



Business Ecosystem Leadership

The State of the Practice

Highlights from a Global CFFO Survey

February 2023



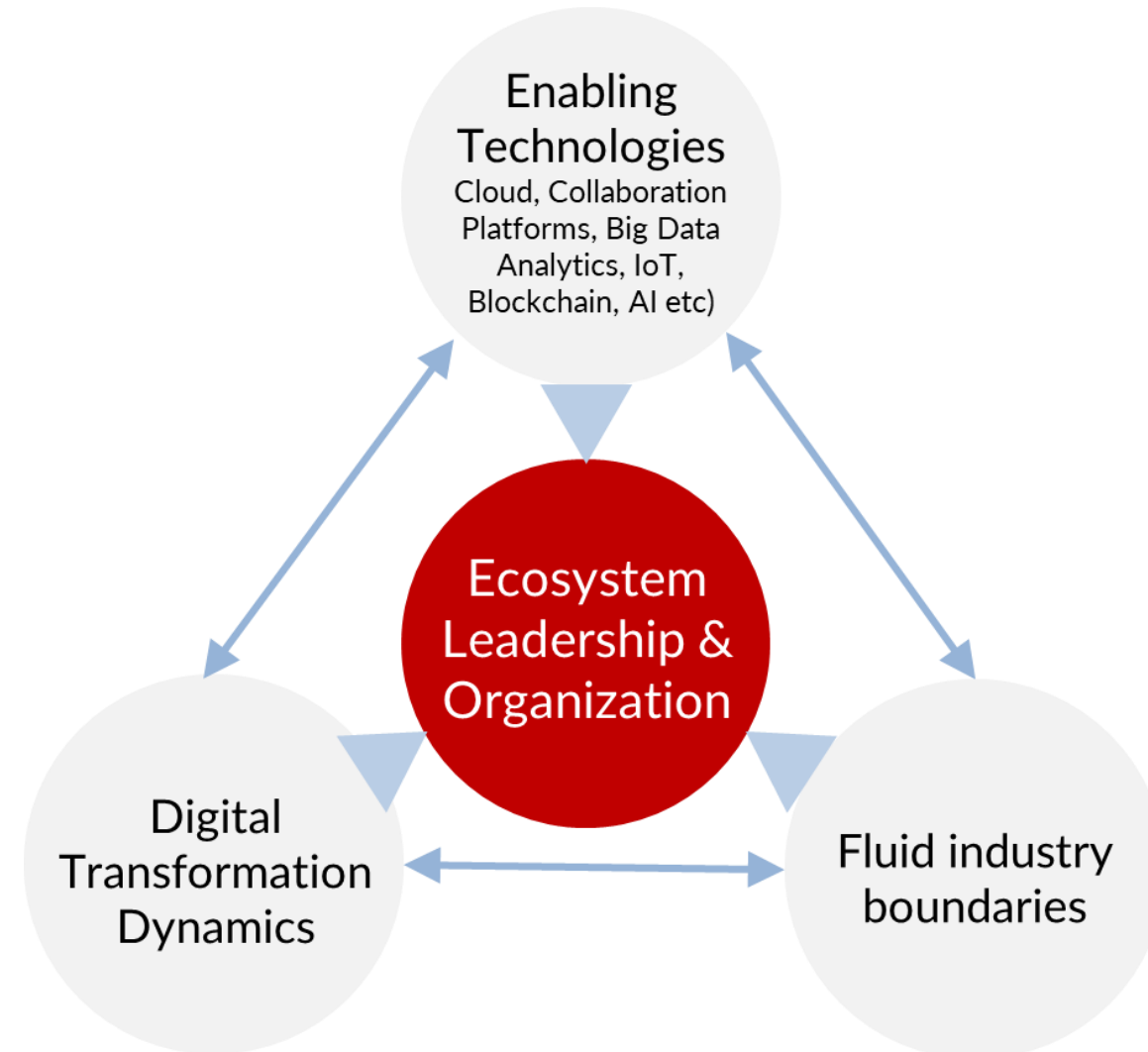
The Context

Ecosystems are Shaping the Future of Organization



- Over the last few years, **business ecosystems** have gained **significant impact** on the way businesses work, **disrupting the way we are used to design strategy and organizations**.
- Effective ecosystem engagement not only upsets current practices and routines; it is also a key lever for a radical **transformation of our traditional management and leadership models**.
- Organizations must **embrace the new realities** and develop the capabilities to deal with the risks and opportunities that come with business ecosystem engagement.
- By doing so, they create a **future-proof organization** and will enjoy a **new form of competitive advantage**

We Face a Perfect Storm that Puts Ecosystem Leadership and Organization Center Stage



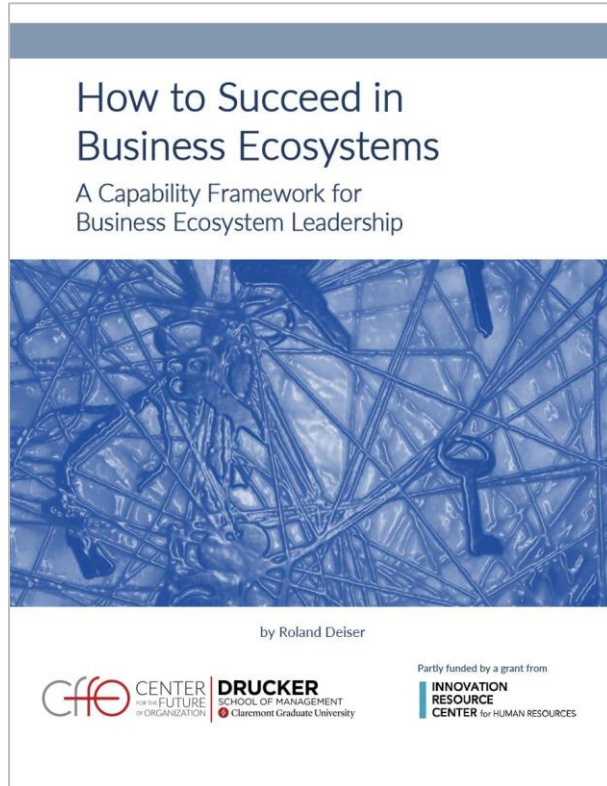
Recent CFFO Research Addresses Key Challenges Organizations Face in This Context

It aims to...

- **Enhance our understanding of the capabilities** leaders and organizations need to thrive in business ecosystems
- **Provide tangible metrics** that allow organizations to assess the current status of these capabilities
- **Identify the key enablers and barriers** along the path to excellence in business ecosystem leadership
- **Identify relevant practices** that showcase impactful business ecosystem leadership (creation of a case library)
- **Support leaders and their organizations** in coping with the unavoidable transformation through conferences, think tanks, executive peer networks, and executive education



To Structure the Complex Arena, we Developed a Nine-Dimensional Capability Framework



For a more detailed description of the framework read our research report – available on the CFFO website and as booklet at Amazon



ELX™ - The CFFO Business Ecosystem Leadership Index

Rooted in the framework, the ELX Index provides **unique insights** for every organization that wants to engage in business ecosystems.

- Designed to assess business ecosystem leadership capabilities **across functions and industries**
- Easily adoptable for individual organizations, allowing for **benchmark comparisons** and **strength/weakness analyses**
- Serves as a catalyst for **creating awareness** and a **strategic dialogue** within organizations



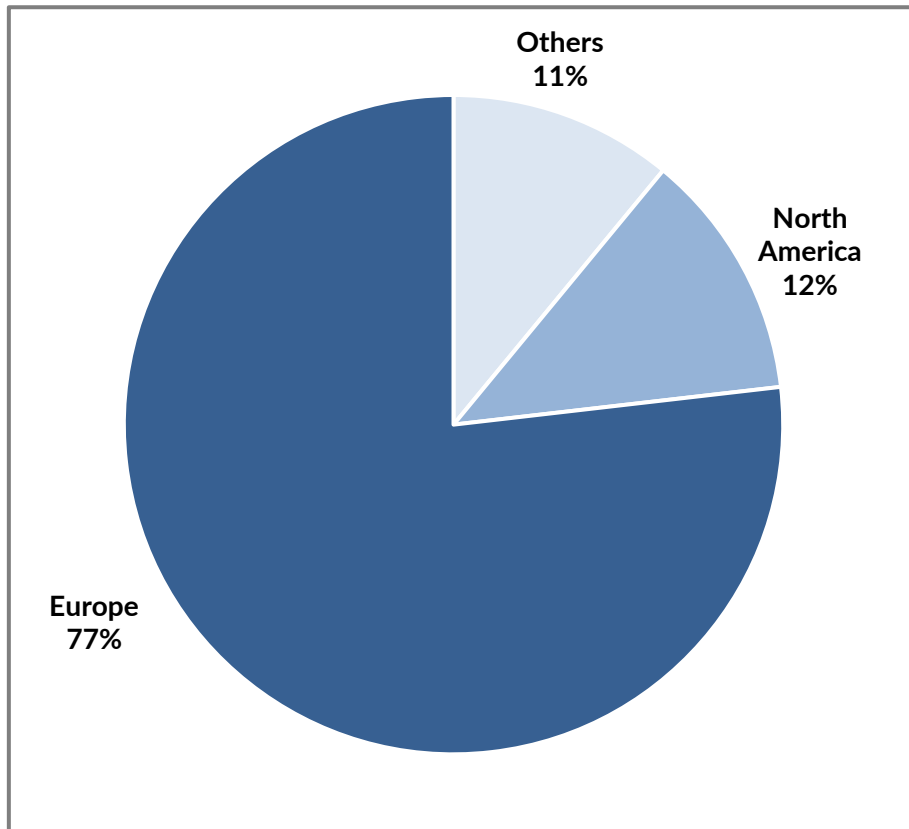
ELX Index scale: 0–100 points



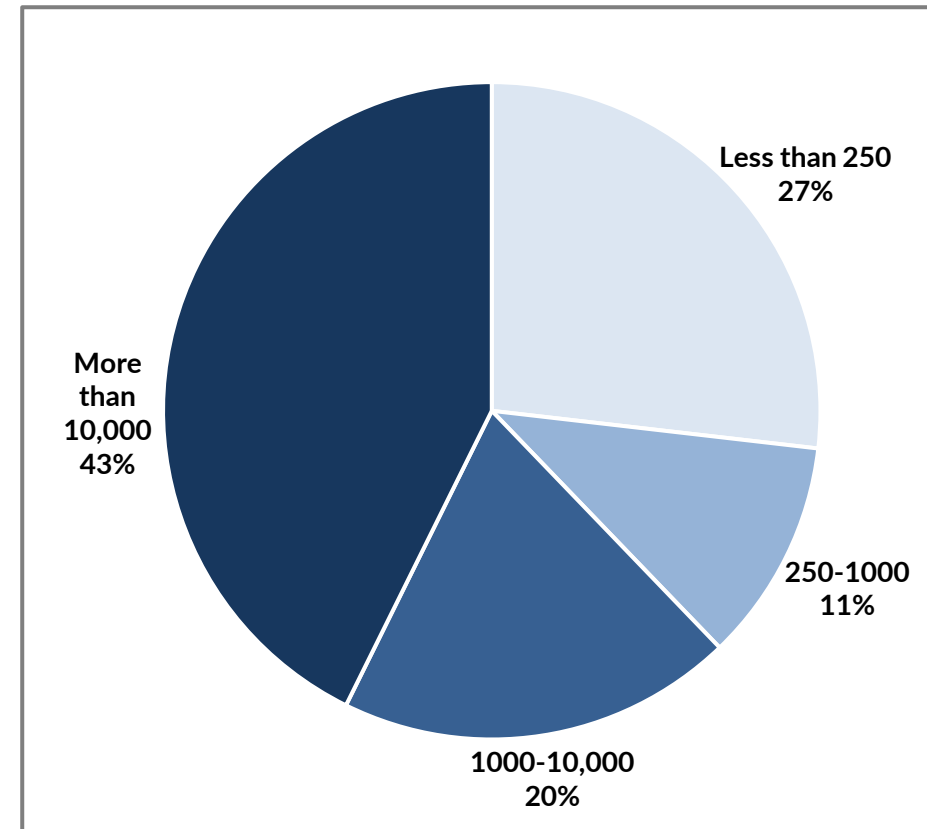
The Survey

Our Sample includes 165 Companies, Most of Them Large and Headquartered in Europe

Geographical Scope

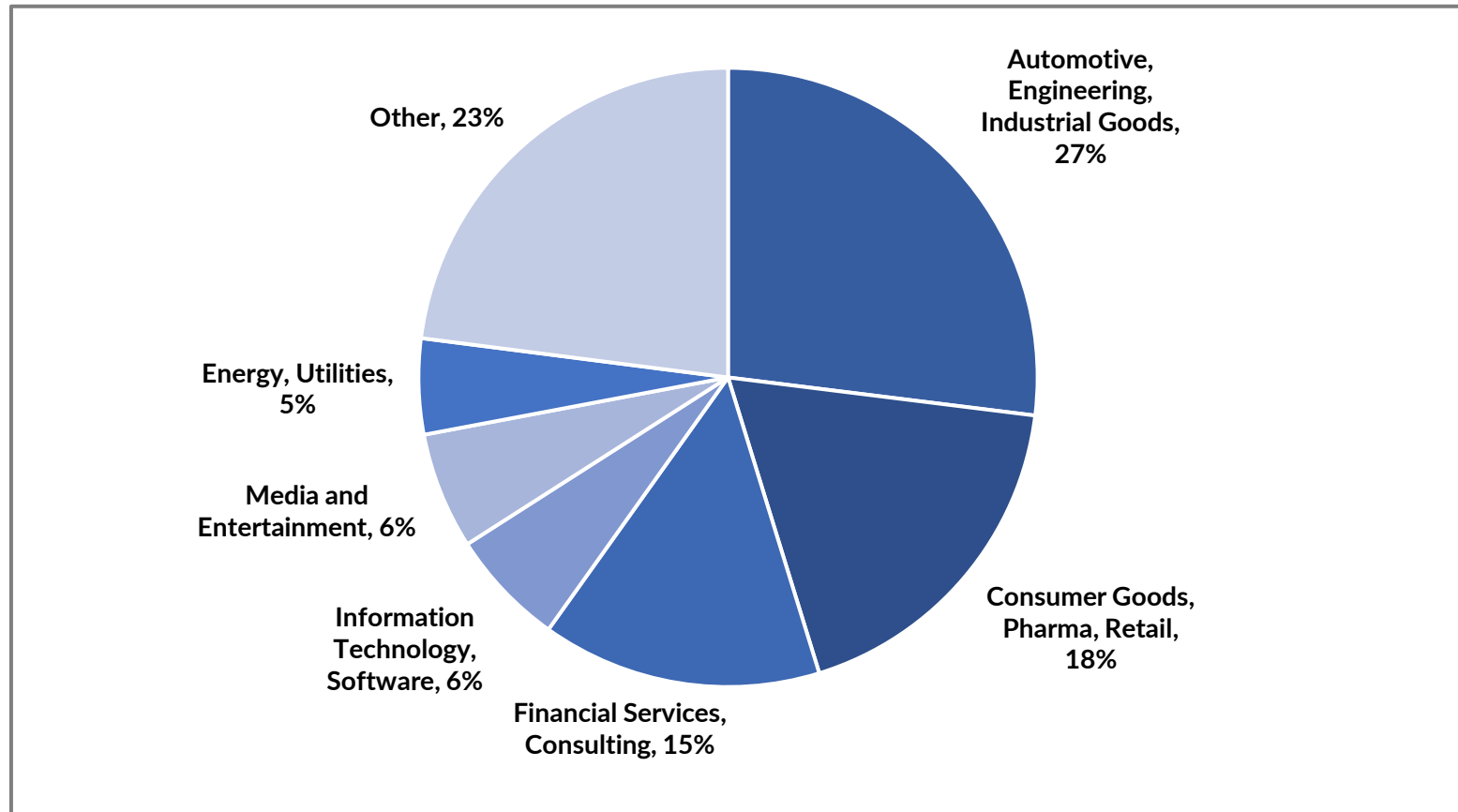


Number of Employees



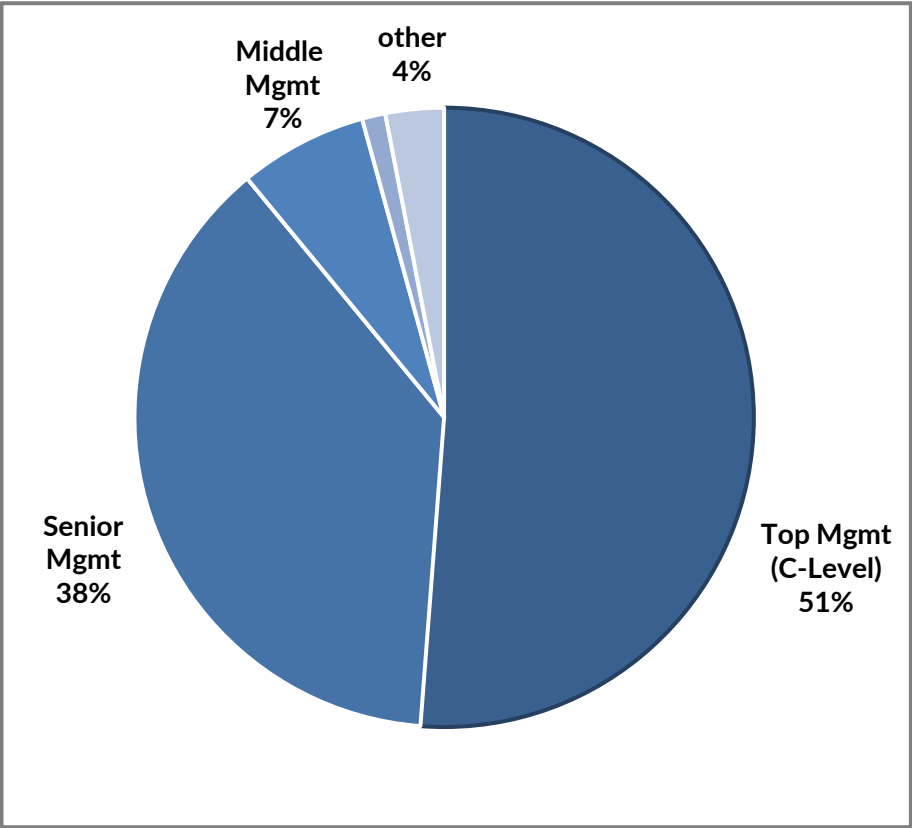
They Come From a Wide Range of Industries

