Ecosystem Leadership | Recording Transcript

CFFO Virtual Round Table | July 13, 2023
in partnership with **Developing Leaders Quarterly (DLQ)**

Martin Reeves | Matthias Reuter | Roland Deiser | Suzie Lewis

Panelists
Martin Reeves | Chairman, BCG Henderson Institute, BCG
Matthias Reuter | SVP and Global Head, Siemens Leadership Excellence, Siemens
Roland Deiser | Chairman, Center for the Future of Organization, Drucker School of Management

Open Chair Guest
Alex Grimshaw | Co-Founder and CLO, PPS International

Hosted by
Suzie Lewis | Executive Fellow, CFFO **|** Managing Director**,** Transform for Value

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Roland Deiser

A big welcome to everybody. My name is Roland Deiser. I'm chairing the Center for the Future for Organization. We have been engaged a lot in research on business ecosystems. And I'm super excited today to have this session with Martin Reeves and Matthias Reuter. Suzie Lewis will help us to facilitate the whole thing.

This event is an ABC roundtable. We call it ABC as it features an academic, a businessperson, and a consultant. This is the threesome, this is us. And it's done in collaboration with Developing Leaders Quarterly, which is co-published by the Center, and whose last issue was on business ecosystem leadership. This is why we have this chat today.

Suzie, let me hand it over immediately to you. She will graciously do the facilitation and run the session today. Maybe a brief word about you, Suzie: Suzie is an Executive Fellow with the Center for the Future for Organization. She has her own advisory practice called 'Transform for Value.' Suzie was formerly with Airbus, where she led digital transformation efforts for that aerospace company on the corporate level. Suzie, over to you and a thank you to everybody for attending this.

Suzie Lewis

Thank you. Thank you, Roland, and welcome to everybody attending. And welcome to the panelists. So Roland Martin and Matthias, who are bringing together the signature of these roundtable discussions, which is the ABC, as Roland calls it. Having academia, business, and consulting gives us diversity of perspective, which is particularly topical in today's discussion around ecosystem management.

So, Martin, welcome. Welcome to the roundtable. Martin Reeves is chair of the BCG Henderson Institute, which researches new approaches to strategy. He is the author and co-author of various books and papers on transformation and strategy, bringing the consulting perspective. Then we have Matthias Reuter from Siemens, Global Head of Leadership Excellence, looking from a leadership lens on what it takes to get organizations and people ready and operational in business ecosystem management. And Roland Deiser, who is the chair and founder of the Center for the Future of Organization, where he is looking particularly at organizational architectures and ecosystems. His recent research focuses on ecosystem capability frameworks - we will come back to that when we talk about the ELX index.

This is, as always, a free-flow discussion. And we're going to delve into the different elements of business ecosystems, the key success factors, the kinds of mindsets and behaviors that leaders need. What are the related implications of that - politically, strategically, organizationally, and from a leadership perspective? And what do the different models look like? Myself, I do a lot of work in organizational ecosystems and the human systems of organizations. And the big question is always what model works for you.

I would like to start with something you said, Martin, that ecosystems are often misunderstood. In the article that you wrote in Developing Leaders Quarterly[1], you were saying that the way they add value is elusive and often confusing and often wasting valuable resources in unrealistic attempts to become orchestrators rather than participate as partners. Now I want to start there and get your insights on that. Because for me, it touches on two key elements of business ecosystem management. One, of course, is the value creation process. And the second is just the strategic shift from ownership to partnership. Well, that's my read on it. So what are your thoughts on that?

Martin Reeves

Well, you know, ecosystems is, amongst other things, a fashion in management. And where we have fashion, we have a pattern of overclaiming and framing things as a panacea. With ecosystems, we know that the word is being used by 14 times more than it was, you know, 10 years ago. I see it being applied to anything from a personal system to a company culture to what not - it's more or less become a word that it doesn't mean very much in many cases. However, it does refer to something very real, because multisided markets, digital platform based collaborative business models accounted for none of the world's 10 largest companies 10 years ago, and today about seven - depending on the day, with all of the volatility in tech stocks - are among the top 10. So, it does mean something. Now for a strategist this is a very exciting area because practice is actually leading theory. That means it's very exciting. We're in the process of codification. But we don't know everything. And when we don't know everything, there's a temptation to apply what we do know - applicable not applicable - to the new phenomenon.

