new value-creating potentials.
- In 2002 Nautor had a turnover of €82 million. The order book had grown by a multiple of five since Leonardo Ferragamo bought the company in 1998.

The Swan 45; Orchestrated Success*



*Wallin, Business Orchestration, pp.113-116

Case Eco Urban Living



Espoo as the first EV-pilot city: Eco Urban Living

Marketta Kokkonen, Mayor of Espoo:

- "The Eco Urban Living initiative is a natural consequence of our strategy to strengthen Espoo as an innovation hub. Our ambition is to increase the attractiveness of Espoo as a vibrant and pleasant urban centre for science, business and culture and to improve the operating environment for the high-tech cluster of expertise in the area."

Ilpo Korhonen, President of Valmet Automotive:

- "For Valmet Automotive this is a very important step to make sure we stay at the front line when developing electric vehicles. Our close collaboration with companies like Garia, Think and Fisker Automotive asks us to also be actively following how the users of electric vehicles will come up with new requirements. The demonstration initiative in Espoo means that we can continue on our path to be a technological leader in this area"



(Source: Press release, June 7th, 2010)

Eco Urban Living, an Innovation Platform in Espoo

Sign In | 

eco urban living

Suomeksi 中文



Espoo to become a platform for Eco Urban Living

On the 7th of June, a framework agreement was signed between the City of Espoo, Valmet Automotive, Fortum, Nokia and Synocus. The companies agreed to a joint project to develop the T3 area (Otaniemi-Keilaniemi-Tapiola) to become an internationally recognized platform for eco-conscious urban living (**Press release 7.6.2010**). The primary goal is to create a common understanding of the impact of electric vehicles on the T3 area, how to successfully introduce them, and what the process requires from the T3 area and its organizations. Experiences from the project will be leveraged to establish procedures to form additional Living Lab types of initiatives supporting eco-consciousness in Espoo and abroad, especially in China.

The **Espoo pilot project** engages leading companies and research institutions in Finland and internationally. We will soon publish a survey on this site through which everyone will have the opportunity to influence the design of the T3 area. If you want to be informed when the survey becomes available, or you have any other comments or suggestions, you can send an email to info@synocus.com.



The Eco urban living initiative

The Eco Urban Living initiative helps to make a better world. We work with cities and companies to improve the quality of our living environment. This experience will be used to further establish a platform for continuous Living Lab type of environments.

We initiate demonstration projects and create new networks and collaboration opportunities. One important goal is to improve the collaboration between companies and cities in China and in Finland.

The **Sino-Finnish Innovativeness Forum** in September is an example of how we bring people together for a better world.



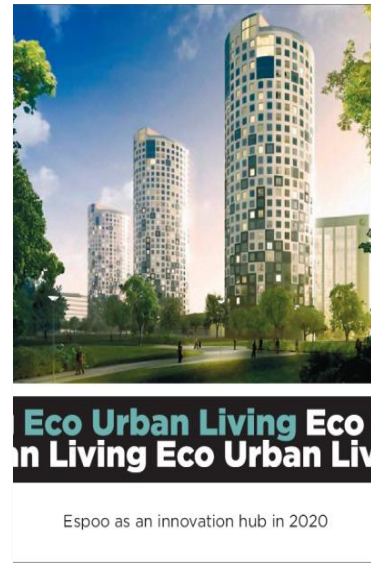
Eco Urban Living – objectives (November 2010)

- **Improve the common understanding** of what kind of impact EVs have in the T3 –area in Espoo (Otaniemi, Keilaniemi and Tapiola), and what improvements have to be done to EVs to make them commercially better through continuous monitoring of their daily use.
- **Procurement of electric cars;** The participating organization will buy, expose and continuously monitor the use of electric vehicles as from 3Q2011
- **“Living Lab” test environment for electric cars;** The participating organizations will invest in the equipment and the procedures for monitoring and testing different aspects of the usage of cars will feed new development, and this way pilot the “Living Lab” –concept in the T3-area
- **Using the T3-area as a main international attraction for image building both domestically and internationally;** using public events, the year 2012 with the Helsinki region as the World Design Capital and organizing own events promoting the demonstration area for image building purposes
- **Initiating and coordinating the World Alliance for Low Carbon Cities in close cooperation with Tsinghua University and other universities;** institutionalizing an international network of cities interesting in promoting the idea of Eco-Conscious Urban Living