Industries (clustered)



The Vast Majority Bring a Senior or Top Executive Perspective to the Topic

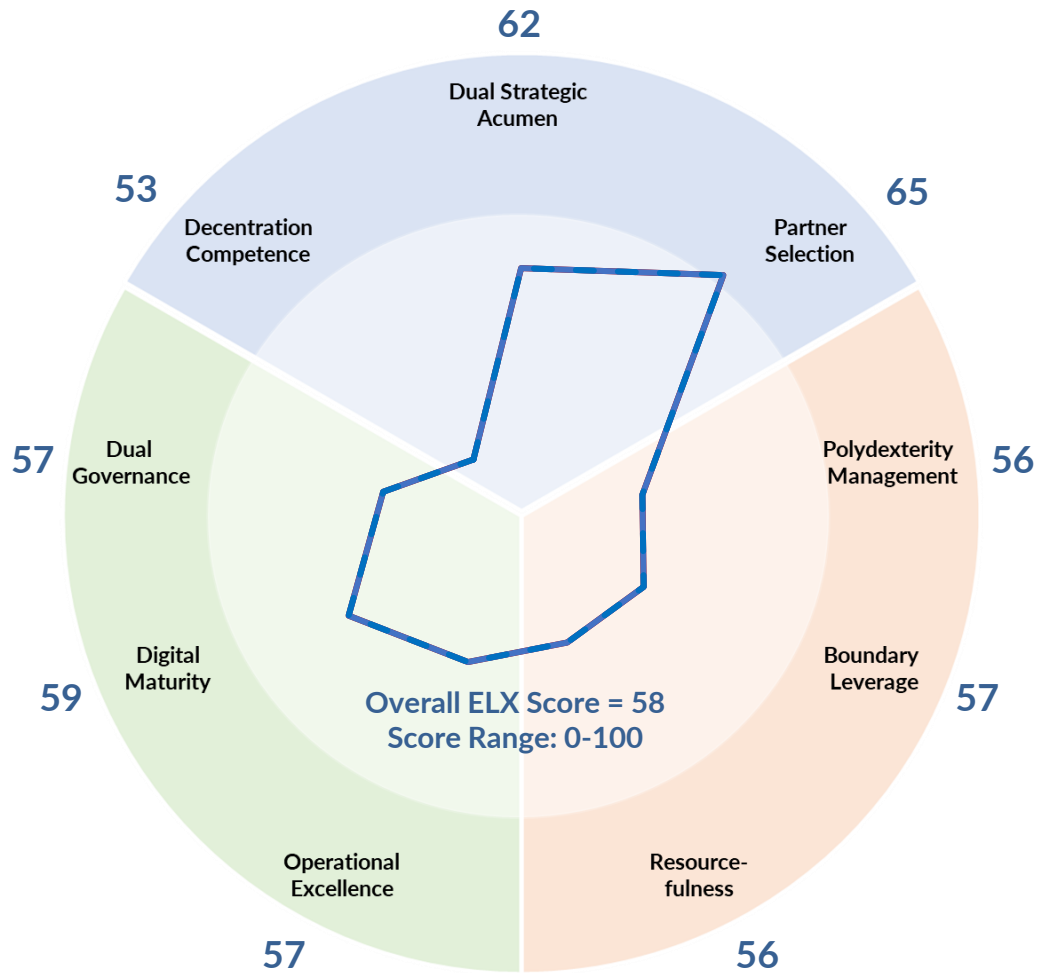
Seniority



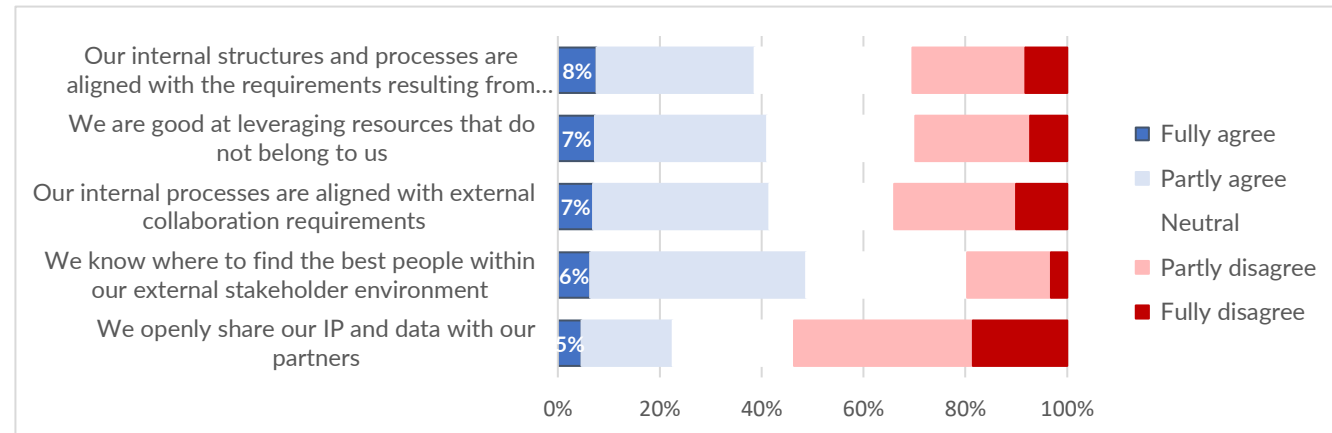
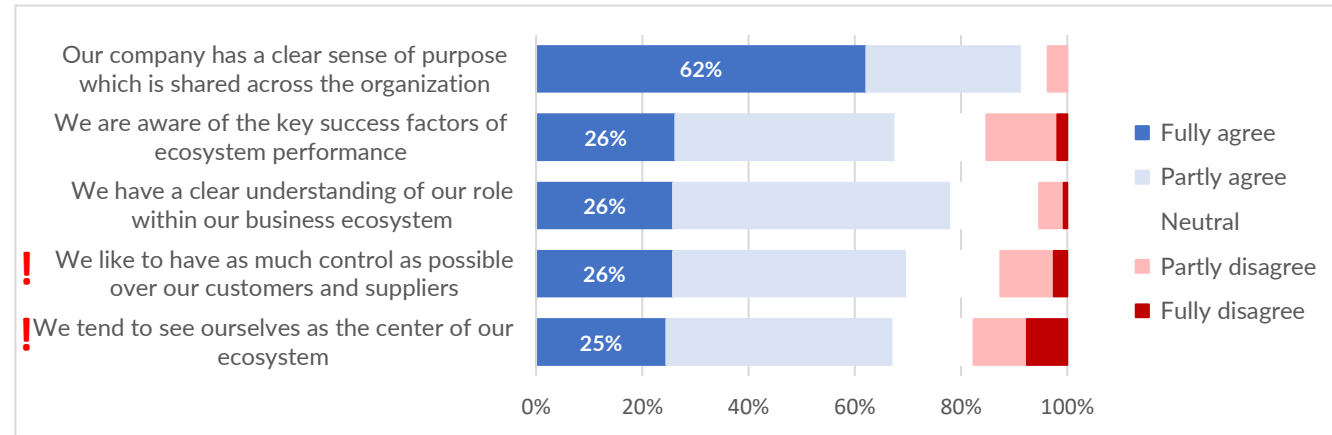
Functions



The First Look at the Overall ELX Index Reveals Significant Insights on Strengths and Weaknesses

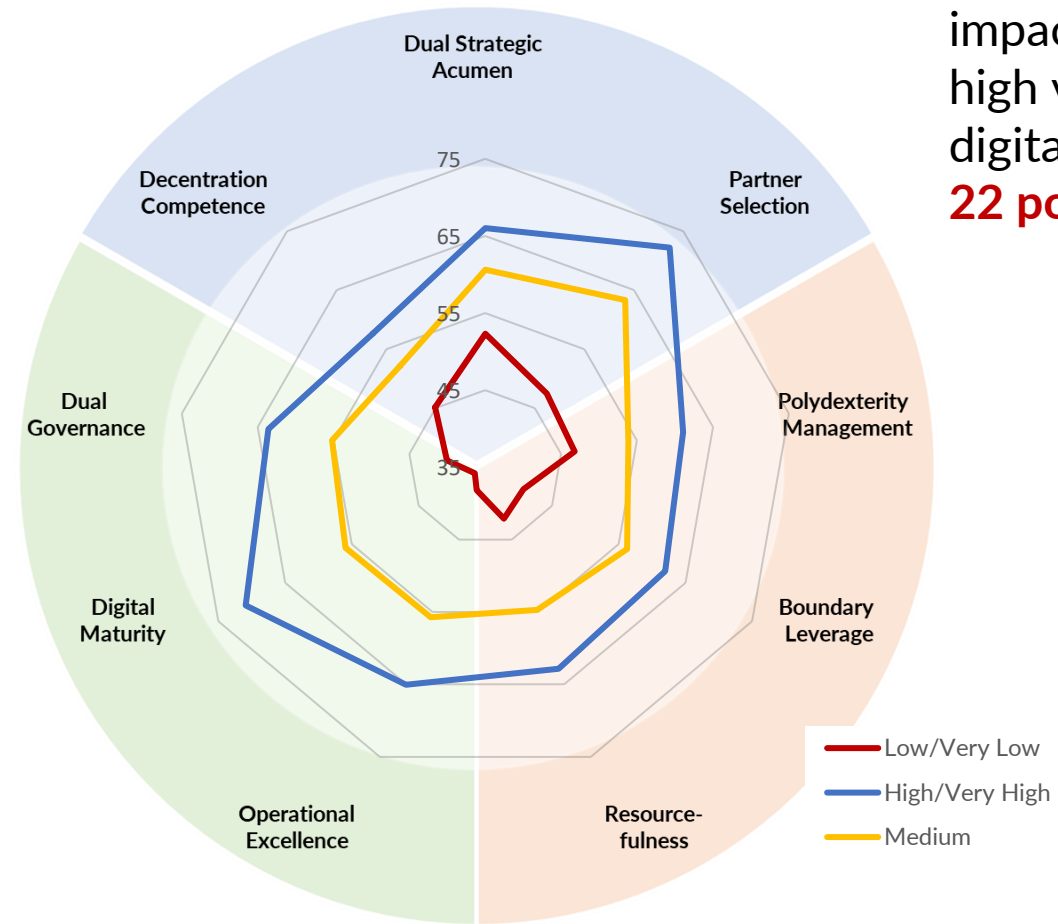
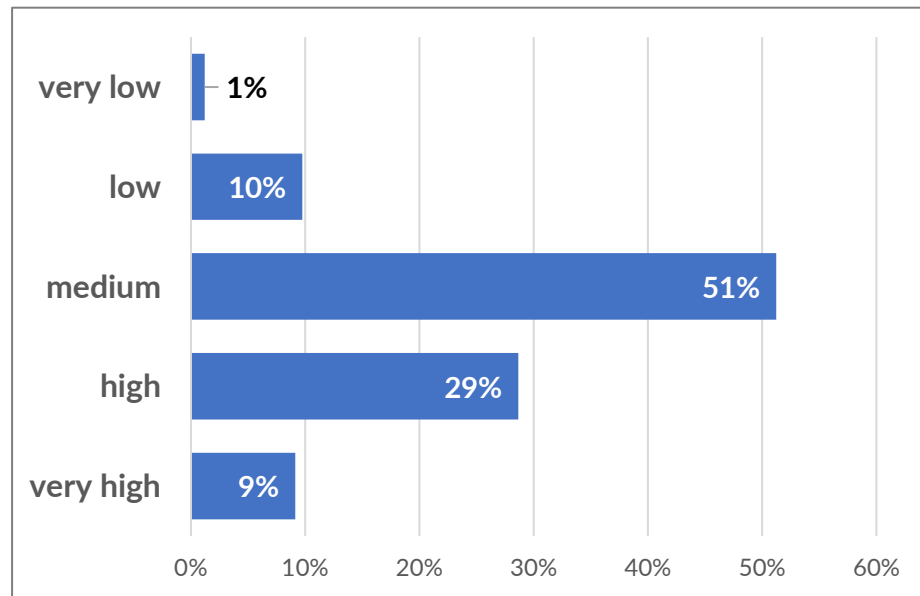


“Fully agree” items: top 5, bottom 5



Digital Maturity has a Significant Impact on the ELX

“How would you intuitively assess the current digital maturity of your corporation?”

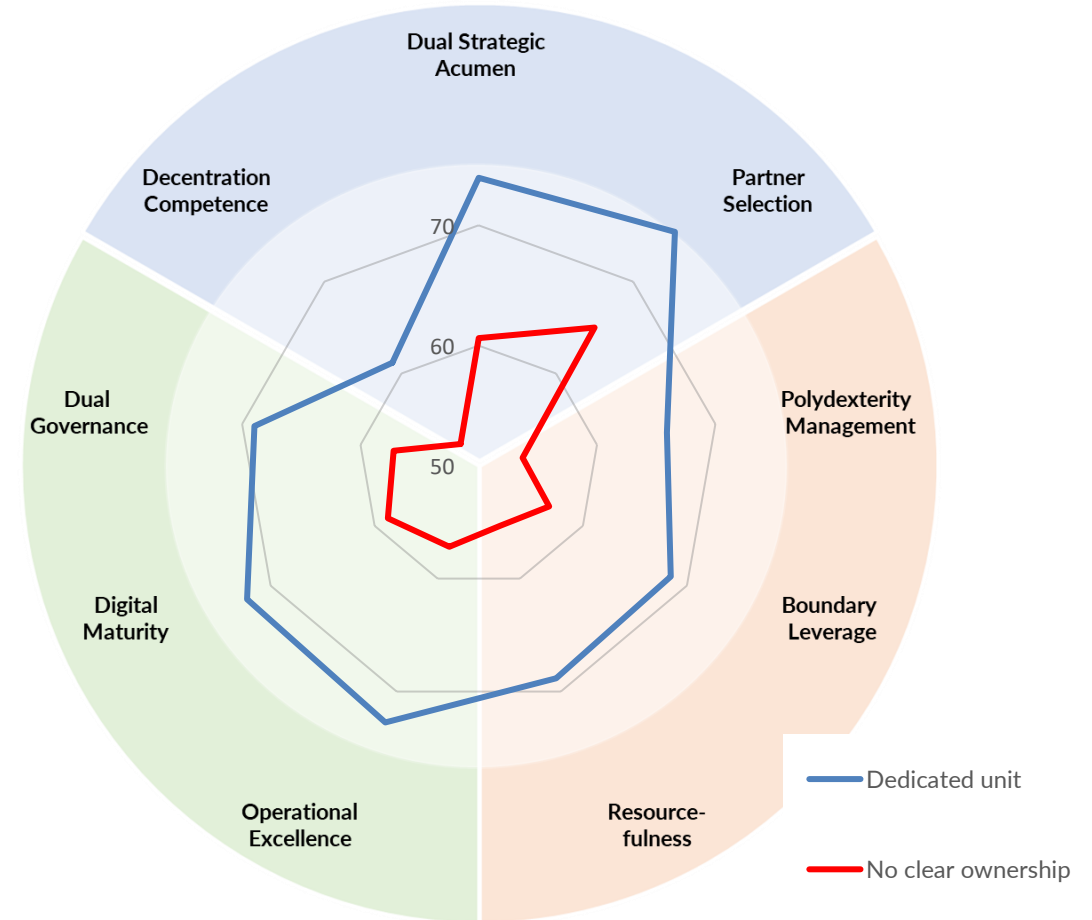
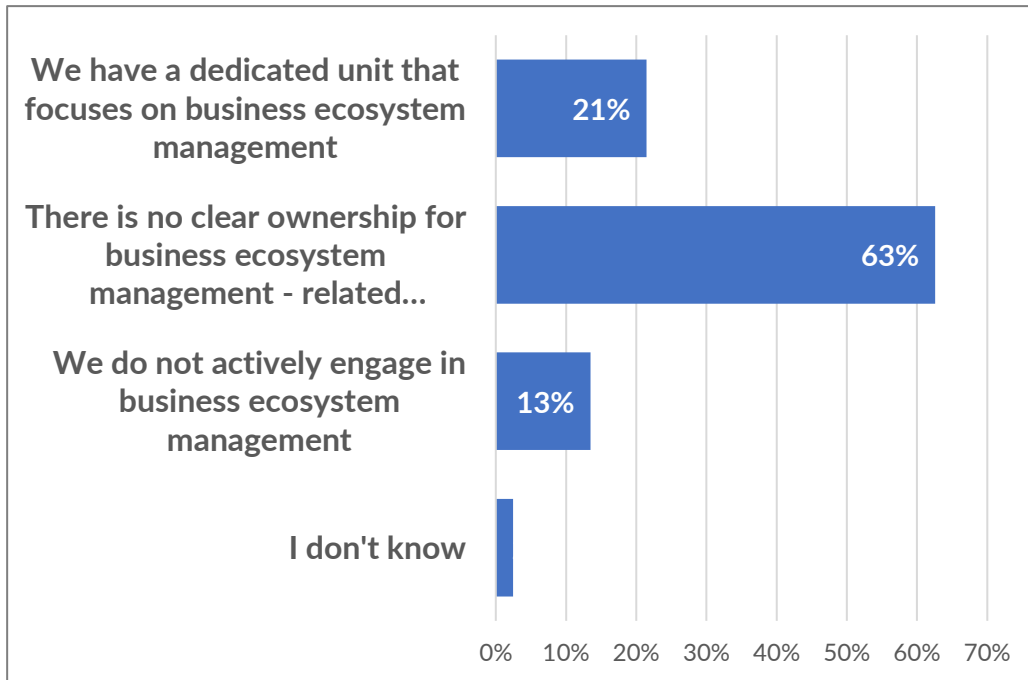