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[1] Michael G. Jacobides, Ulrich Pidun, and Martin Reeves: Winning the Ecosystem Game – The Leadership Gap. In: Developing Leaders Quarterly, issue 41 (2023), pg. 6-25

So, some of the persistent and potentially damaging myths and misunderstandings I see being applied to ecosystems. One of them is that like anything other in any other aspect of management, you can manage an ecosystem. Well - you can't really. Because the agents are not legal entities, you have no fixed contract, no fixed roles, they tend to be very dynamic. Alibaba, actually, has a rule of thumb, which is quite funny, literally translated. It's 'never let an MBA near an ecosystem.' In other words, managers are trained to manage - please do not manage the ecosystem. The whole point is that it's a self-managing system.

And probably the most damaging and persistent myth is that large companies contemplating a digital ecosystem model often naturally believe that they can run it. They can be the orchestrator of the ecosystem, they can be the lynchpin, the orchestrator of the platform. Well, not necessarily so. If you're a famous car company, you may think, well, we've been making cars for 100 years - of course we can be the orchestrator. But you'll probably find that there's a software company that also thinks that it has the right to be the orchestrator. And in fact, complementors, non-orchestrators, can be very, very profitable. Often, they have to invest less, and they have more flexibility than an orchestrator. Not necessarily a bad thing not to be the orchestrator. I could go on, but essentially we need to be careful that we don't import inappropriate assumptions to this new phenomenon, this new governance form in business. That's the point of today's discussion about the article in the leadership journal.

Suzie Lewis

And the fact that we don't necessarily understand it or have a handle on it means that we're going to try and shoehorn it into existing understandings of management systems and leadership paradigms.

Martin Reeves

And of course, even if we do understand that there's no such thing as a templated strategy, we may understand it in general. But in the particular case of our company and our product and our collaborators, we may always have to flex what is generally true. Yeah, so I think a great question. It's essentially saying, let's define our terms and be transparent about our assumptions as we embrace this phenomenon.

Suzie Lewis

Yeah, I love that it's about questioning our assumptions, and indeed, our mental models and moving away from what we know with a degree of confidence. Let's put it that way. And if I take that thought of that leadership skill of stepping back and looking at my mental models and questioning my own assumptions - Matthias, what do you see as the main leadership challenge coming from that?

Matthias Reuter

We can relate very much to what Martin mentioned. It is, of course, first of all, a very strategic question. We also realized that first and foremost you need to create a certain common ground, a certain common language, so you can discuss the topic more intentionally and come up with the proper strategy of tackling it. And also understand some of the fundamental shifts that are happening in the market.

We have trained our managers and leaders over the years in the supply-side economies of scale, which are built on sheer size. Usually, the number one or number two in the market is the winner. And we still have this position in many markets. It's not that those concepts are not true anymore. But for example, Porter's Five Forces - they do not apply in the network economy and in the logic of ecosystems. Here our leaders and managers need to expand their capabilities and understand where's this is coming from. And then, as a company, you need to come up with a strategy and with some underlying principles. That shift towards the demand side economies of scale - what does it mean? It means having a deeper look into the platform economy and understanding the platform potential in our products. These are very strategic questions we are addressing, and also deriving some key success factors for readiness. So - changes in our thinking.

Suzie Lewis

Talking about changes in your thinking, - I'm seeing from some of the comments we've got coming in that relationship management is essential. Yes, it is. But incorporating this into your thinking -power *with* versus power *over*, which is a big shift in terms of organizational power dynamics - how are you seeing that play out, Matthias, in terms of the network economy model?

Matthias Reuter

One of those fundamental shifts is that we need to rethink control. Many of us have grown up in a business world where it's very much about linear transactional business relationships. I'm not saying that this is not true anymore - we still have segments and business areas where this applies very much. Yet, in the more networked economy that we see, we need to rethink control. Here it's about network effects that are the source of additional bandwidth you can create. They result from interactions that yield these network effects, from communities that interact. We call it 'value to partner.' How is this value generated between partners? We have a very strategic debate about openness and closeness. How open can you be? It's not about opening up each and everything, of course. You need to be very clear also about your competitive edge.

I think we can all undoubtfully say that if you're entering uncharted territory, if you try to accomplish systems change, you're going to a level where value is created through collaboration. You're stepping into those collaborations where you need new forms of governance and control. Coming together as partners, defining the rules of the game, defining how we want to play together, and constantly adapting this - that's not something that you nail into a contract from the very beginning. This needs to evolve. And this needs a different way of addressing these partnerships, a different mindset that you bring to the table. It's trust by default. And of course, trust results from consistent and very transparent interactions. This is something that you can reflect technologically in the platform architecture, but it also takes different rules of governance. We need to overthink how we control things. That's very exciting and something that needs strategic consideration based on the context that you are in.