Setting up the demonstration platform

Conducted activities:

- Establishing the procedures for Espoo to procure a number of electric cars
- Institutionalizing the concept of Living Lab –type initiatives in Espoo
- Building scenarios for the T3-area
- Supporting external communication through the creation and updating of the Eco Urban Living portal (www.eco-urbanliving.com)
- Globally expanding the Eco Urban Living initiative
- Arranging a number of national and international events to promote the Eco-Conscious Urban Living - concept
- Seeking national support for the initiative by negotiating with various Finnish innovation support agencies



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Fisker Karma – A luxury EV manufactured by Valmet Automotive

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Inaugural WALCC Newsletter published 14 Oct. 2011

European automakers commit to mutual charging standard 10 Oct. 2011

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Analysis & Synthesis

Solyndra's bankruptcy and the future of the solar industry 08 Oct. 2011

Cross-cultural exchange: The City of Ordo 04 Oct. 2011

The quest to define a universal charging standard 05 Sep. 2011

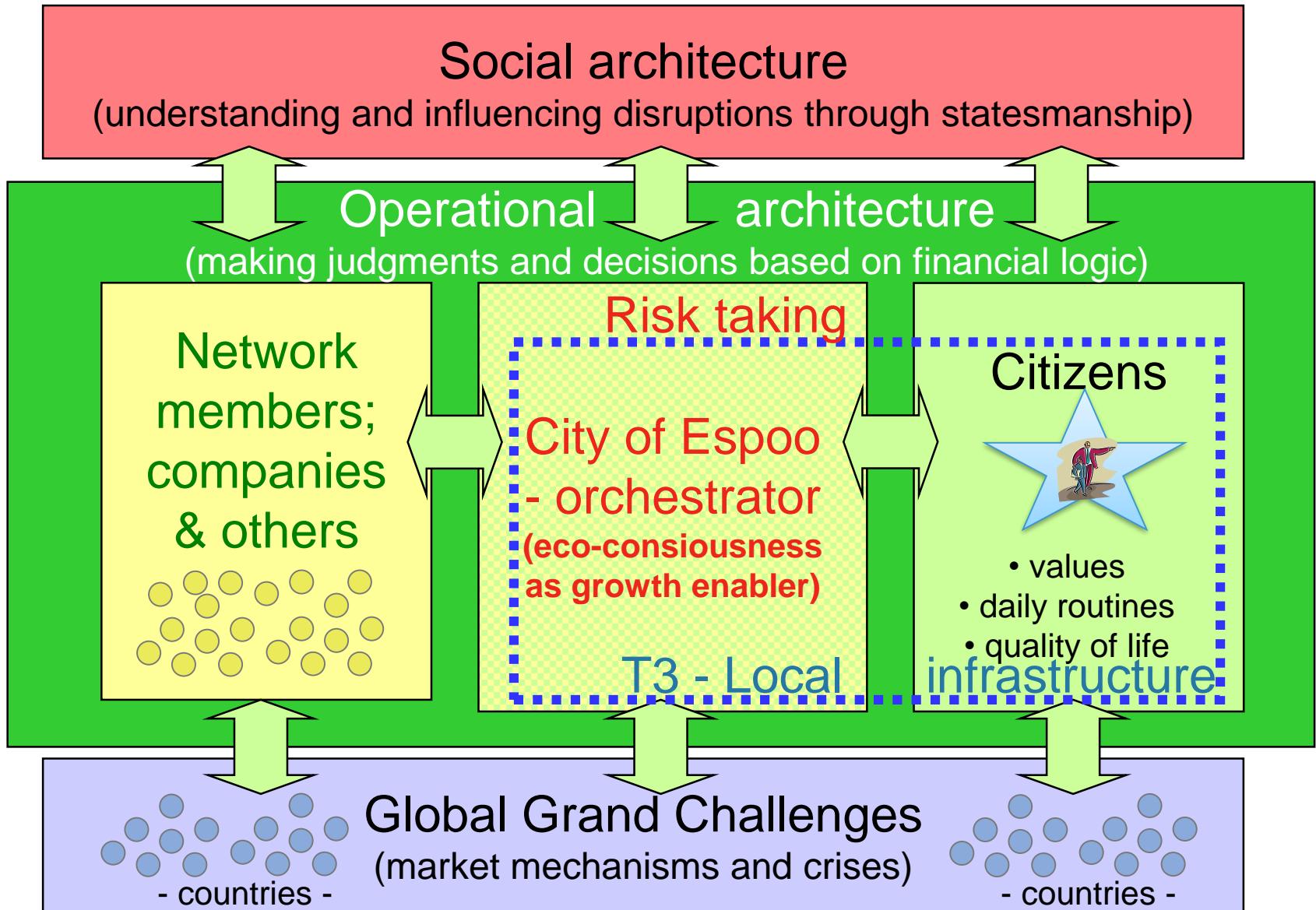
Events

Electric/Vehicle Infrastructure China Summit 2011 29 Nov. 2011

Fifth Sino-Finnish Innovativeness Forum on September 27th 27 Sep. 2011

Fourth Sino-Finnish Innovativeness Forum, May 12th, 2011 17 May 2011

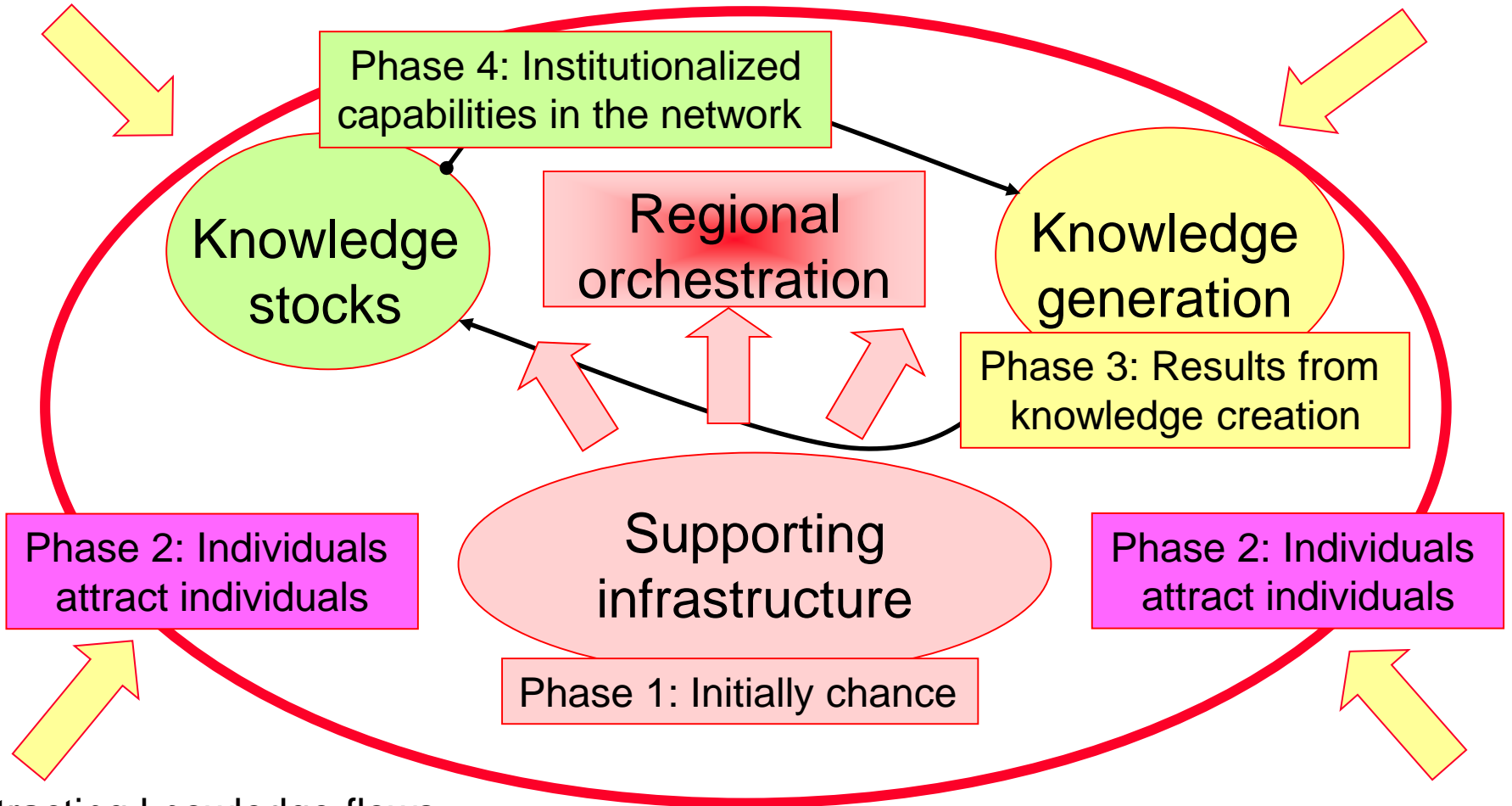
Orchestration Architecture for the City of Espoo