Average ELX impact of high vs low digital maturity: **22 points**

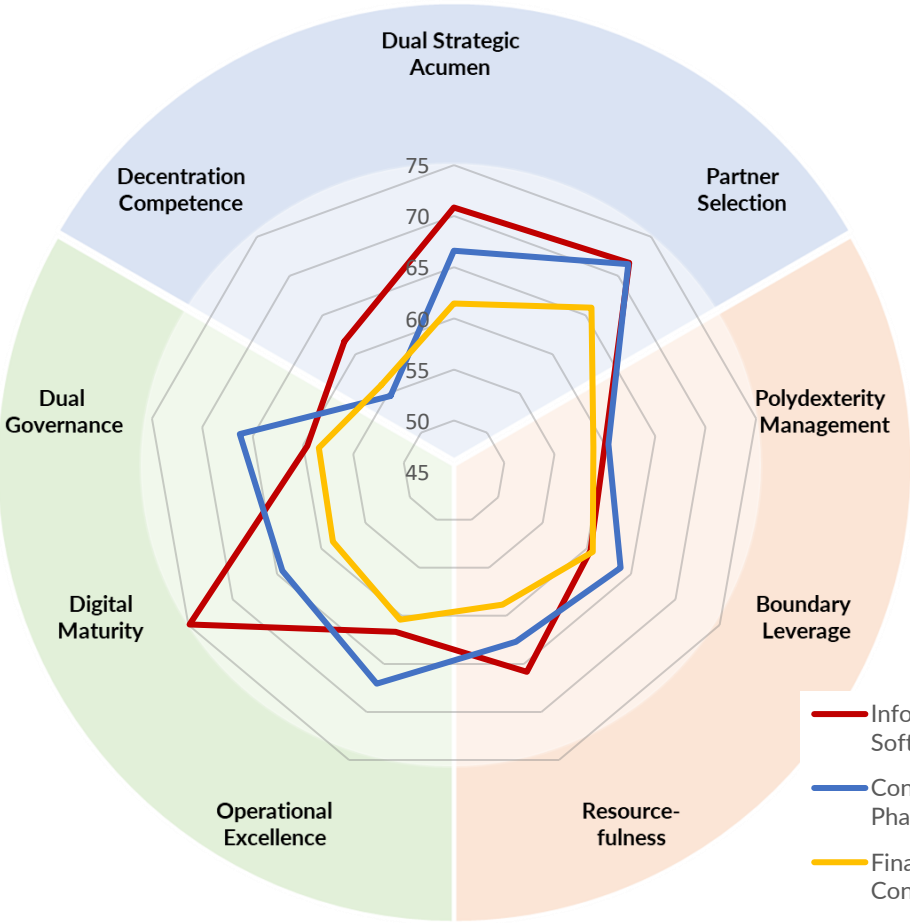


Org Units Dedicated to Business Ecosystem Management are Still Not Very Common

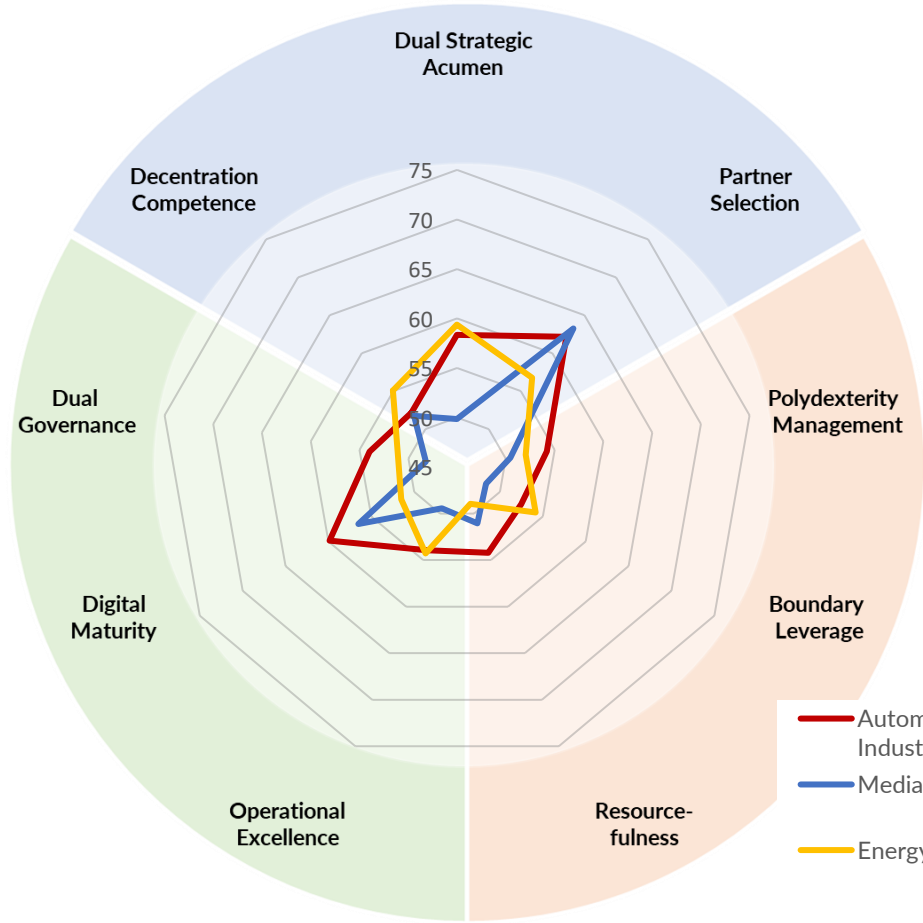
“How do you organize for business ecosystem management/development?”



Industries Differ in Their Ecosystem Capabilities - Not Surprisingly, IT Industries Score Best



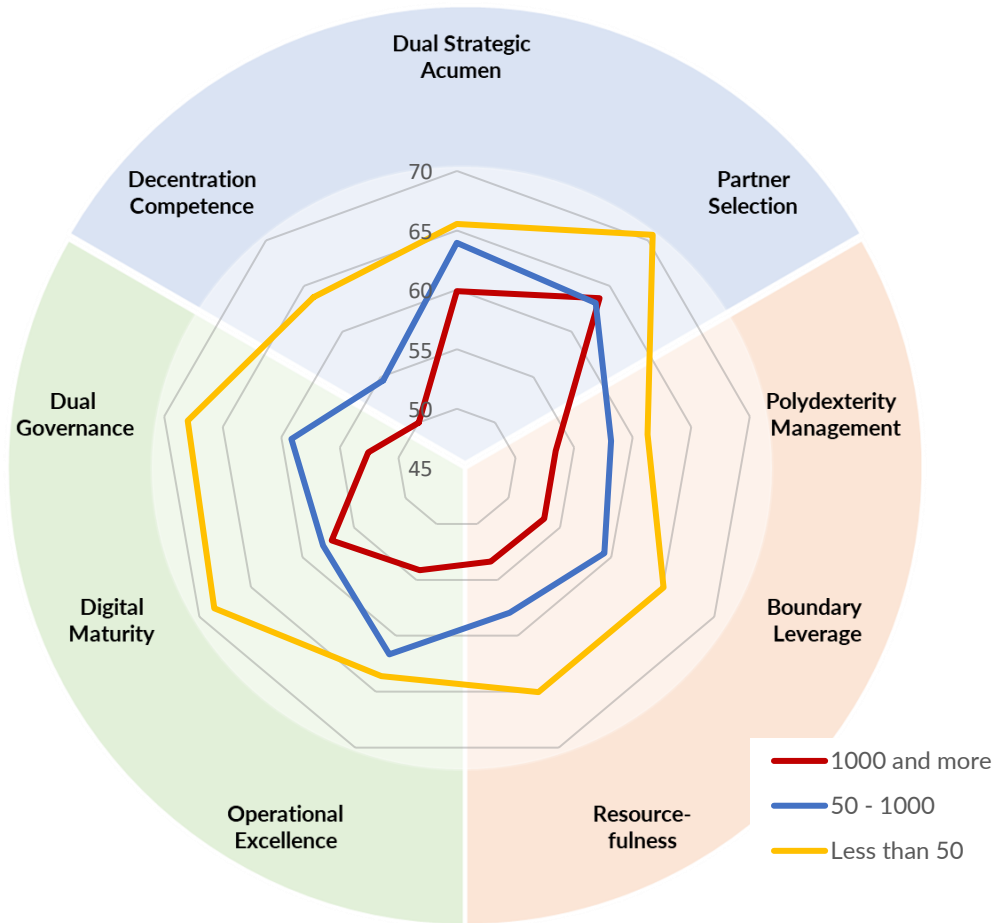
- Information Technology, Software
- Consumer Goods, Pharma, Retail
- Financial Services, Consulting



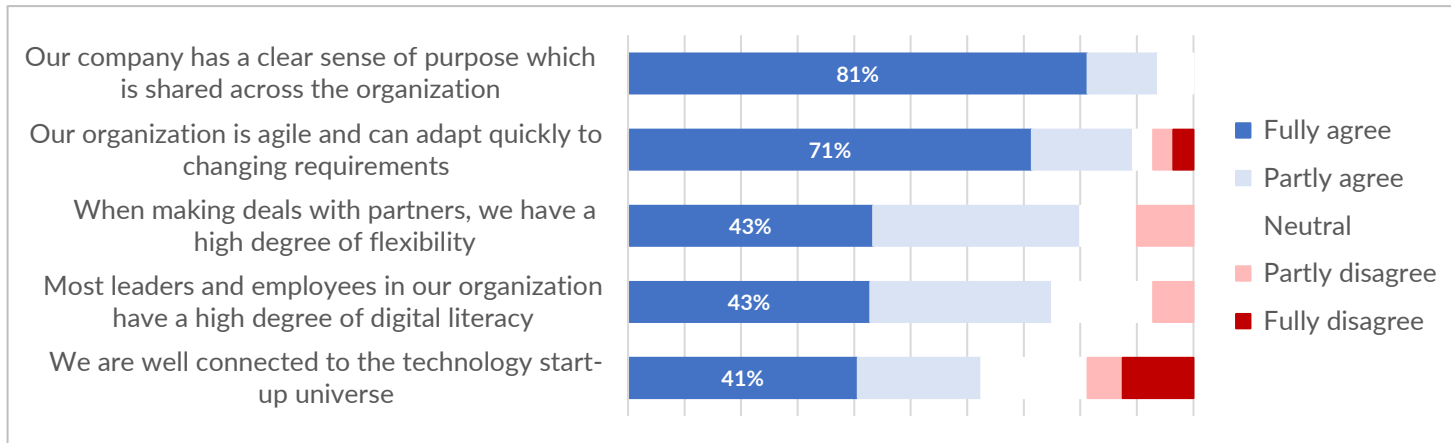
- Automotive, Engineering, Industrial Goods
- Media, Entertainment
- Energy, Utilities



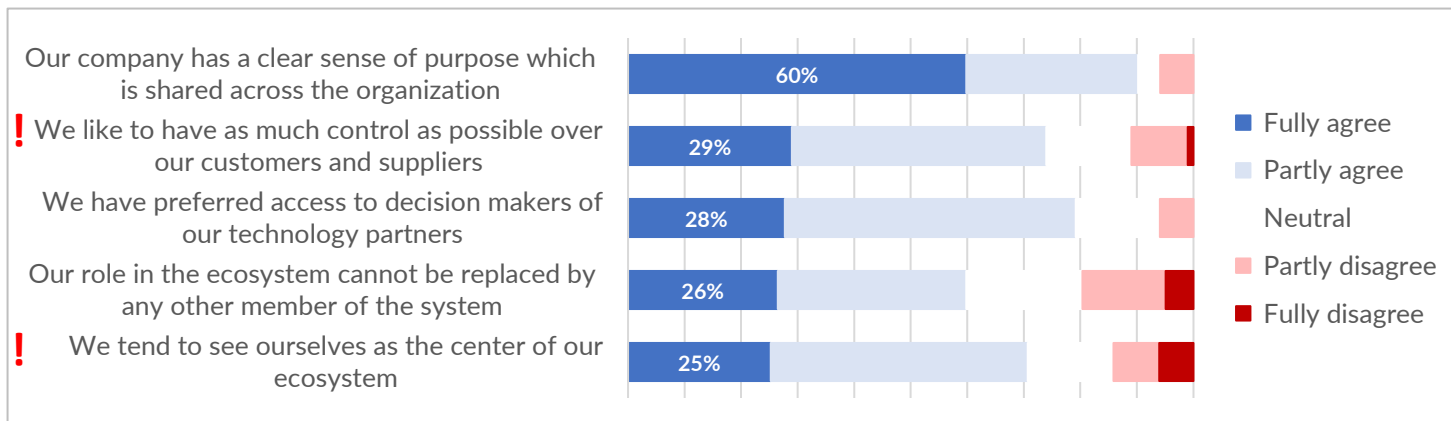
Company Size Differences Suggest Small Firms' Flexibility Provides Advantage



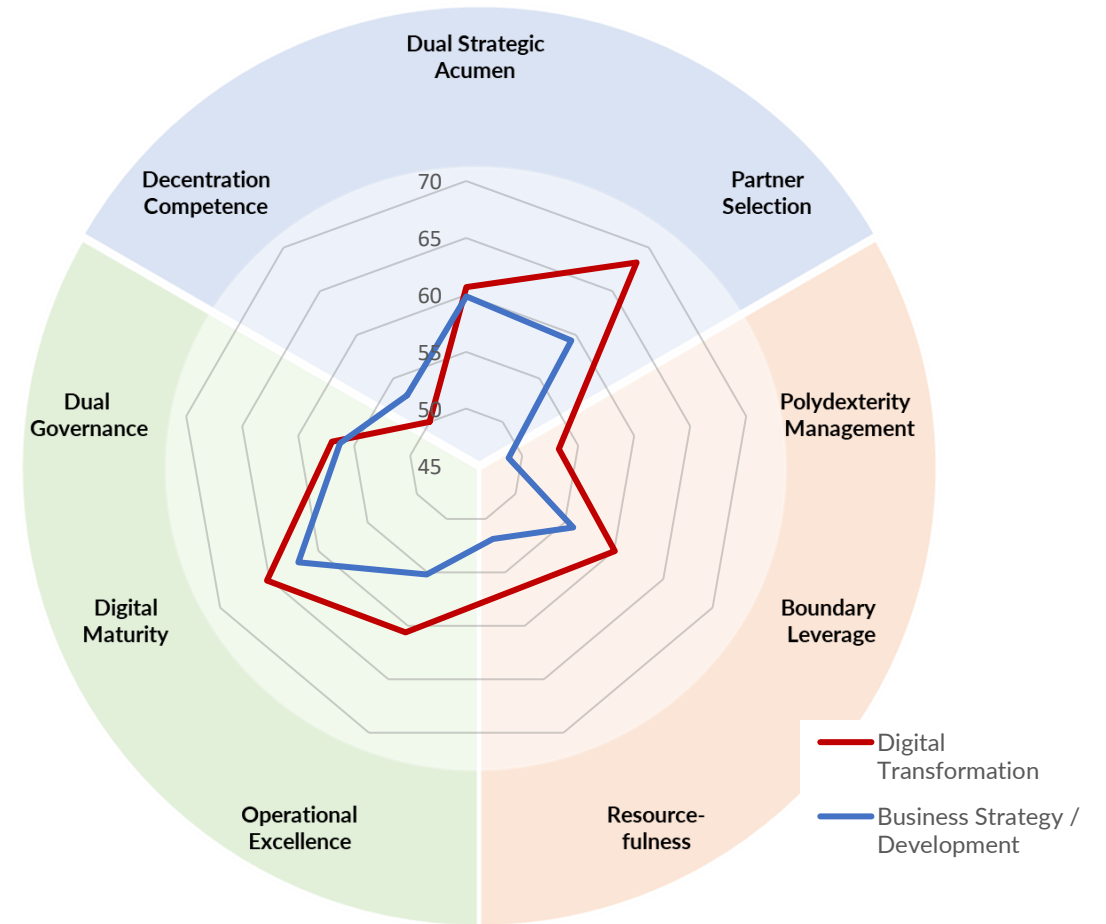
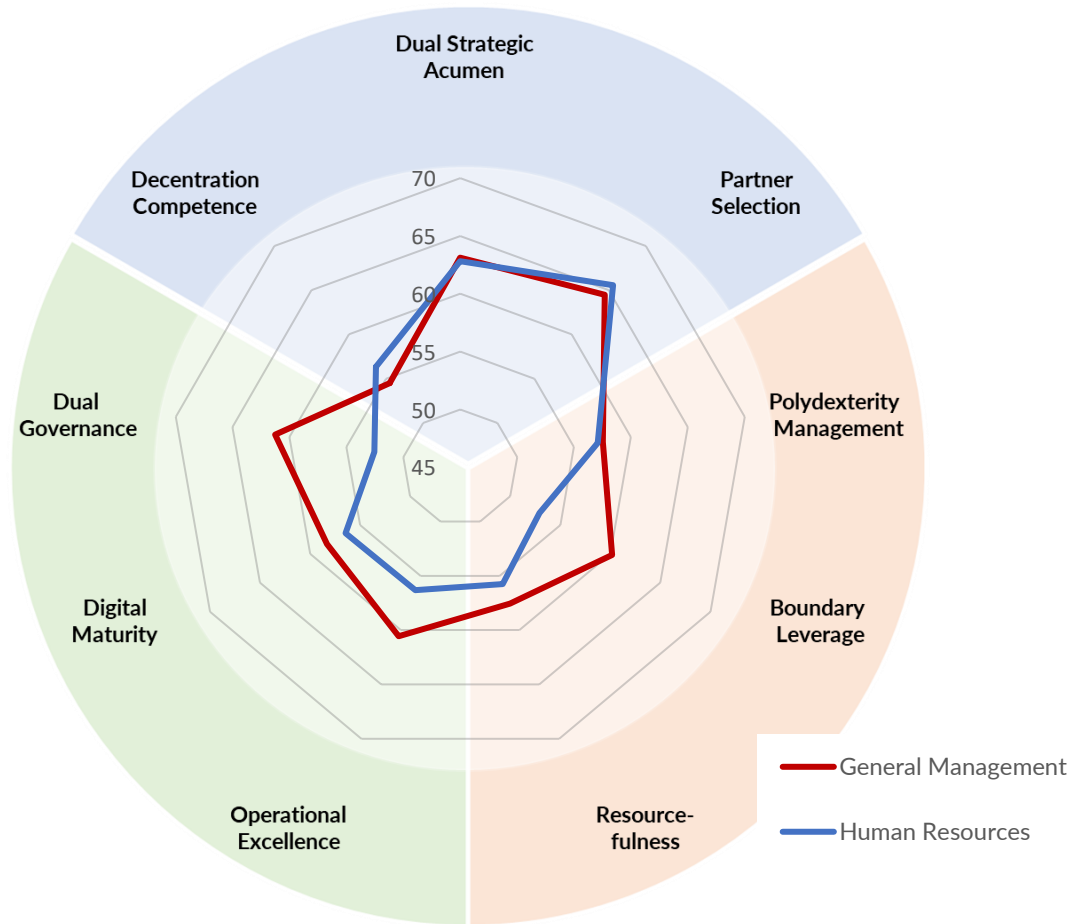
Top 5 "Fully agree" items; less than 50 employees