Suzie Lewis

Yeah, it's a whole different system of thinking, isn't it? I mean, we're touching very big subjects here, each time I am asking a question. But that really reminds me of the dual governance issue in your

capability framework, Roland, as part of the organizational dimension of ecosystem leadership. Can you elaborate a bit on the framework and how you split it? And why do you split it like that?

Roland Deiser

Well governance is really one of the big ones, I guess. Because traditionally, organizations are all about top-down governance. Yes, over the last 15-20 years companies have been starting to look at networks, communities, horizontal leadership, and so on. However, it's not really happening very often. On the fringe, you may find some initiatives, maybe. But by and large, we're still living in 20th century organizations, with a few exceptions.

Now - ecosystems throw you in a conundrum where you don't have governance and where the top-down just does not work. I always emphasize that embracing an ecosystem strategy is a great trigger for organizational transformation. If you start to engage in an ecosystem, you have to learn so much - and you have to unlearn so much. So yes, we have governance as one important capability domain in the framework, which is outlined in the Developing Leaders Quarterly article[2]. It is one of nine dimensions which are structured in three major buckets. Somebody mentioned in the comments that it's all about relationships - yes, relationship capabilities are critical, they actually constitute one of the three buckets. Organization and Strategy are the other two. You usually don't find the Relationship dimension very much in those models.

But let's stay with Siemens as an example and build on what you, Matthias, said. I know a little bit more than what you shared in the article[3] as we know each other from way back, and I had the privilege to witness your journey. I'm really very impressed by the incredible commitment of your CEO, who says we got to do that kind of thing. You also have Advanta[4] as an enabling unit if I may say so. That really is an incredible asset, compared to many, many other firms.

So, let me ask a little bit more - what are the big adversaries, the big barriers you find in transitioning to an ecosystem model? And especially looking at governance - corporate versus businesses. I think that the corporate headquarters is not really the most ecosystem capable unit, is it? The action happens at the fringe, where you meet the customers. All this outside-in that you mentioned - it happens at the periphery. Sitting at the center, how do you mitigate that? You oversee global leadership at the corporate level, you work with all the businesses. I think you witness that friction firsthand all the time. It's a question that maybe interests you too, Martin, this corporate versus periphery kind of thing.

Matthias Reuter

Well, Roland, we are now on this journey already for quite a while. Actually, I think you triggered very much all of that already many years ago. Of course, every good idea also has its time.

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[2] Roland Deiser**:** The Art of Business Ecosystem Leadership A Capability Framework for the New Ball Game. In: Developing Leaders Quarterly, Issue 41 (2023), pg. 26-49

[3] Matthias Reuter**,** Peter Koerte and Aymeric Sarrazin: Unleashing the Potential of Ecosystems – Creating Sustainable Solutions in Real and Digital Worlds at Siemens. In: Developing Leaders Quarterly, Issue 41 (2023), pg. 50-71

[4] Siemens Advanta is a dedicated business unit that combines consulting capabilities with the expertise of more than 7000 solution engineers and developers. www.siemens-advanta.com

Martin mentioned that a lot of the most valuable companies in the world are so-called platform companies, with a respective ecosystem thinking. I think it can be very logical if you look at the outside trends and look at the sources of additional growth. How can we solve some of the biggest problems on our planet? And here, of course, I'm also very proud to work for a company like Siemens, because we have the portfolio for this in place. The question becomes how can you scale that capability with an ecosystem approach? Because in many regards, no company has all the capabilities and resources to do it on their own. You need the consulting capability, and you need of course also the products, the hardware. That's why we say we're combining the real and the digital world. This is, where the differentiation and the value is coming from. We can, for example, completely virtualize the real world with digital twins. You can have a model of the entire factory with each and every detail, with millions of data points, millions and millions. This has a huge potential to be more resource efficient, and at the end of the day also speed up and be more resilient. We all have also seen the impact that the pandemic had on our value chain. So there's huge potential to really make an impact. That's fascinating.

And now about the journey you asked, about the hurdles. Of course, there are many hurdles or many learnings that you have on the journey. If you fundamentally shift, if you're designing for network effects, if your systems are designed for a product system, and then you adapt your organization for network effects, this is a fundamental difference. The question is, can you do this within your core business, or - depending on the context and the situation - do you need maybe an additional organizational form? I guess that's your point, Roland. But then also, thinking about our leaders and our managers, it's suddenly the case that you're inspiring your ecosystem. You inspire people you don't know to give you ideas you don't have.