Regional Orchestration

Attracting knowledge flows,
institutionalization

Attracting knowledge flows,
institutionalization



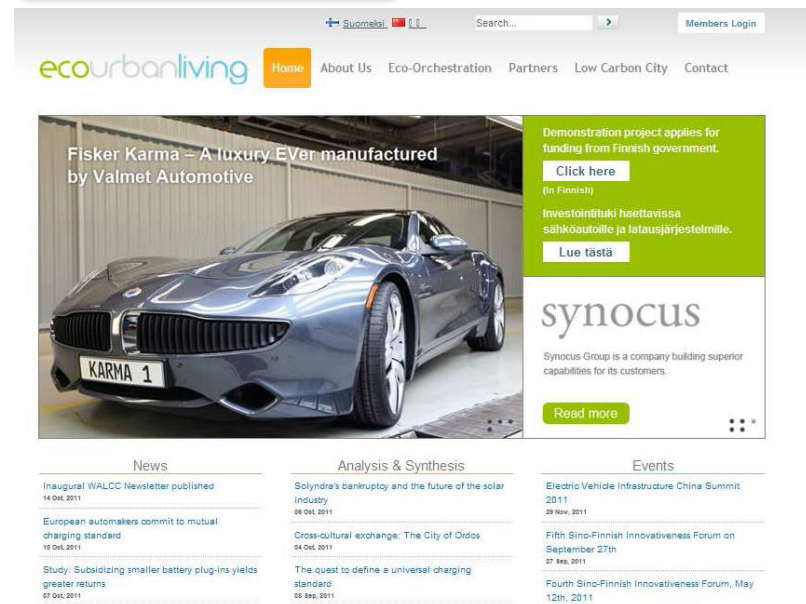
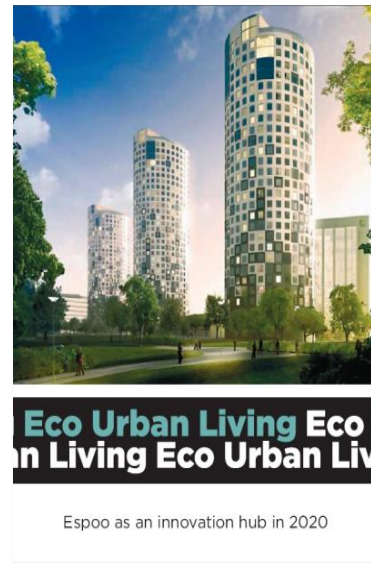
Attracting knowledge flows,
initialization