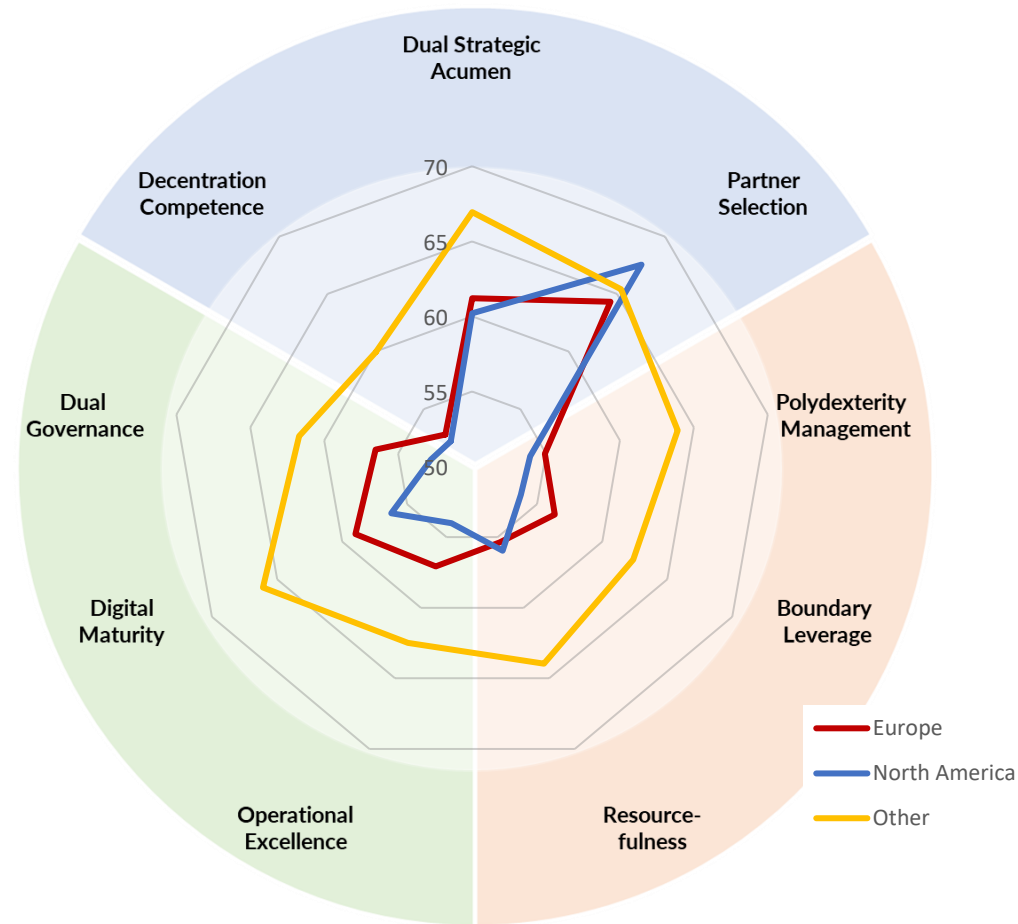
Top 5 "Fully agree" items; 1000 and more employees



The Various Functions have a Similar View of Their Companies' Capabilities



Geographical Differences Suggest that Non-EU/US Companies are Perceived More Positively

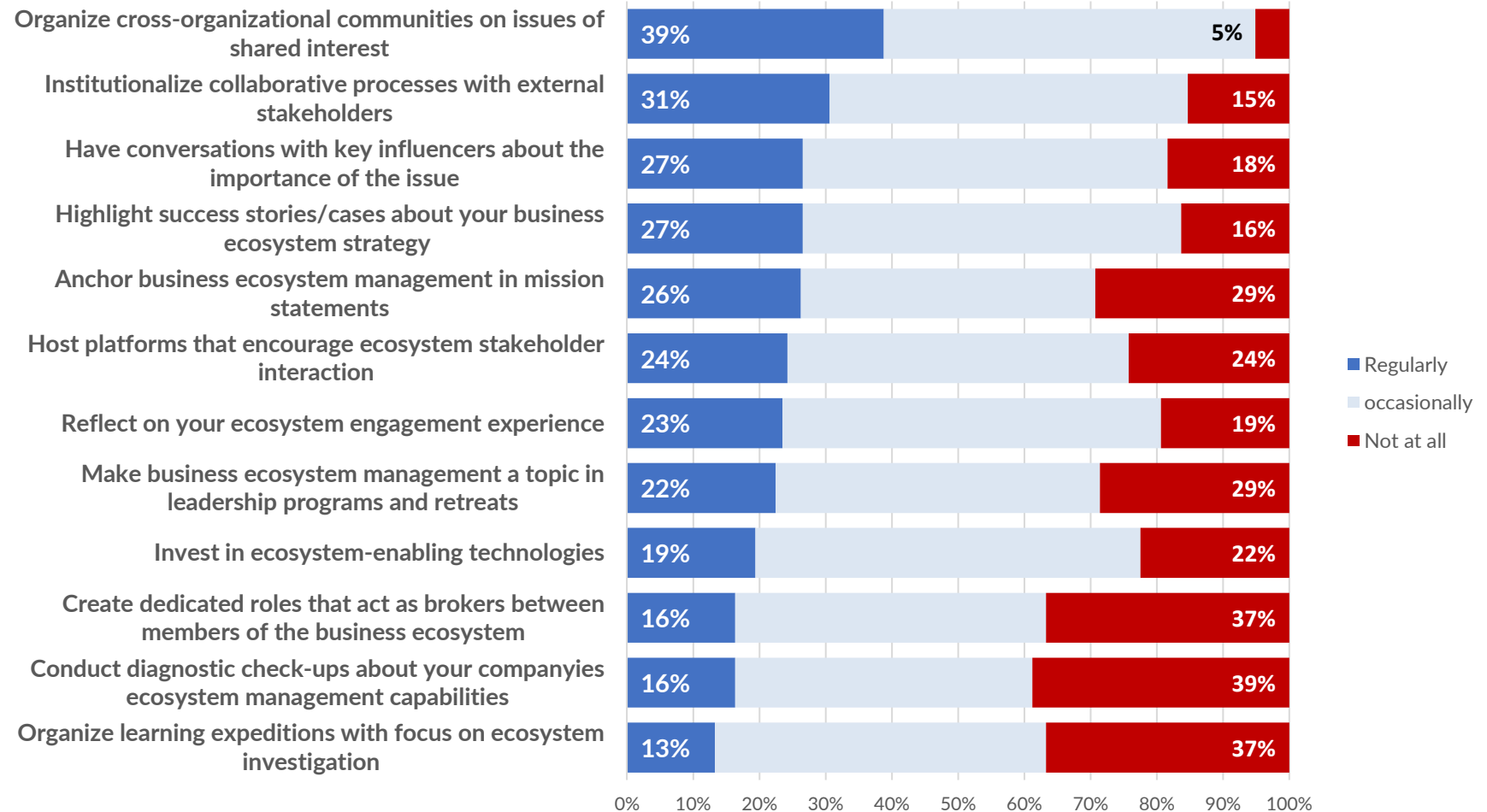


Ecosystem-Strengthening Activities

Only a Minority Engages Systematically in Ecosystem-Strengthening Activities

“Here is a list of activities that may strengthen your business ecosystem leadership capabilities.

To which degree do you apply these within your organization?”