Thinking about a platform like [Mendix](), for example: there are now more than 300,000 developers on this platform, developing local applications. Of course, there are certain rules or rules of governance that assure security and safety. Yet, there is a lot of intelligence out there in the market that is jointly working on some of the biggest problems in the industry by developing these applications. This is a very intriguing proposition, that with the power of an ecosystem you can create completely new levels of customer value. And there I think the learning is ongoing.

One of the key challenges for our managers is that we have on one side a very successful existing business. And on the other side being we are very intentional about integrating this additional value. What are the right niches to start? Where are the customers where we can complement outstanding value together with our partners? So, a lot of learning on the way, but we are on the way, and it's pretty exciting. I can tell you.

Suzie Lewis

Those are really big questions, aren't they.? Really big questions. And they're disruptive to the whole organization. Martin, what are you seeing in this area?

Martin Reeves

Well, let me skew my comments towards leadership, which is an enormous topic. I think the good news - what we didn't know a couple of years ago - is whether the early successes of digital natives with ecosystems could be replicated for large legacy companies, what I call product ecosystem switch. We

now know that you can do that. However, I think we now also know that there are lots of cultural and mindset obstacles along the way. My way of thinking about that is along the logical corollaries of the characteristics of ecosystems. Let me just go through a couple of those. One of them is systems thinking - essentially, you're talking about a system of systems. We're talking about a different strategy question, we're talking about a prosperous role within a prosperous ecosystem - you got to think about two levels. Well, companies typically don't do that. They think about what do we do within the corporate boundaries to maximize the efficiency of our business model.

There's a lot of risk involved in ecosystems. I mean, it sounds like a panacea, but it actually isn't. We have research showing that 85% of the ecosystems that start - like Netscape and so on, if you remember - fail. So, essentially, there has to be a big enough value proposition for you to take on this investment and this risk. Actually, imagination, counterfactual thinking, creating new business models – which are not necessarily the forte of the average 100-year-old corporate - are important parts of the equation. Outwardness - we can now use natural language processing and other techniques to look at the mindset of companies, how they talk about themselves. And it's pretty clear that the average large company is incredibly introverted. It mostly talks and thinks about what's going on within its own boundaries. Of course, the point of ecosystems is mostly about what happens beyond the corporate boundary. So that's another mindset shift. Then, collaborative. Collaborative is an interesting one because of course, ecosystems are in some sense collaborative, but it's not a country club. We have power, we have the profit motive. But it's just in a very different form.

So we must think about questions like what is our right to be an orchestrator? What can we control? What should we control? How can we enlist the voluntary creative efforts of ecosystem participants? How can we make sure that our interests as an orchestrator never act against the interests of the of the complementors? How can we ensure a fair distribution of rewards? These are all new questions for a large corporate. All of that is what you might call culture or leadership. And that - rather than technology - is the thing that gets in the way. I mean, technology was an obstacle early in this game, because if you wanted to build a two-sided marketplace, you had to basically build it yourself. But there are now at least three major software vendors that can sell you a system off the shelf. So it's these cultural obstacles that become actually the main limiting step in my view.

Roland Deiser

Yeah, it's interesting. You said dual strategy, Martin - which is, by the way, one of our elements in the capability framework. So - I see this, too, but I'm struggling a little bit with the concept. How do you create strategy on an ecosystem level? There are tons of proven ways - and your strategy portfolio approach that you outline in your book 'Your Strategy Needs a Strategy'[5], is clear within an organization. But there is no strategy department in an ecosystem. There is something like an ongoing, evolving, emerging process that is a result of interactions of the stakeholders. with a lot of political power play from the stronger players in the system. We already know about micro-politics in organizations, especially in large ones. In ecosystems, those politics, they become multiplied.

I think an ecosystem needs a strategy, just like a company needs one. I see an ecosystem being an organization, too. It's an organization of organizations, with the only difference that there is no

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[5] Martin Reeves, Knut Haanaes and Janmejaya Sinha : Your Strategy Needs a Strategy: How to Choose and Execute the Right Approach. Harvard Business Press, 2015

governance, no clear ownership. An ecosystem must actually create its own governance - almost like the process of creating a constitution - that allows us to decide about certain kinds of things. That's a pretty tricky process. And, as I said, very often it's a tacit constitution, a blind power game, dominated by the strong guy.