Attracting knowledge flows,
initialization

Phase I; Demonstration Platform 2010-2012

Conducted activities:

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Fisker Karma – A luxury EV manufactured by Valmet Automotive

Demonstration project applies for funding from Finnish government. [Click here](#) (In Finnish)

Investointifutuki haettavissa sähköautoille ja latausjärjestelmille. [Lue tästä](#)

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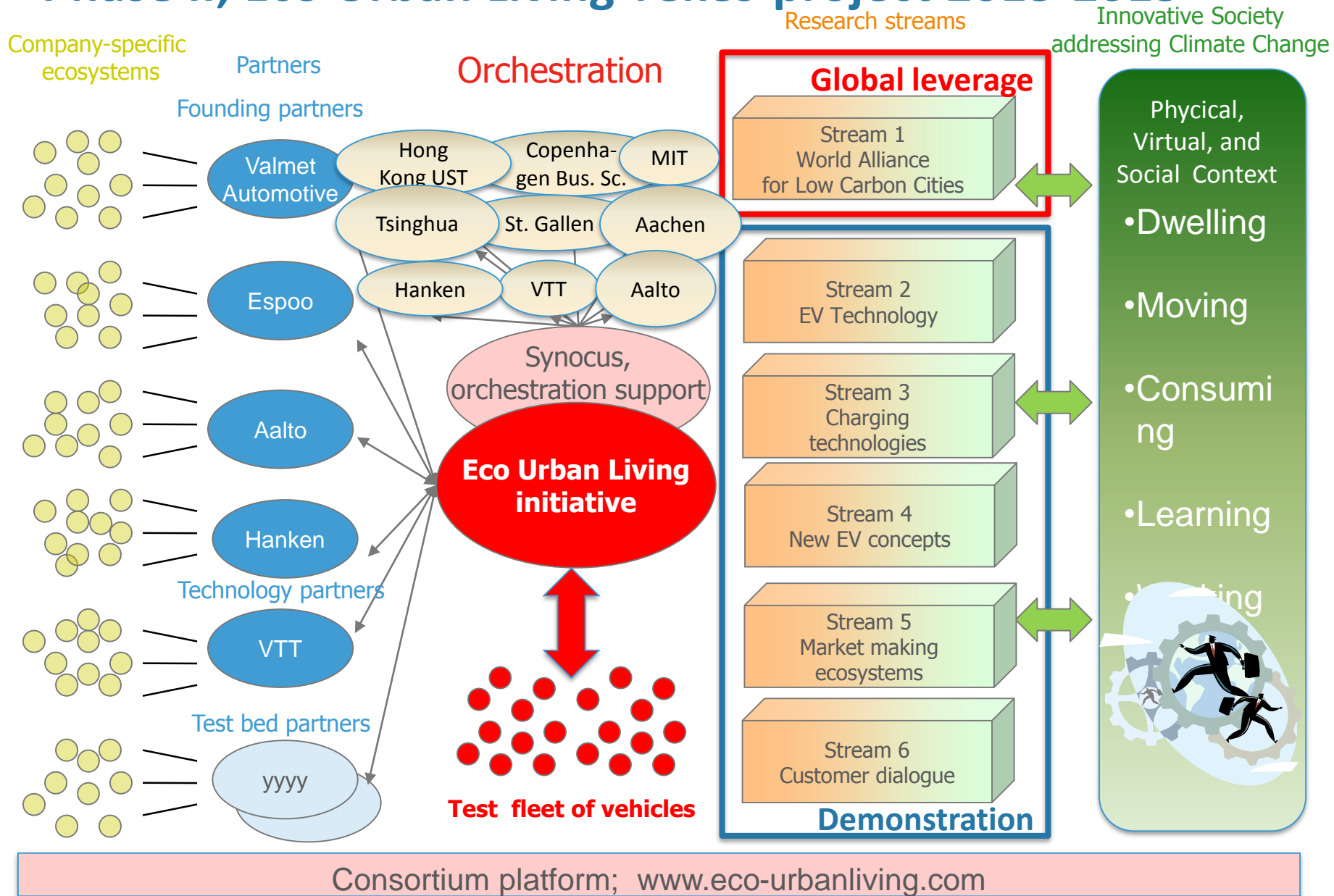
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Phase II; Eco Urban Living Tekes-project 2013-2015