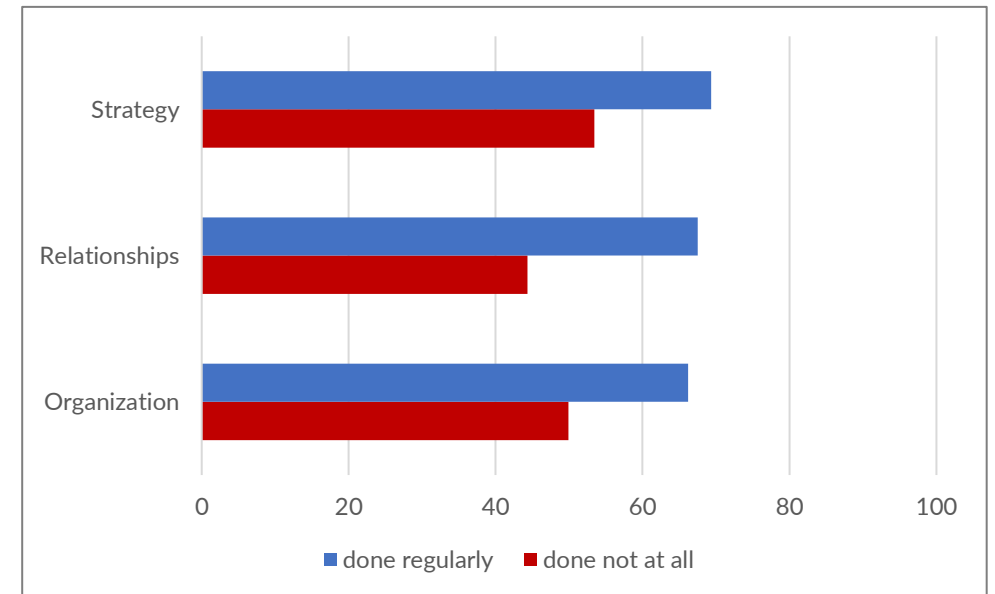


Anchor Business Ecosystem Management in Mission Statements



Impact on overall ELX Index: **19 points**

- Total Sample 58
- Done regularly 68
- Done not at all 49

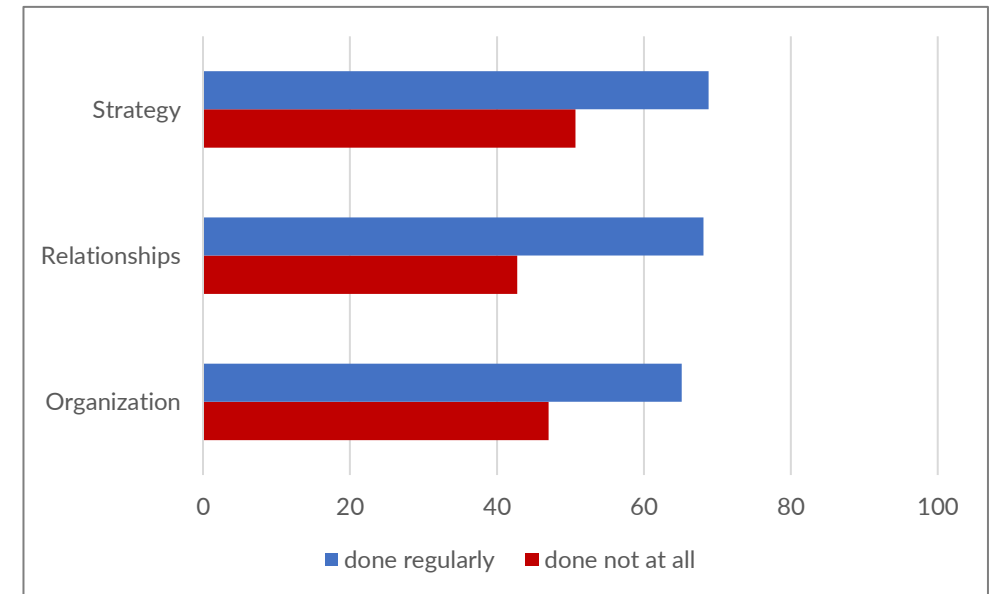


Host Platforms that Encourage Ecosystem Stakeholder Interaction

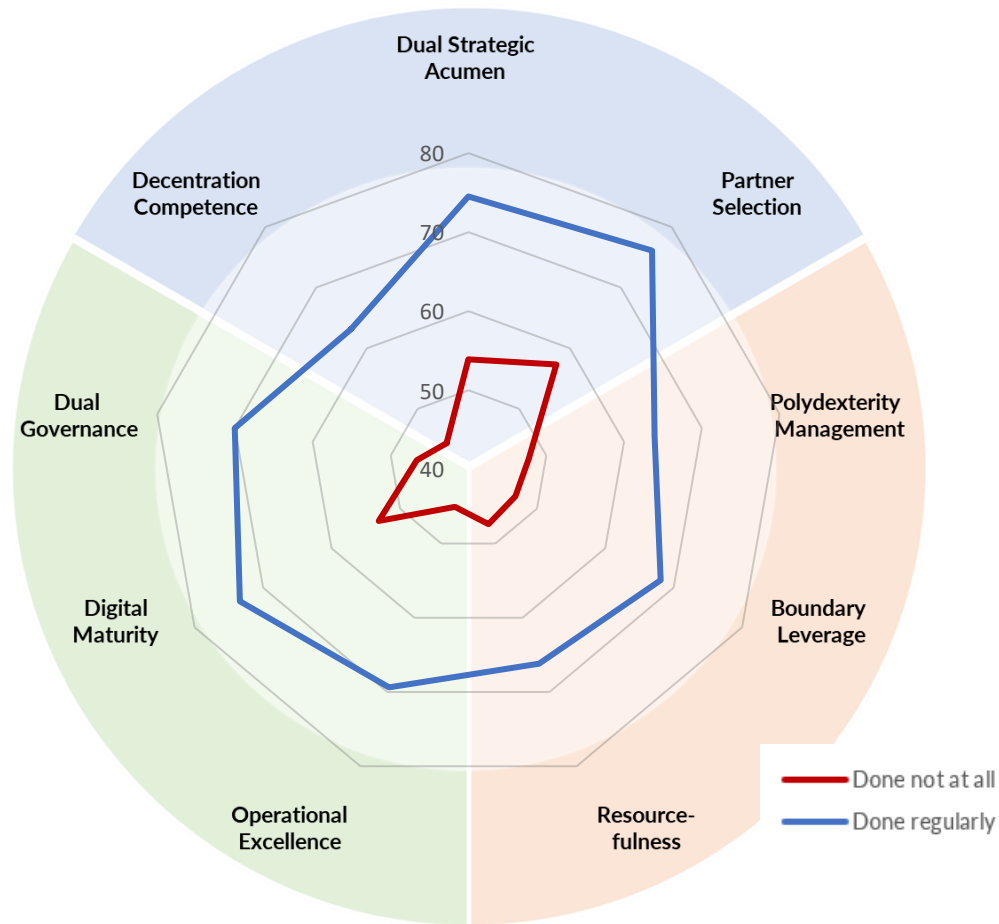


Impact on overall ELX Index: **20 points**

- Total Sample 58
- Done regularly 67
- Done not at all 47

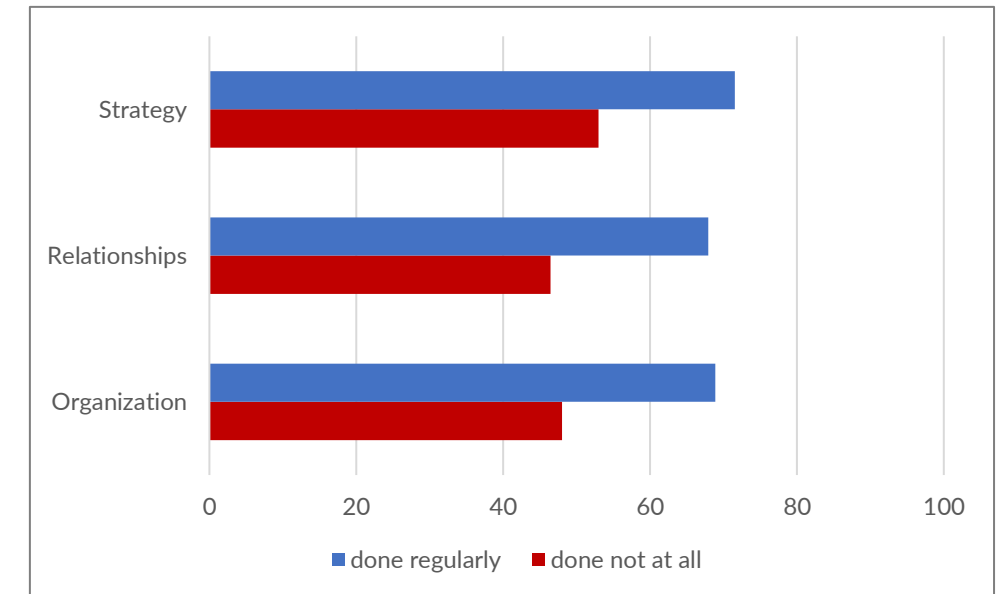


Highlight Success Stories/Cases About your Business Ecosystem Strategy



Impact on overall ELX Index: **20 points**

- Total Sample 58
- Done regularly 69
- Done not at all 49

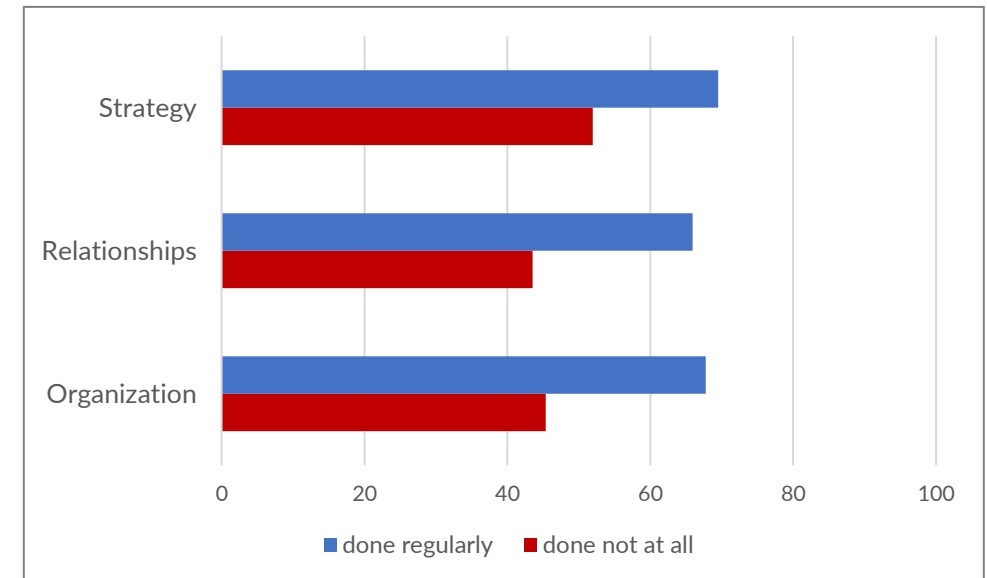


Have Conversations with Key Influencers About The Importance of the Issue



Impact on overall ELX Index: **21 points**

- Total Sample 58
- Done regularly 68
- Done not at all 47

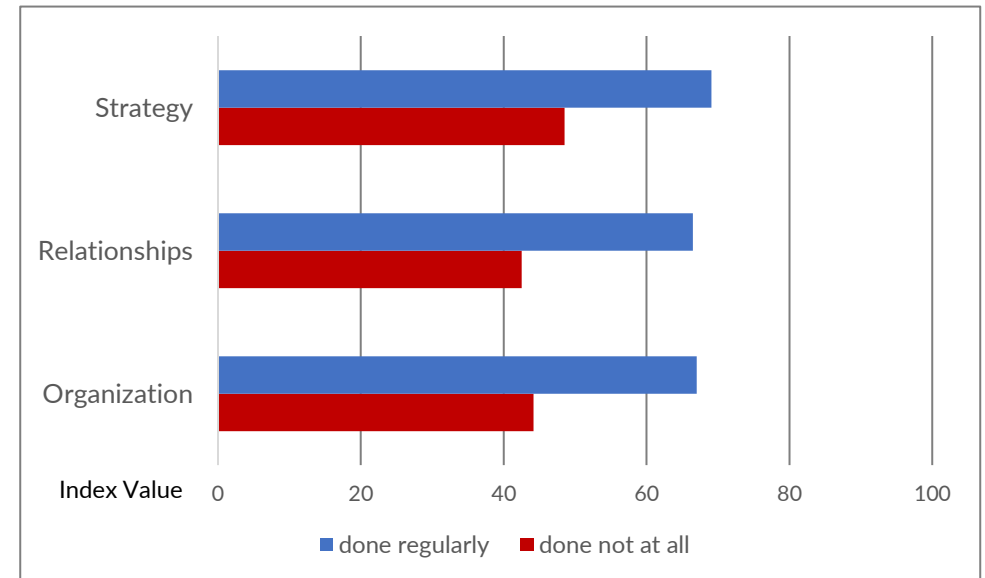


Organize Cross-Organizational Communities on Issues of Shared Interest



Impact on overall ELX Index: **23 points**

- Total Sample 58
- Done regularly 68
- Done not at all 45

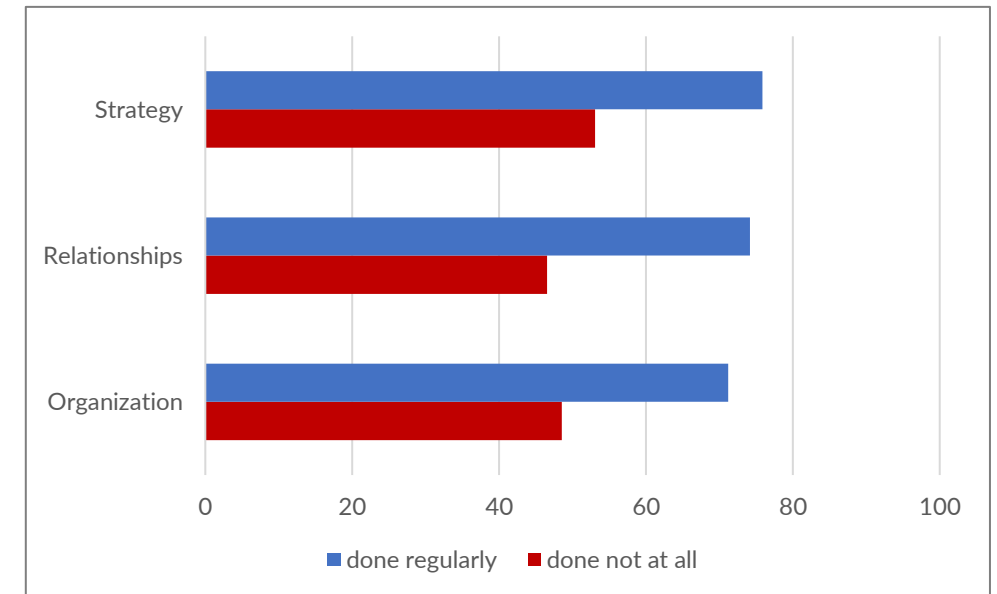


Create Dedicated Roles That Act as Brokers Between Members of the Business Ecosystem



Impact on overall ELX Index: **25 points**

- Total Sample 58
- Done regularly 74
- Done not at all 49

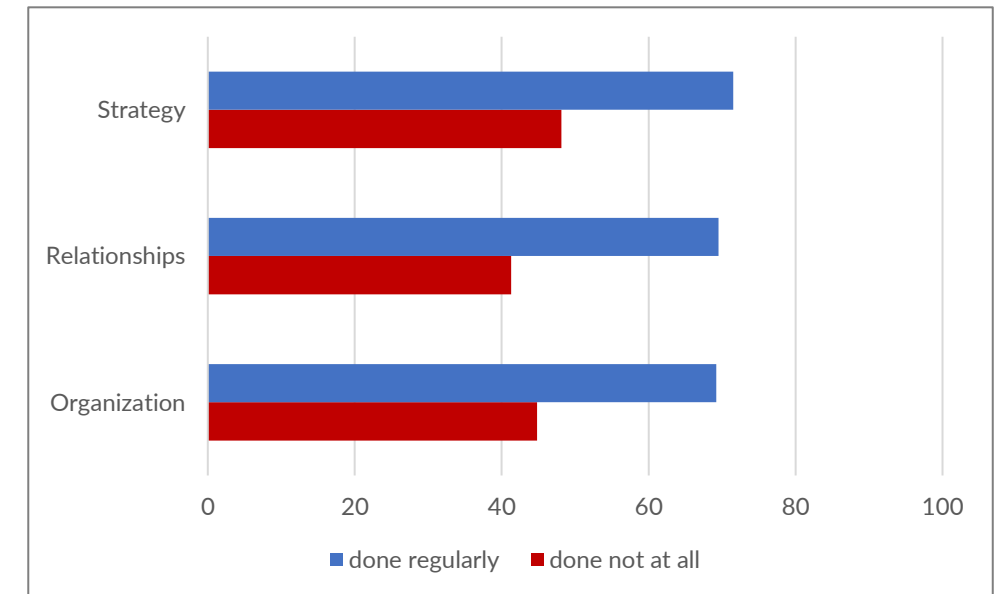


Invest in Ecosystem-Enabling Technologies



Impact on overall ELX Index: **25 points**

- Total Sample 58
- Done regularly 70
- Done not at all 45

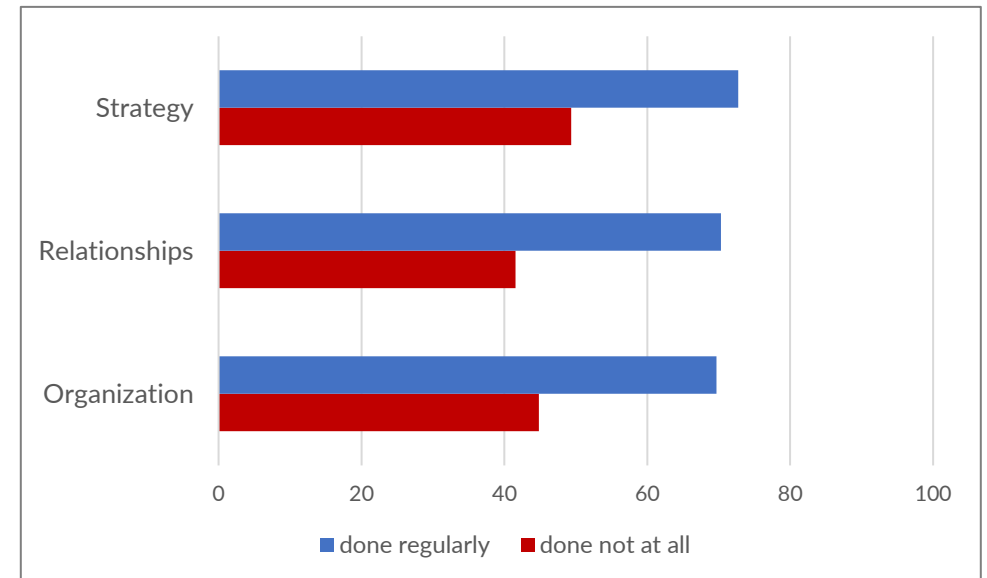


Institutionalize Collaborative Processes with External Stakeholders



Impact on overall ELX Index: **26 points**

- Total Sample 58
- Done regularly 71
- Done not at all 45

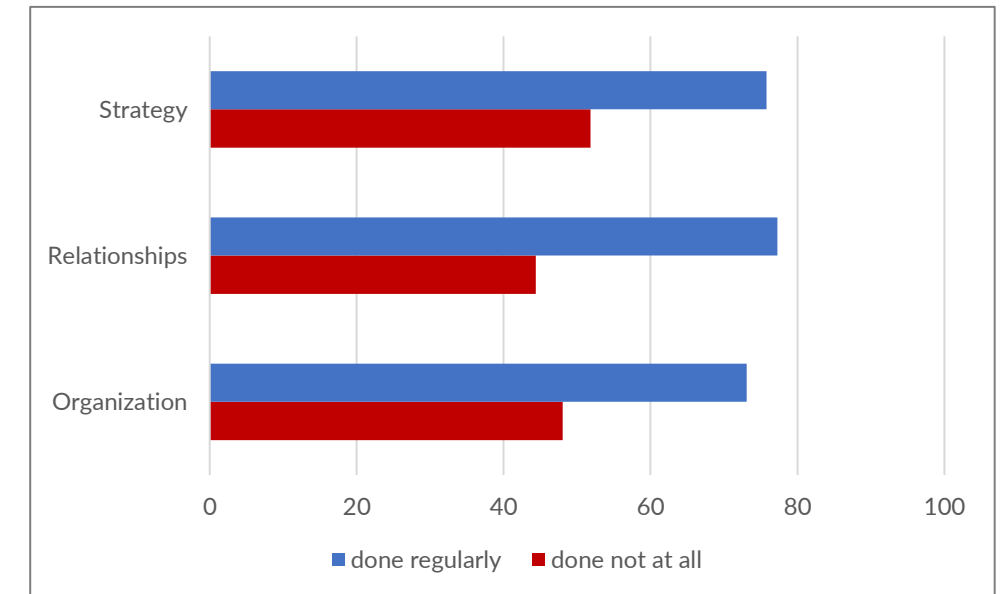


Conduct Diagnostic Check-ups About your Company's Ecosystem Management Capabilities

