4 Habits of Mind

1. What collaboration are we trying to govern?

2. What are the alternative governance structures?

3. See discretion (needed & unavoidable) and needed promises

4. Build an equilibrium
4 Habits of Mind

1. What collaboration are we trying to govern?
   - What actions would deliver consummate performance?

2. Alternative formal governance structures?
   - e.g., allocations of control within or between firms

3. See discretion (needed & unavoidable) and needed promises
   - credibility of promise: temptation vs. consequences

4. Build an equilibrium
   - clarity of promise: can’t be announced, must be experienced?

HoM #1: What Collaboration?

- What does success look like?
- What do parties need to do to achieve this success?
4 Habits of Mind

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HoM #2: Consider Formal Options

- Alliance, Joint Venture, Consortium, …
- Functional, Divisional, Matrix, …

Integrated (ILLUSTRATION)

- Non-Integrated

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Formal Is Flawed

(in hard problems)

- incentives, initiative
- alliance
- JV
- formal
- matrix
- functional
- coordination, control

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- Formal only?
  - Does the trick 😊
  - All you’ve got 😞

- If contracts were perfect, would we tolerate discretion?
4 Habits of Mind

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HoM #3: See Discretion (& Promises)

- If blue imperfect AND prospect of relationship then try promise?
- If promises clear, why not use contracts?
**4 Habits of Mind**

1. What collaboration are we trying to govern?  
   - What actions would deliver consummate performance?

2. Alternative formal governance structures?  
   - e.g., allocations of control within or between firms

3. See discretion (needed & unavoidable) and needed promises  
   - credibility of promise: temptation vs. consequences

4. Build an equilibrium  
   - clarity of promise: can’t be announced, must be experienced?

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**HoM #4: Build an Equilibrium**

1. Acknowledging “Almost”  
   a. Merck (almost asst. prof.)  
   b. NUMMI (not “no layoffs”)  
   c. oxymoron @ A.P. Sloan, ABB  
   d. Formal Measures in Informal Management?

2. Walking the Talk / Refining “Almost”  
   a. NUMMI (slowed line @ downturn)  
   b. Jack Welch @ Crotonville (& MIT Sloan)

3. Starting small (and creating value)  
   a. NUMMI (alternating risks)

4. Providing for adaptation  
   a. HP (stone tablet, clay tablet, white board)  
   b. Oticon (broke stone or clay?)

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**6b) An important managerial challenge therefore may be less to pick a point on the frontier (strategy?) than to move towards it**

- **If blue imperfect AND prospect of relationship but promise not clear, then ... ?**
- **Important (“sign”) and ongoing (“live”) work**
- **Including between orgs**

R. Gibbons, Feb. 2021
- **Political Science**: 40 families around a lake → how to stop over-fishing?

- **Ethnography**: delegation of voice (but not decisions) → how to demonstrate listening?

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- **Building equilibrium**

- **Political Science**: 40 families around a lake → how to stop over-fishing?

- **Ethnography**: delegation of voice (but not decisions) → how to demonstrate listening?

- **Google**: “We were trying to build a new equilibrium. It was fragile; we had to reinforce it every day.”

R. Gibbons, Feb. 2021