Case World Alliance for Low Carbon Cities



THE 1st SINO-FINNISH INNOVATIVENESS FORUM

Monday, September 28th, 2009, Hotel Scandic Marski

- 08:00 Registration and coffee
- 08:45 Opening, *Mr. Petri Peltonen*, Director General, Head of the Innovation Department, The Finnish Ministry for Employment and the Economy
- 09:00 The role of Tekes as a facilitator of research programs, *Dr. Martti af Heurlin*, Deputy Director General, The Finnish Funding Agency for Technology and Innovation, Tekes
- 09:15 The role of Aalto University in promoting international research collaboration, *Dr. Tuula Teeri*, President, Aalto University
- 09:30 Tsinghua as an orchestrator of international collaboration, *Professor Kang Feiyu*, Vice Provost, Tsinghua University
- 09:45 Break
- 10:00 Building collaborative Sino-Finnish networks in the metals sector, *Professor Wu Jingxi*, Tsinghua University, *Ville Kuusela*, senior consultant, Synocus Group
- 10:30 Comparative study of the Chinese and Finnish Innovation Systems, *Professor Shao Liqin*, Tsinghua University, *Johan Wallin*, managing partner, Synocus Group
- 11:00 Collaboration topic 1; Eco-consciousness; Sustainable People Flow, *Jussi Oijala*, SVP, Kone
- 11:15 Collaboration topic 2; Eco-consciousness; Electric Vehicles and Sustainable Future, *Kalle Reponen*, SVP, Metso
- 11:30 Collaboration topic 3; Eco-consciousness; urban planning, *Kari Ruoho*, Director, City of Espoo
- 11:45 Concluding remarks; *Dr. Ilkka Herlin*, Chairman, Finland-China Trade Association
- 12:00 Lunch

Creating the foundation...

Shenzhen spring 2010



Espoo autumn 2010

In 2012 WALCC was formally registered



Participants at Dipoli conference in September 2012

City Collaboration; MoU Shenzhen – Helsinki, 10.6.2013



Mr. XU Qin
Mayor of Shenzhen



Mr. Jussi Pajunen
Mayor of Helsinki



The role of World Alliance for Low Carbon Cities

Three types of activities:

- **Networking**
 - Forums, seminars, workshops
 - Website, www.walcc.org
 - Emails and member visits
- **Research**
 - One-ongoing project, Systemic Architecture for Sustainable Urban Innovation
 - Additional projects in the preparation phase
- **Member specific initiatives**
 - Initiating smaller meetings e.g. relating to Green Hospital, Electric Vehicles, Green Building, Living Labs

Four focus areas:

- **Urban Planning**
- **Urban Transport**
- **Green Building**
- **Renewable resources**
(particularly energy)

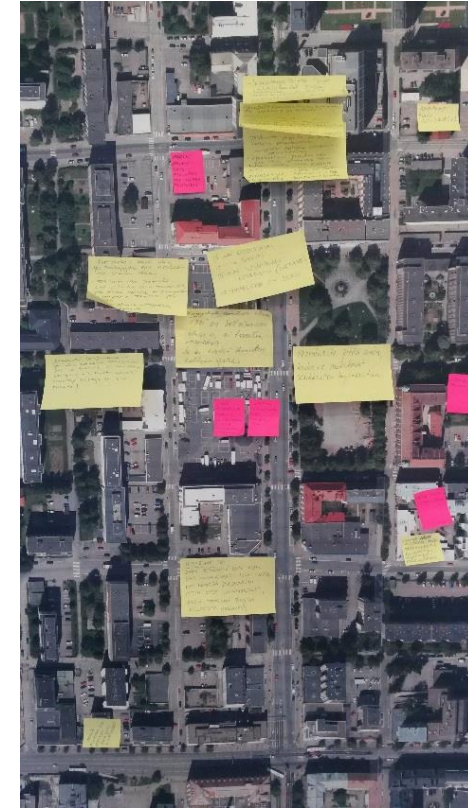
The ambition is to develop the World Alliance for Low Carbon Cities into a global, professional community uniting leading experts with a strong interest in furthering the development of low-carbon cities.