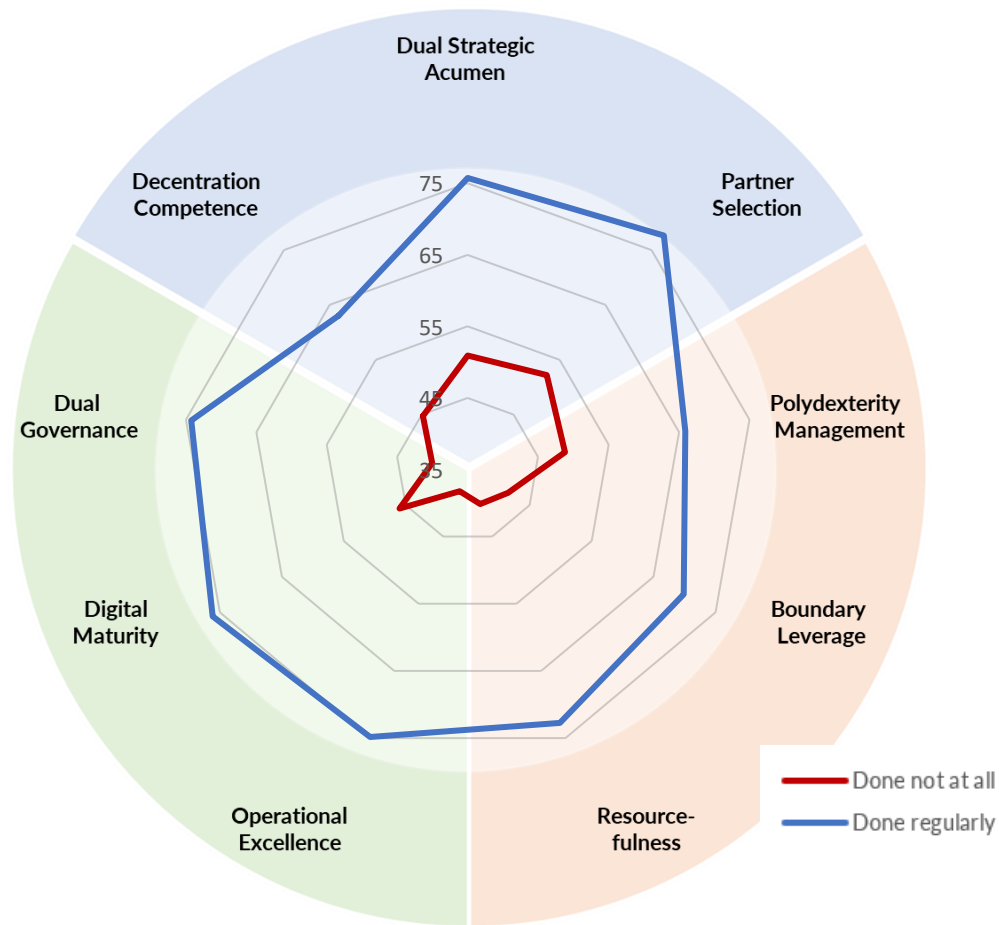


Impact on overall ELX Index: **27 points**

- Total Sample 58
- Done regularly 75
- Done not at all 48

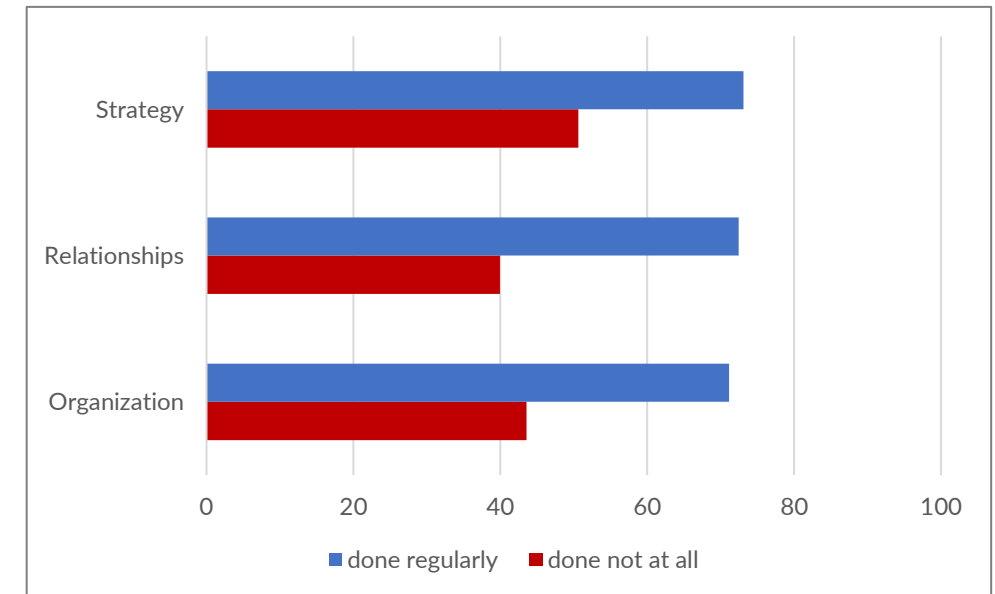


Make Business Ecosystem Management a Topic in Leadership Programs and Retreats

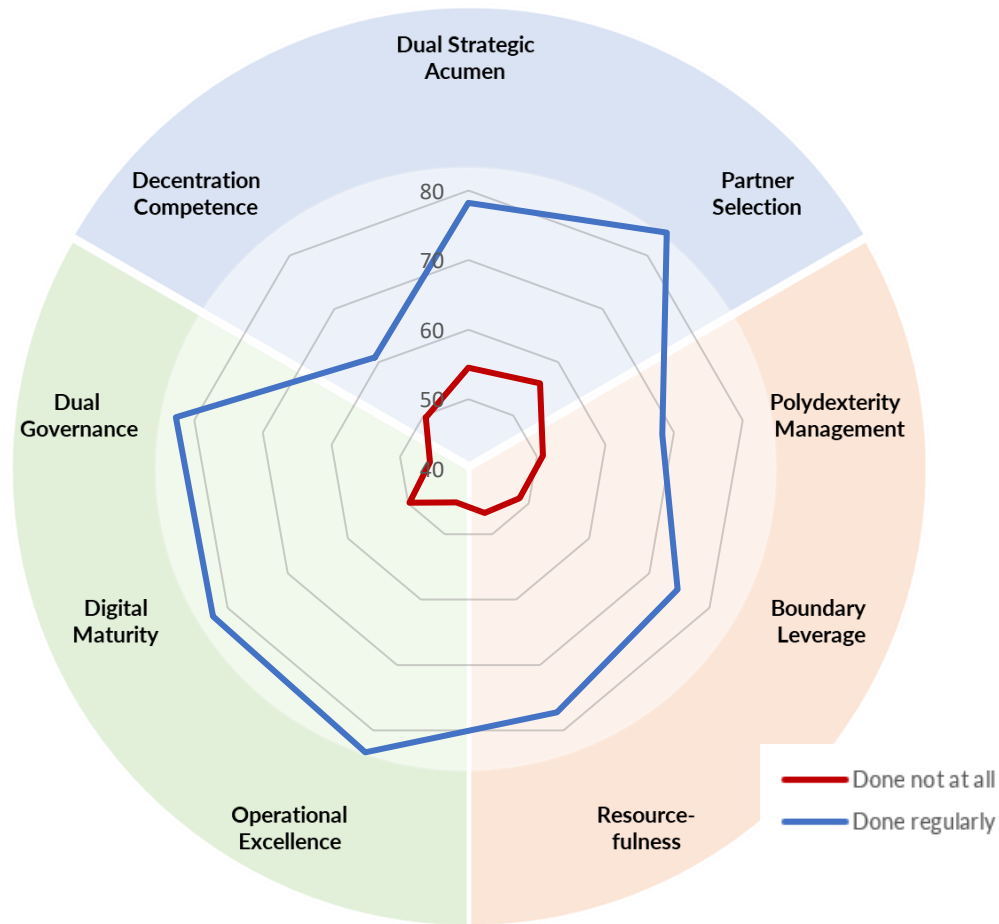


Impact on overall ELX Index: **27 points**

- Total Sample 58
- Done regularly 72
- Done not at all 45

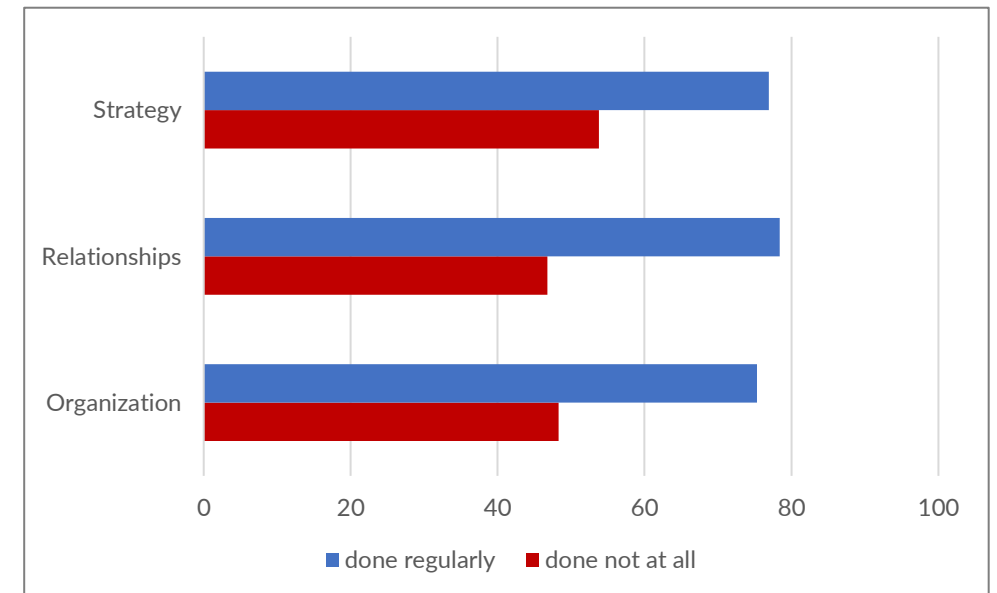


Organize Learning Expeditions with Focus on Ecosystem Investigation



Impact on overall ELX Index: **27 points**

- Total Sample 58
- Done regularly 77
- Done not at all 50

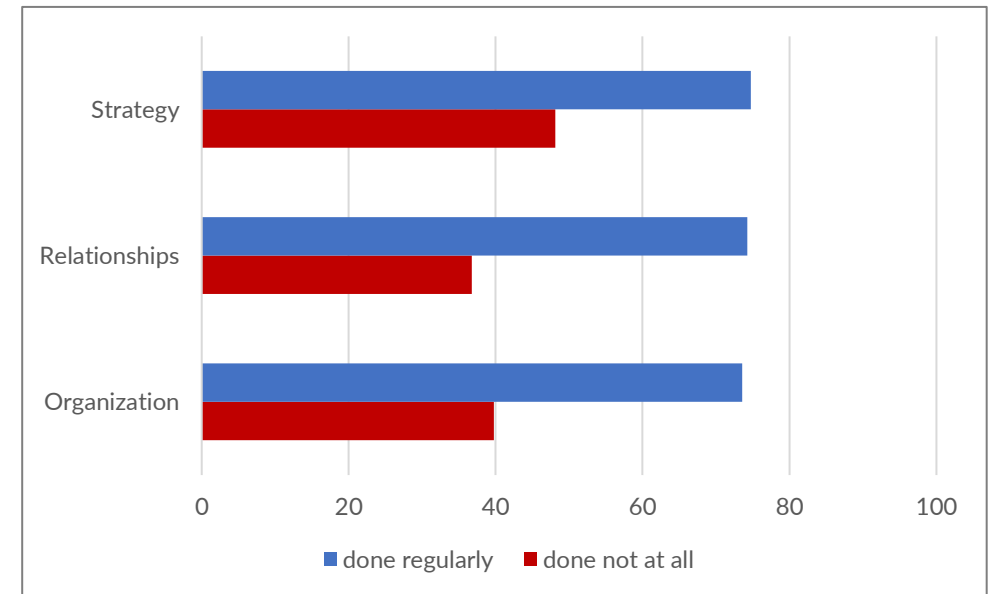


Reflect on Your Ecosystem Engagement Experience



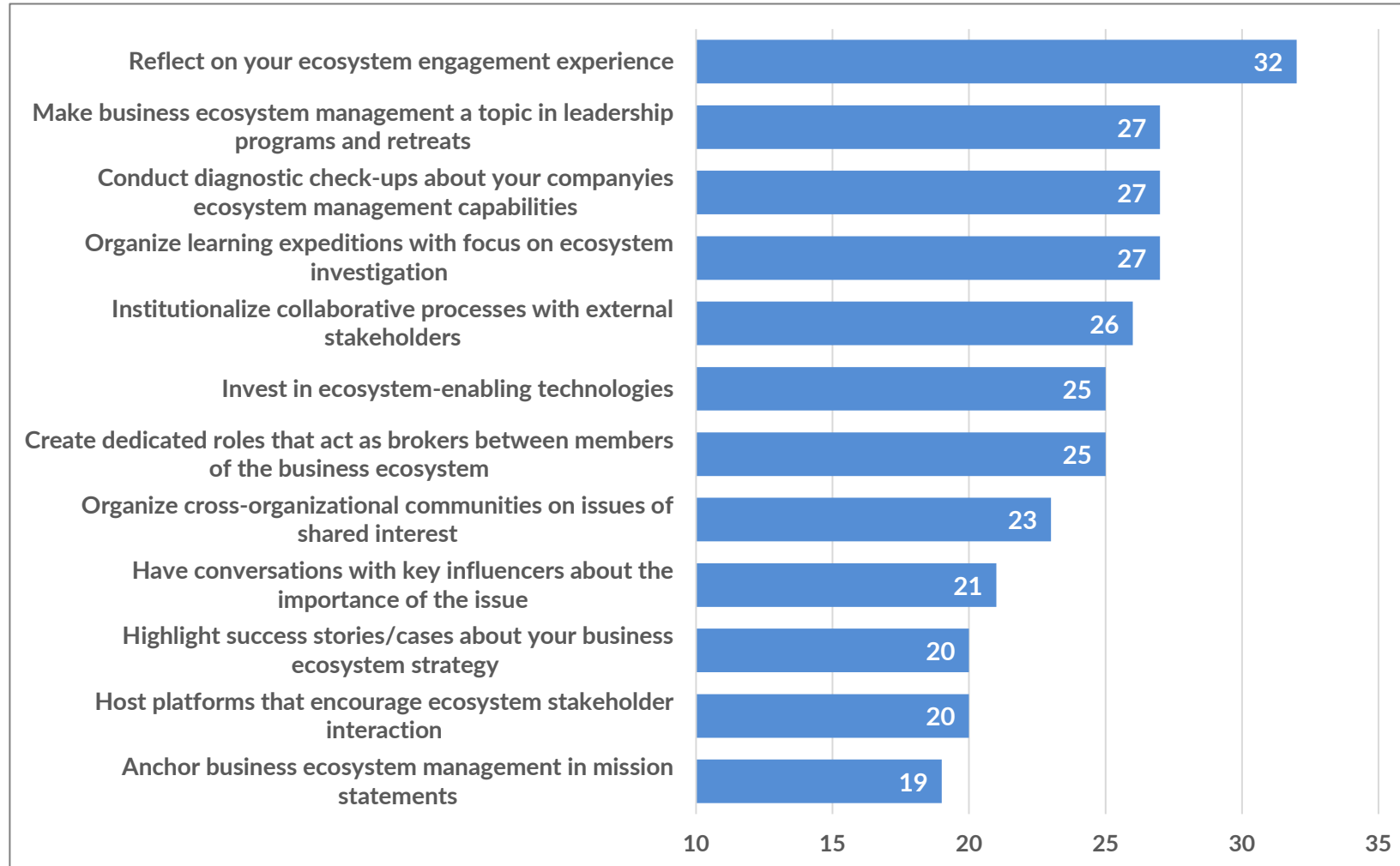
Impact on overall ELX Index: **32 points**

- Total Sample 58
- Done regularly 74
- Done not at all 42



A Regular Engagement in Ecosystem-Centered Activities Clearly Pays Off

Impact of Ecosystem-Enabling Activities on the ELX Score

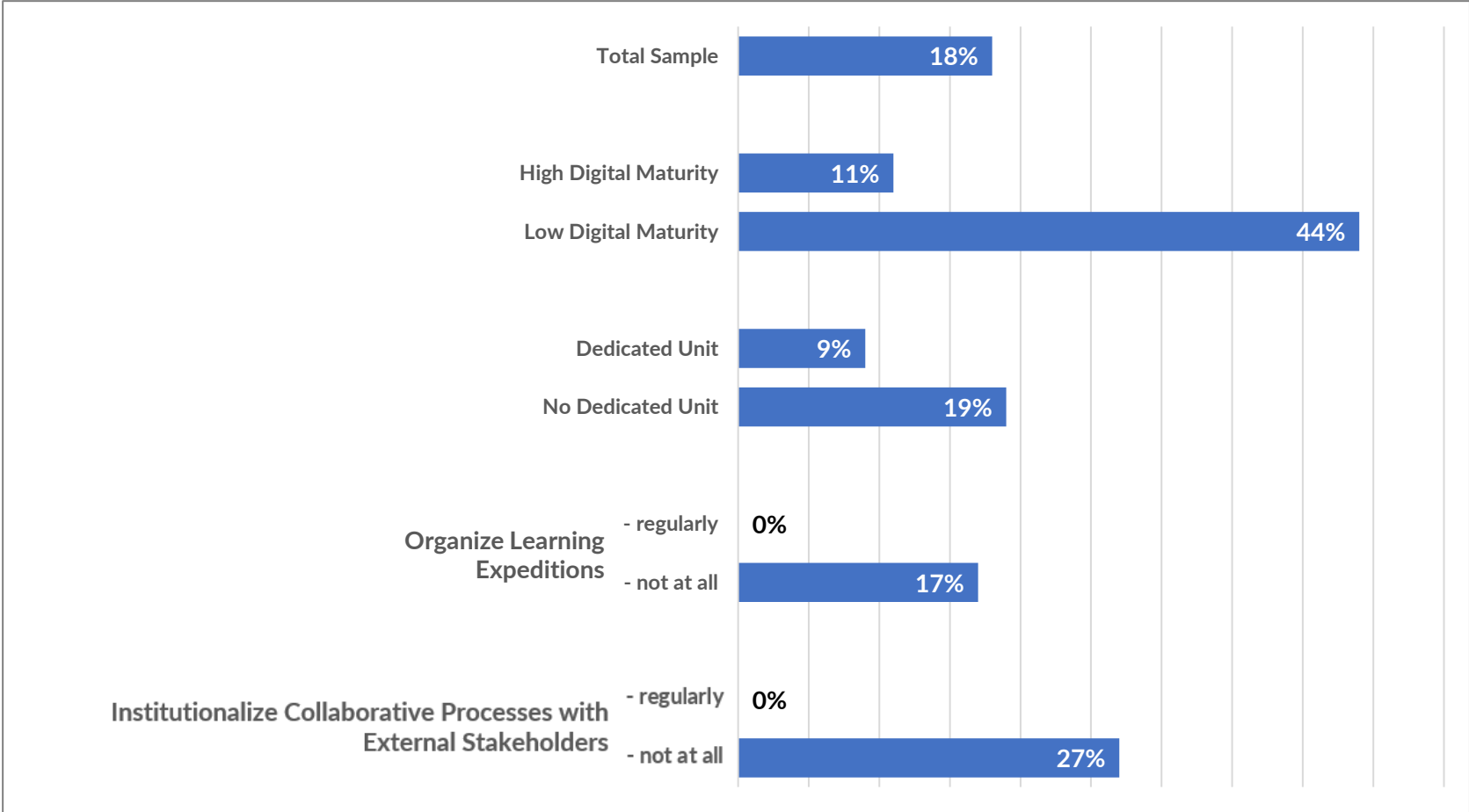


Spotlights: One Selected Item per Capability

Spotlight on Decentralization Competence

Our organization suffers from too much inward orientation

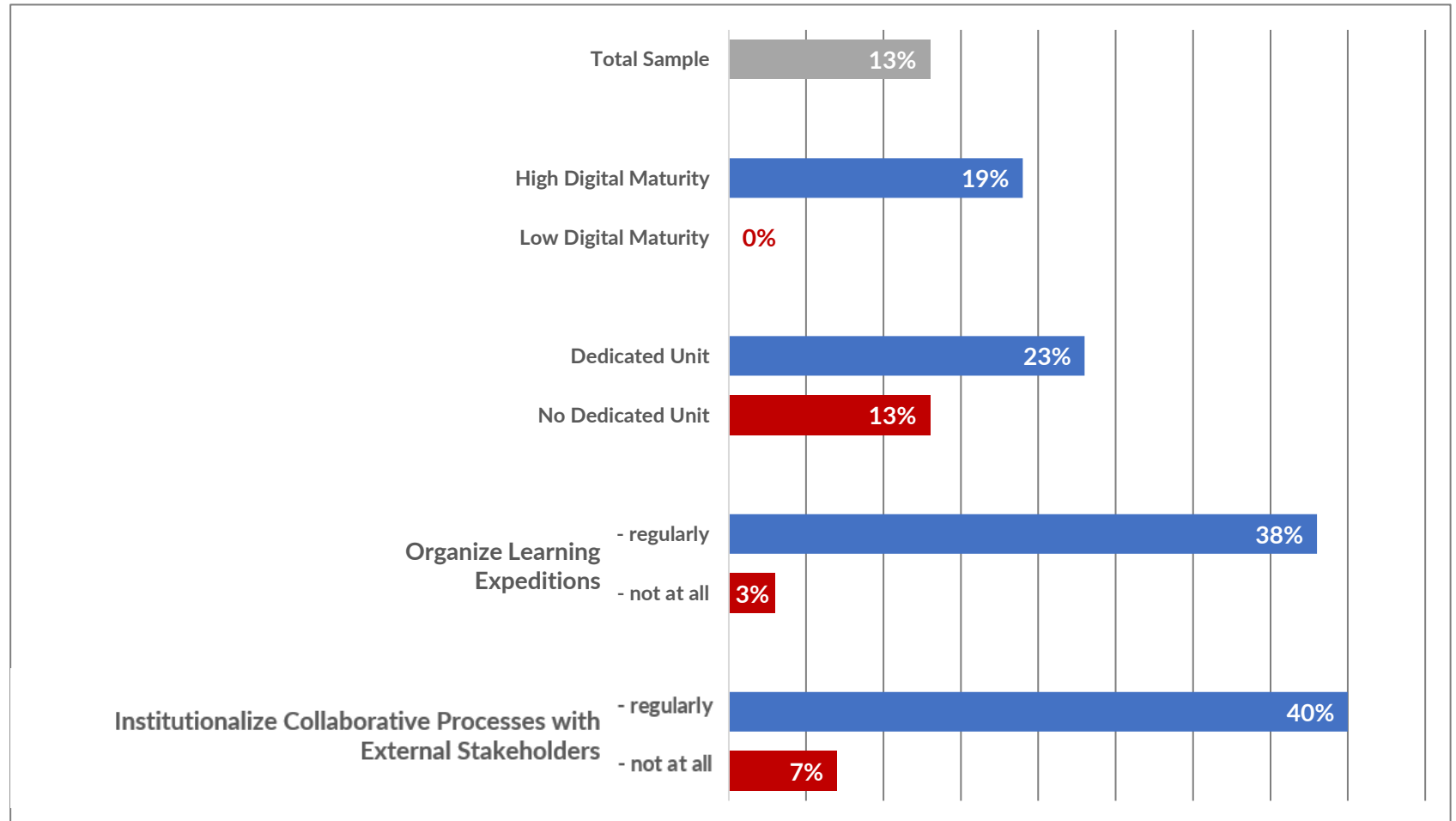
(% fully agree)



Spotlight on Dual Strategic Acumen

The strategic purpose of our ecosystem engagement is clear to everybody in our organization

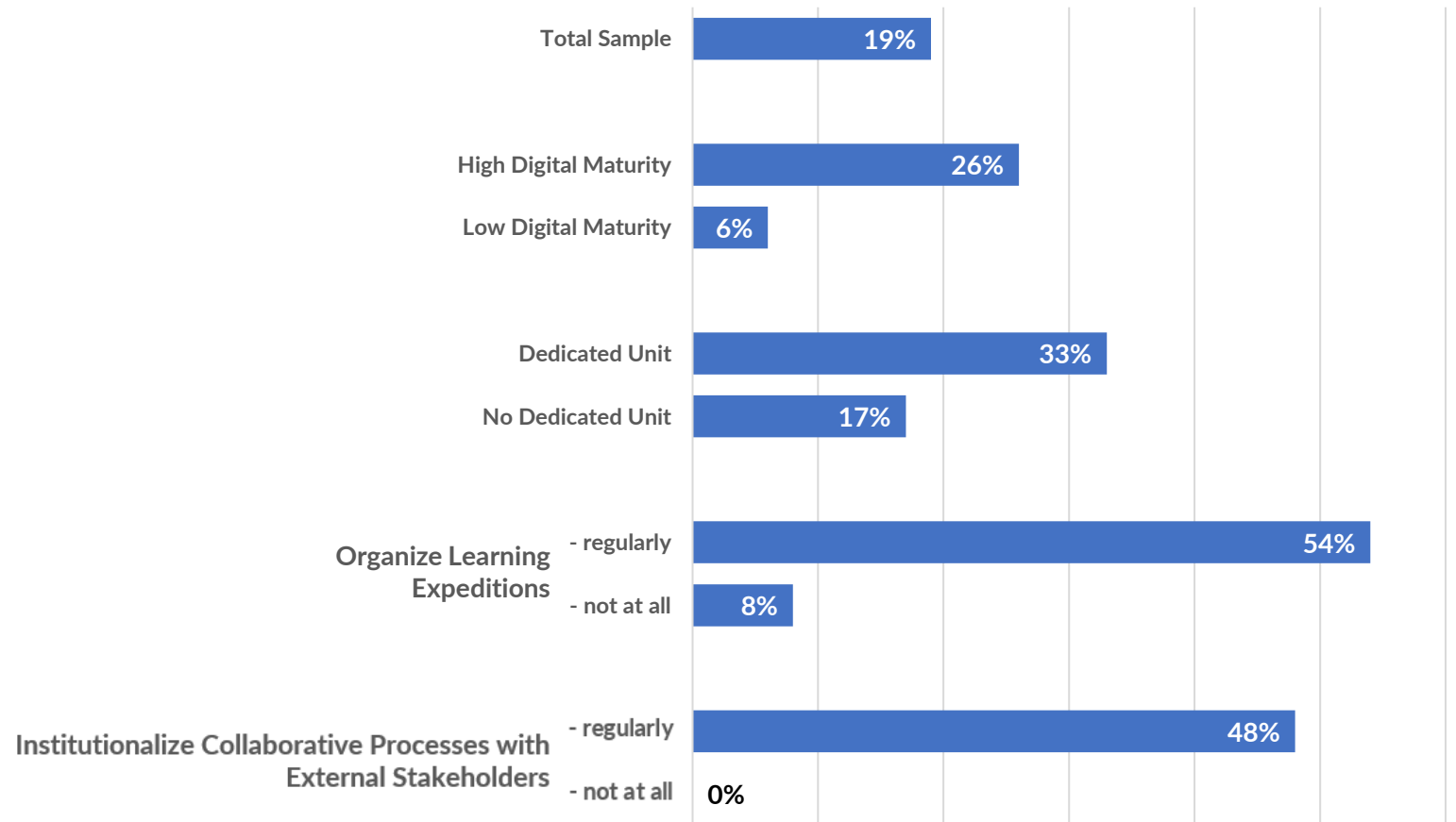
(% fully agree)



Spotlight on Partner Selection

When thinking about which partners to choose, we consider how they will impact the overall relationship dynamics between all stakeholders of the system

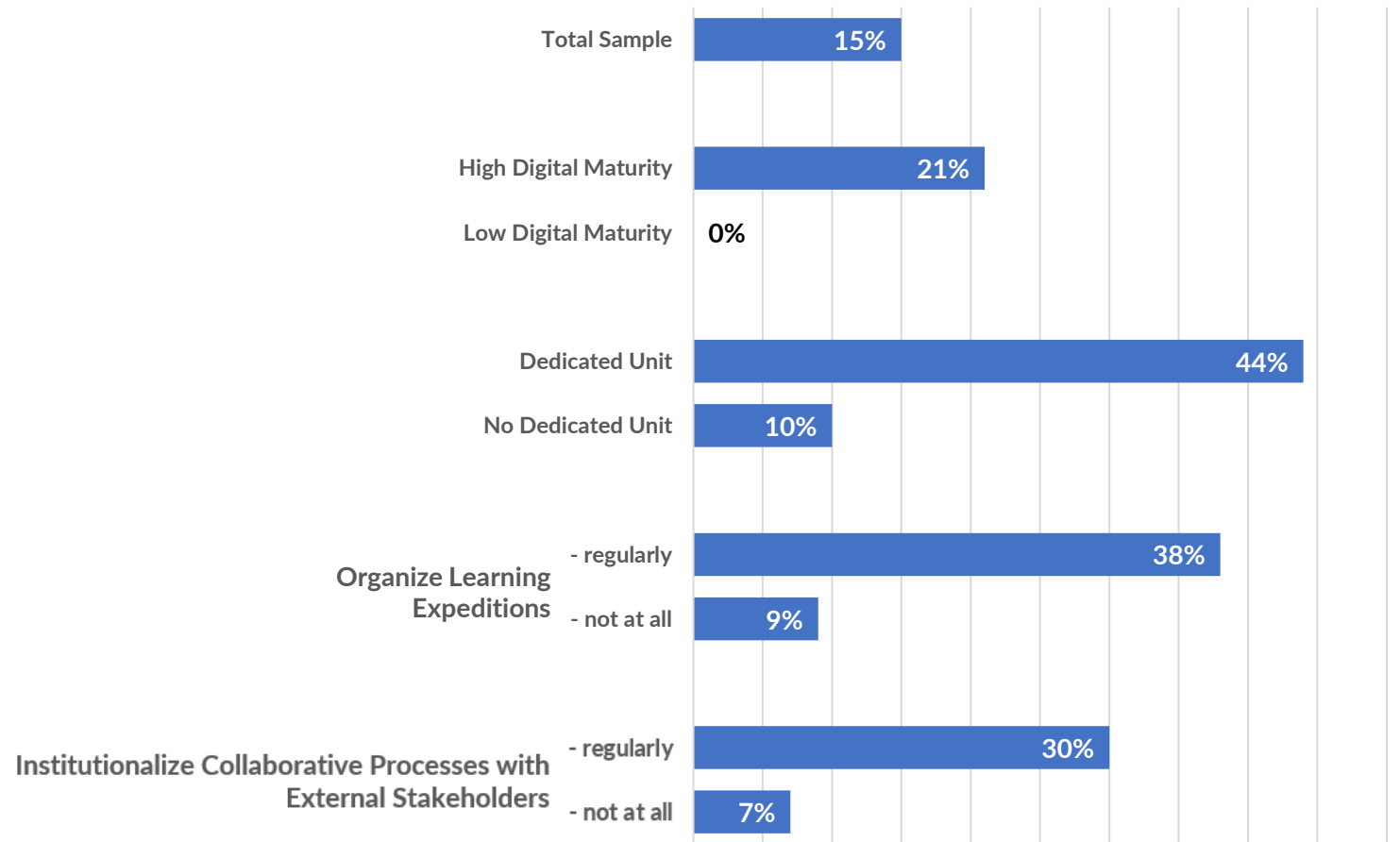
(% fully agree)



Spotlight on Polydexterity Management

We know how to deal with the diversity of ecosystem partners (in terms of size, maturity, agility, business model, etc.)

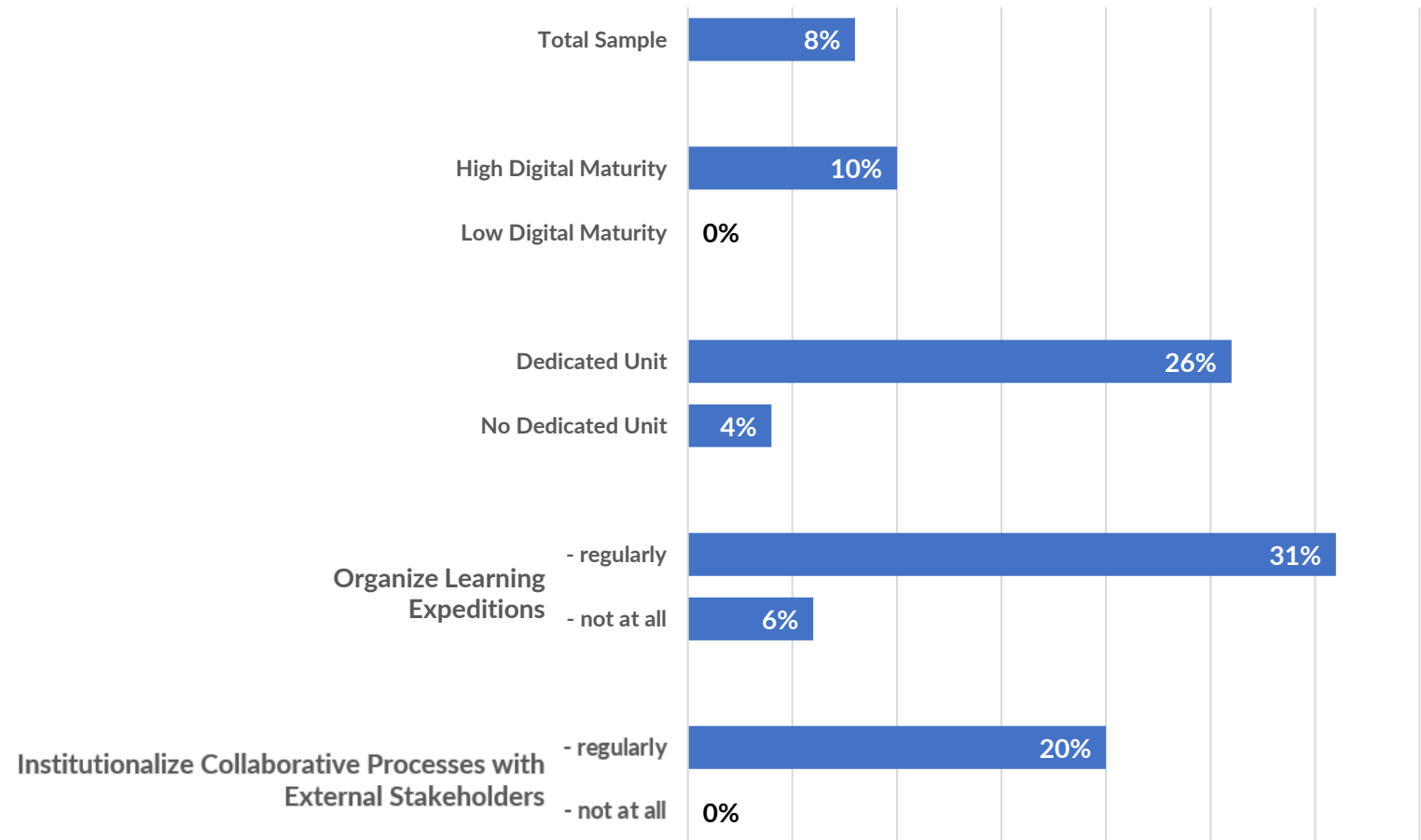
(% fully agree)



Spotlight on Boundary Leverage

We actively foster inter-organizational learning initiatives with ecosystem partners

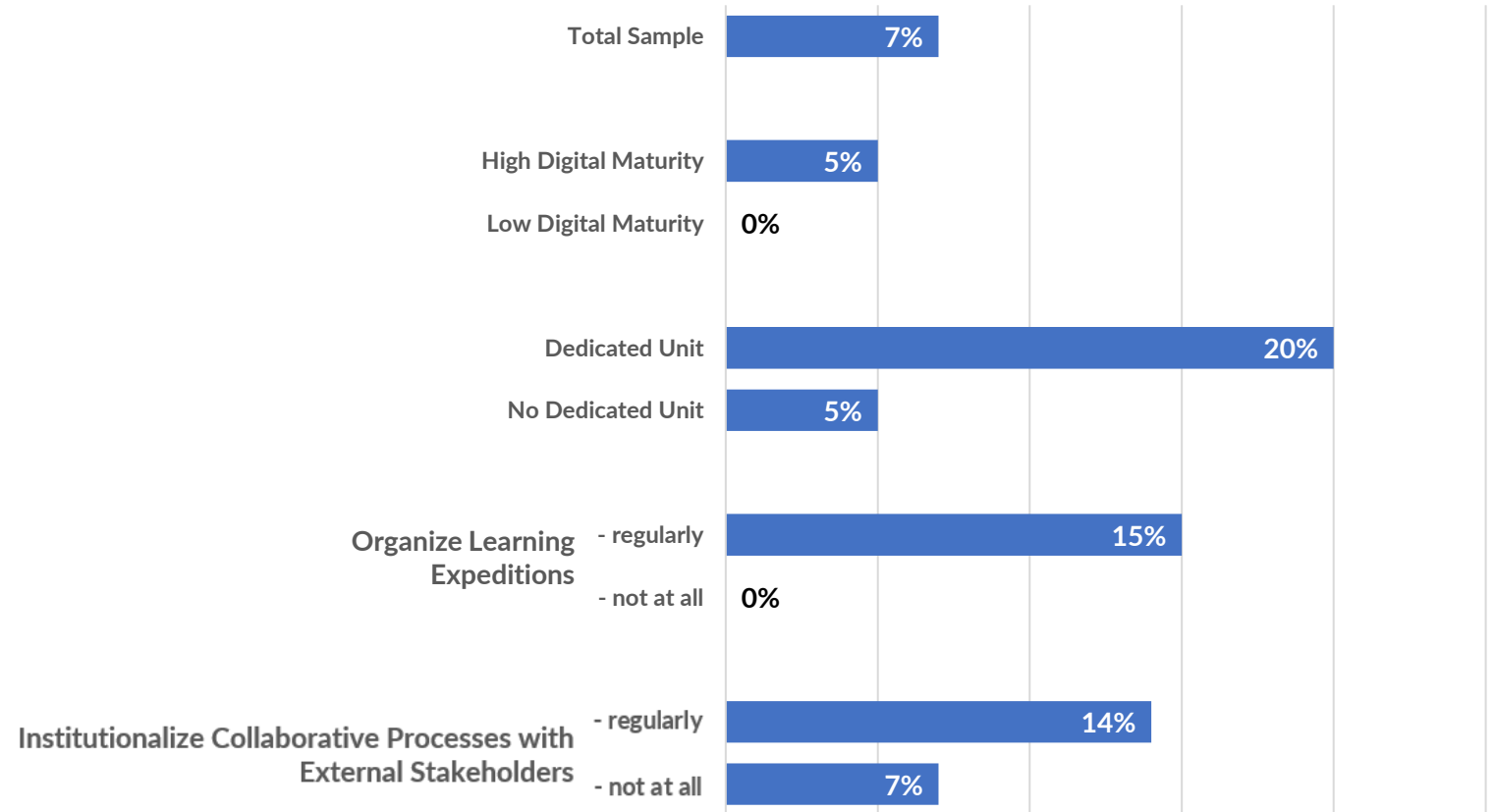
(% fully agree)



Spotlight on Resourcefulness

We are good at leveraging resources that do not belong to us

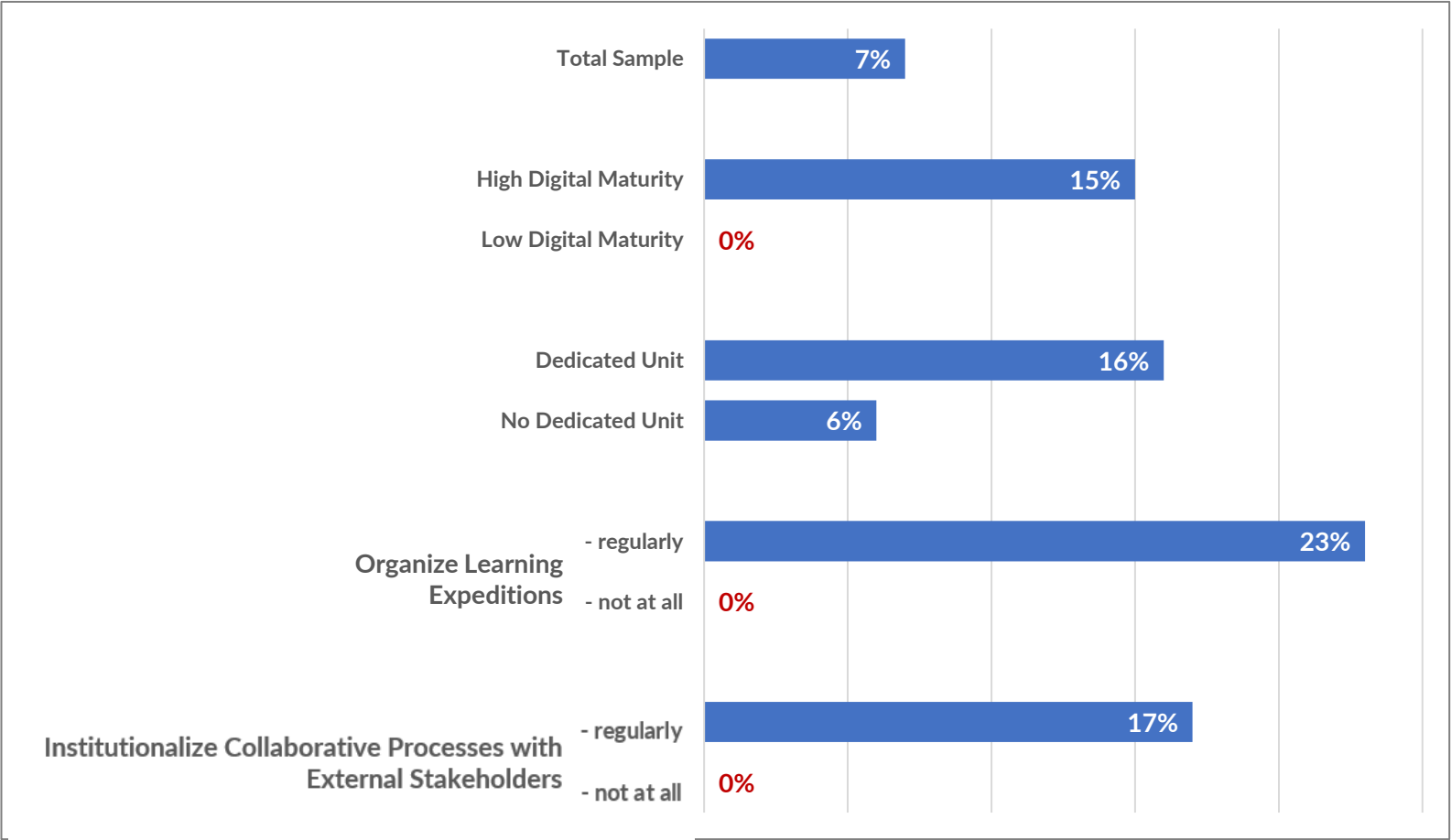
(% fully agree)