Example of orchestrated activity: SASUI project*

- Systemic Architectures for Sustainable Urban Innovation



How SASUI researchers entered into dialogue with residents in the Tammela area in the City of Tampere in Finland...



*for final SASUI project report see <https://aaltodoc.aalto.fi/handle/123456789/19841>.



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World Alliance for Low Carbon Cities

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Alliance news

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Programs

Systemic Architectures for Sustainable Urban Innovation (SASUI)

An action learning and research project conducted by Aalto University and the University of Tampere aim to form a better understanding of the architectural requirements for successful innovation projects.

Projects

Citizens driving city planning in Tampere

Follow our Tammela project [here!](#)

Newsletter



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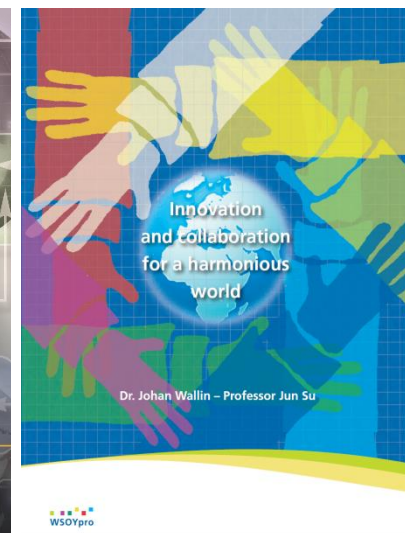
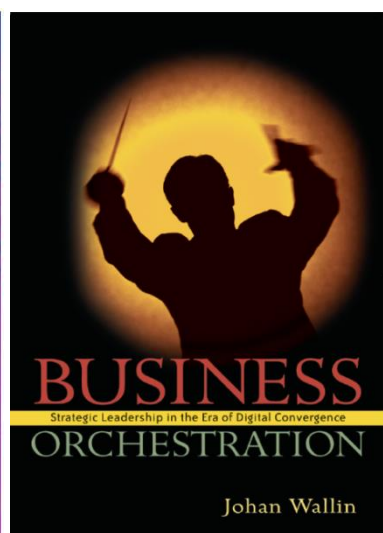
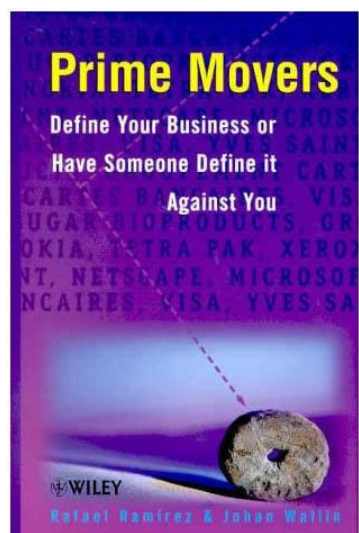
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[December 2015](#)

[November 2015](#)

Business Orchestration – What Next?

- The need for integrated public-private efforts increase due to the growing amount of actions needed to address grand societal challenges like climate change, ageing, energy problems etc.
- Orchestration has been identified by numerous researchers and practitioners as a critical element of successful ecosystem development efforts.
- This far the role model has been Apple (also described in the Business Orchestration book); however new types of role models emerge, influencing the ecosystem instead of dictating.
- An interesting case is Tesla, which has announced that it aims to accelerate the world's transition to sustainable transportation.
- Synocus is actively engaged as the co-orchestrator in a number of activities, which are looking for ways to get Finnish know-how utilized in this type of ecosystems aiming at societal transformation.
- The WALCC Turku Forum in October 2016 is one example of how Synocus tries to actively drive these initiatives.



Innovativeness as a service

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