Spotlight on Operational Effectiveness

Our internal processes are aligned with external collaboration requirements

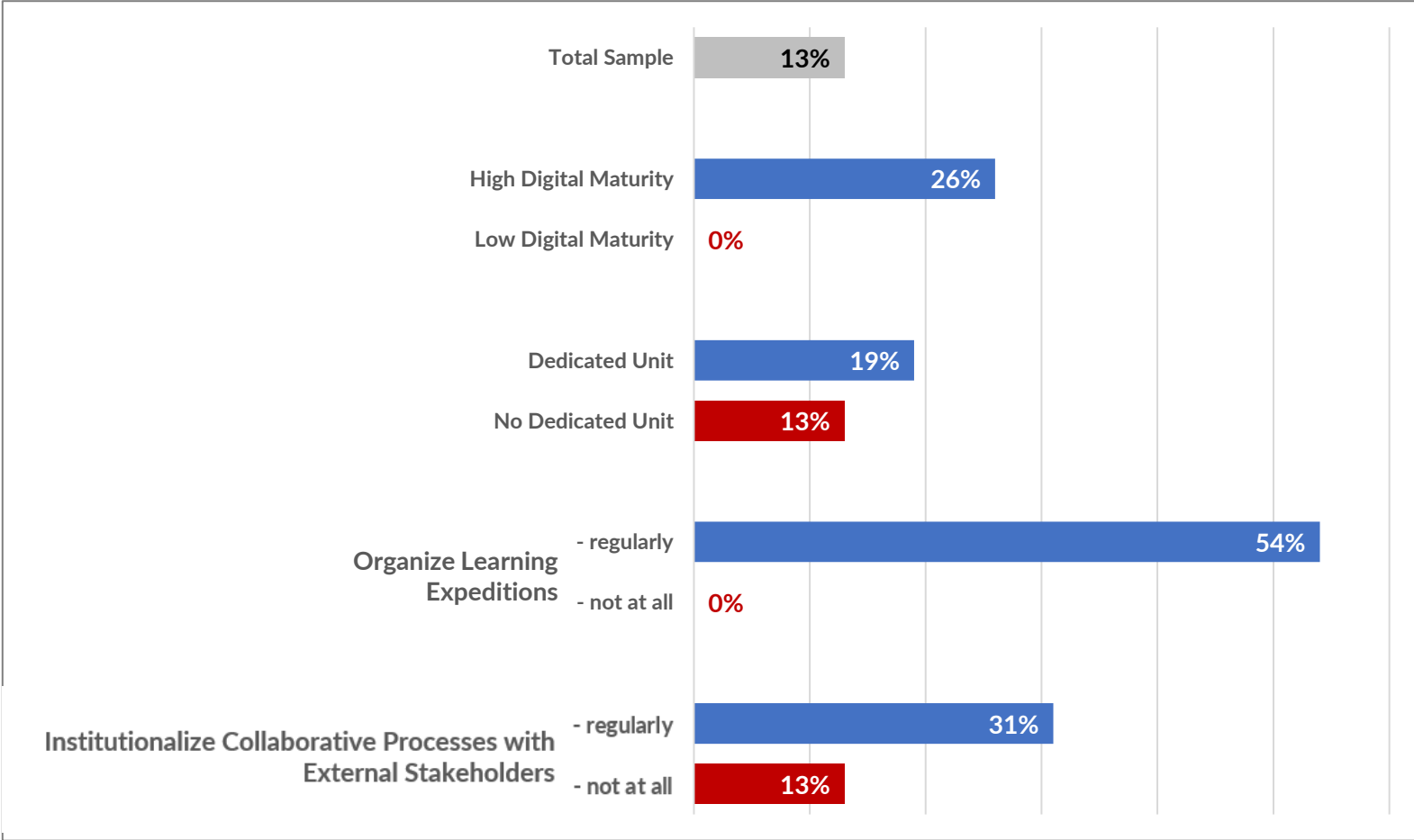
(% fully agree)



Spotlight on Digital Maturity

Our IT systems allow effective ecosystem collaboration

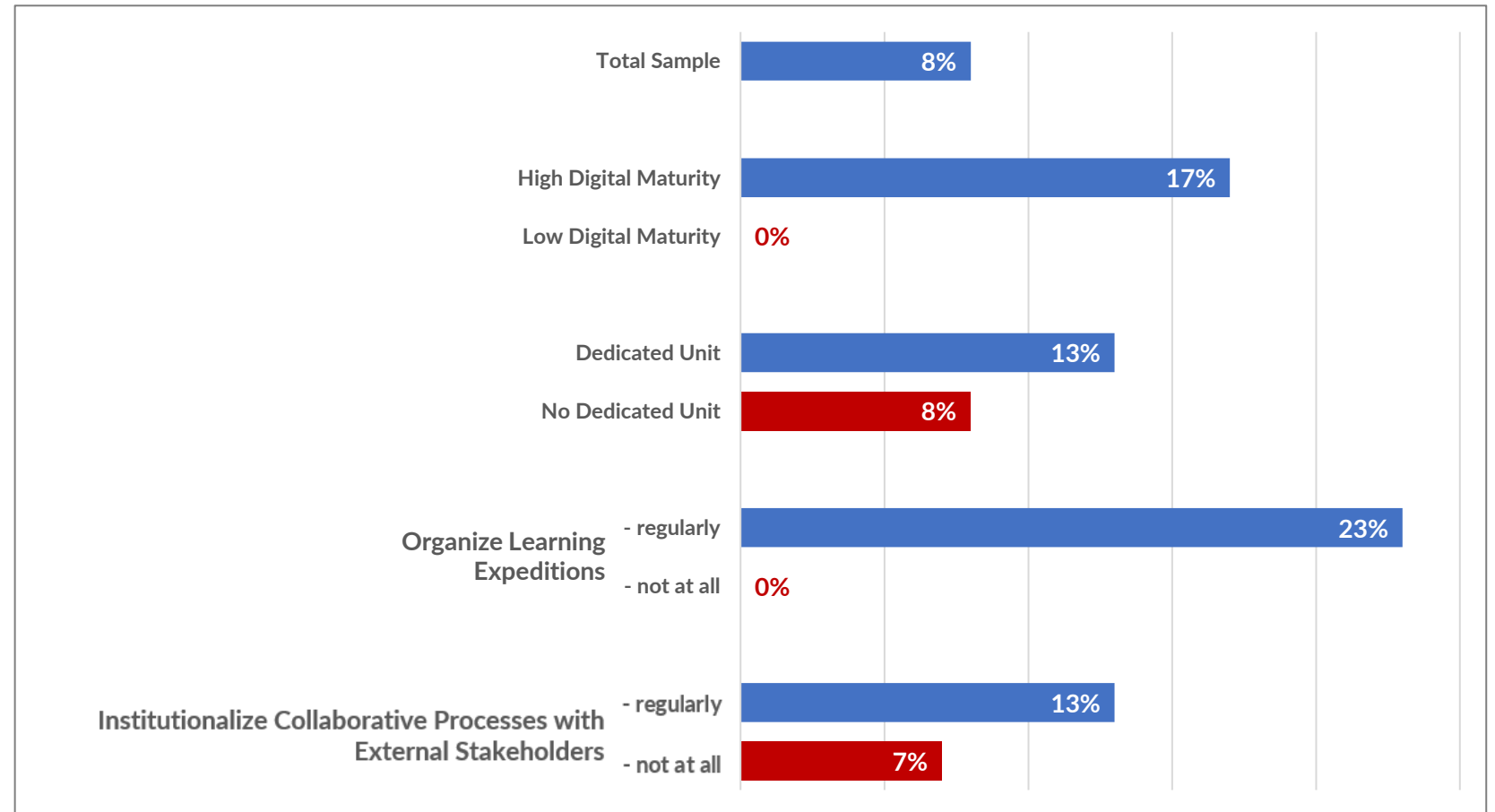
(% fully agree)



Spotlight on Dual Governance

Our internal structures and processes are aligned with the requirements resulting from our ecosystem engagement

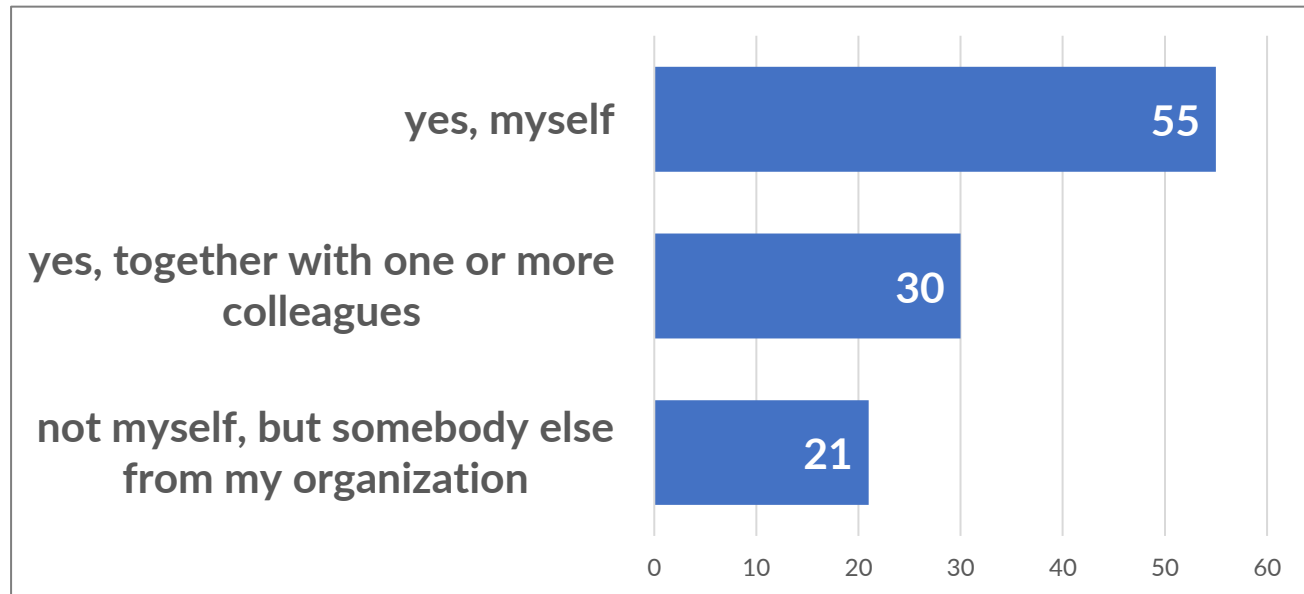
(% fully agree)



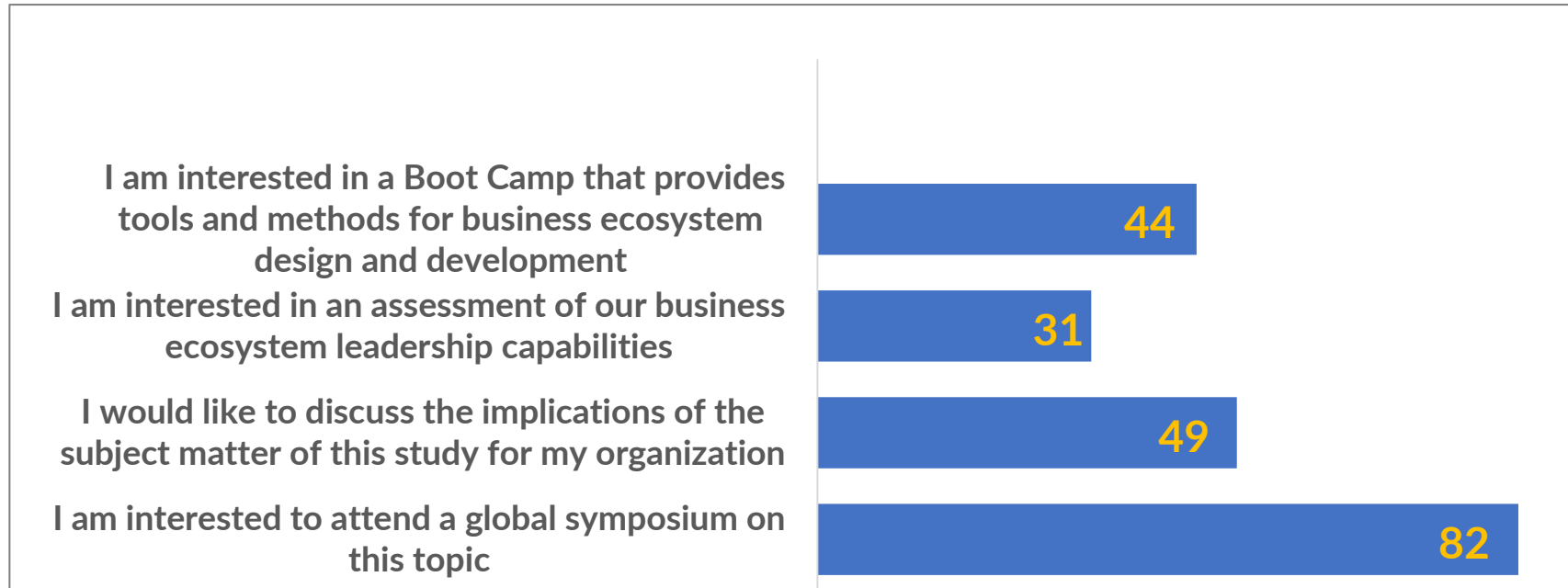
Where to Go From Here

More than 100 of the 167 Companies we Surveyed Expressed Interest in Joining a Cross-Industry Consortium

“Are you interested in joining a cross-industry consortium that focuses on continuous research and executive dialogues about how to better shape and leverage your business ecosystem network?”



There is Also Significant Interest in Specific Activities Related to Our Research



The Idea



Activities Consortium Members May Want to Engage in

The consortium offers the opportunity to address key issues via various formats, **accelerating the development of organizational capabilities.**

Formats

- Peer Exchange
- Consortium (Action) Research
- Executive Labs
- Special Interest Groups
- Topical Round Tables
- Conferences and Symposia
- Case Study/Benchmark Library

Topics (examples)

- Business Ecosystem Leadership
- Digital Transformation
- Agility
- Sustainability
- Cross-Boundary Collaboration
- Growth and Innovation
- ... (driven by Partner Interests)

Consortium Principles



- Curation is key – Invitation Only
- Cross-functional composition
- Focus on trust and peer relationships
- Driven by current challenges

Please Contact Us to Learn More and Discuss Your Potential Involvement



Roland Deiser

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Backup

Index Methodology



- **Standardized online questionnaire** (individual projects may add custom questions)
- Each dimension of the framework gets measured through **6 questions on a rating scale** – aggregated average yields Index for the specific dimension
- Results in a total of **54 questions** + general statistical information → **about 15 minutes to complete**
- Data allow for detailed analysis along **multiple demographic dimensions** (industry, geography, seniority, function, etc.)
- Allows for in-depth analysis **targeted to an organization's specific context** (custom projects only)

The Strategy Dimension



Decentration Competence

- Perceive yourself not as center of the universe but as part of an overarching system
- Understand the interdependencies and dynamics between the system's stakeholders

Dual Strategic Acumen

- Have a clear understanding of your own AND the ecosystem's business rationale and purpose
- Combine your own strategy with strategic requirements of the ecosystem

Partner Selection

- Understand the necessary building blocks to realize the ecosystem business idea and identify appropriate partners
- Assess the collaboration capabilities of partners and the political gravitas of delegates

The Relationship Dimension



Polydexterity Management

- Manage the multiple relationships/deal types that constitute an ecosystem
- Appreciate the diverse portfolio of operating models from various ecosystem partners

Boundary Leverage

- Design cross-organizational processes as joint learning opportunity
- Leverage productive friction resulting from the diversity of stakeholders

Resourcefulness

- Identify and leverage resources beyond the boundary of one's organization
- Have privileged access to key decision makers and top talent within the ecosystem

The Organizational Dimension



Operational Excellence

- Co-shape the ecosystem architecture that optimizes its operational performance
- Align internal organization with external collaboration requirements

Digital Maturity

- Assure a technological infrastructure that allows/enhances effective ecosystem collaboration
- Foster digital literacy across all functions and levels of the organization

Dual Governance

- Align internal governance with external governance requirements
- Exert influence in ecosystem without formal power (diplomacy, “soft power”)