I remember when you created [Skywise](#)[6] at Airbus, Suzie. You were the guys who reached out to Delta Airlines, I believe. You thought it was the right airline to invite as a customer to co-create the ecosystem. I mean, Delta also could have said, we're interested in airplane engine maintenance, and we reach out to Airbus – or to Boeing for that matter. So, who is the first who reaches out and starts to create that first relationship? And then on and on and on, adding people and companies to that system? I'm struggling to get a grip on this. We know that eventually Skywise was established as an ecosystem. Now you have the architecture in place, now you can strategize on the ecosystem level. It's these kinds of things that are on my mind when it comes to strategy.

Suzie Lewis

Yeah, go Martin.

Martin Reeves

Let me pick up that point, Roland, because that's my area - strategy. I think we have to even question the word strategy, because there's an equation for relatively stable, relatively slow moving, established businesses to create strategy with planning. And that's not a bad thing. Some things are still plannable. However, ecosystems are incredibly dynamic. If you look at the policies of actual ecosystems - they start open, they become a bit more closed, they restructure. All of the major ecosystem players have reversed major areas of policy multiple times. What does that tell us? That tells us that the very strength and nature of ecosystems is their adaptability. It tells us that different strategies are required at different points in the cycle. It tells us that you can adopt a very empirical approach to strategy with constant testing and learning.

So, in this particular case of ecosystems, what do we mean by strategy? Well, relative to a typical corporate planning process, I think we mean a much more dynamic form of strategy. A much more empirically driven form of strategy. One might say that competing on the rate of learning is one of the things that ecosystems do. We mean a much more information-driven approach to strategy. We mean, a much more shaping or proactive aspect of strategy. Because large companies typically assume that they can really shape the environment that they're in. They're in an industry, and the industry has certain regulations and rules and structure, and you can change it on the edges. But generally speaking, ecosystems have a very disruptive proposition to be worth their while, or they may actually create new areas. So, the ability to shape and how to think about shaping - which is more creative than it is a purely analytical and deductive exercise - is also part of strategy. I think ecosystems have deep demands for sharp strategic thinking. But it's not the same species of strategic thinking that we might find in a typical business. We don't know all the answers yet, it's an evolving area.

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[6] Skywise was launched by Airbus in 2017 as a digital platform that combines in-flight, engineering, and operational data in an analytic rich environment to address Aircraft Operations Challenges.

Matthias Reuter

Let me build on that because I think there are very concrete differences. We had that discussion, we started this discussion in the very beginning, that change from a resource-based view, from a more competitive thinking to a more collaborative one, leveraging collective strengths and aligning objectives. So, one of our principles is 'create more value than you take'. We really had to think about the entire system; thinking about what's in for you as well as what are the benefits for all our partners in the ecosystem play. And the thinking goes from expanding your own share towards 'okay, how can we expand the entire cake for all the partners together?'

Can we even create completely new markets? An example - not sure if you have heard about it - is [80 acres vertical farming](#). These are completely new markets that are rising, based on digital technologies, on data analytics we can use, opening completely new horizons and really solving some of the major issues that we have on this planet. And to come up with these completely new markets, this blue ocean approach, a different thinking, a more collaborative thinking is needed.

Also, competition is changing, it's multi layered. So far it was often the case that it was very clear who my competitors are. Now, this can change very quickly. Same thing when you think about resources. You don't need to own the internal resources, you can inspire also resources to join you. There are really some new rules, something that needs to be very intentionally discussed and applied. That's one of the key challenges. And as you say, Martin: it's not the one silver bullet, it's really an ongoing process.

Suzie Lewis

It's a different process, isn't it? It's strategic thinking, but it's also creative competence, creative leadership competence. And then it's also iterative - we don't do strategy once a year. We must read what's happening in the markets and in the system. And my question around that is to all of you: how do you equip and support leaders to get to that different process? Because one is very binary and linear and will sort out strategy for this year. And one is a more creative, more dynamic process. How do you support organizations in this?

Martin Reeves

What I found is that it's not just an issue of understanding. The curious leader can read a book about ecosystem strategy and understand some of the basic constructs. But there's something very behavioral. And so, one of the things that we've done is to build a universal strategy simulator. A game that simulates the required behaviors and mindsets and offers feedback on behavioral performance. And then brings in the theory, after the behavior. So that's one way of doing it. And the observational version of that is to go out and visit some actual ecosystems and discuss how leaders see challenges - and that's very powerful.

It's very countercultural for a company in an industry that's been very product-centric, making the same thing for 100 years. That's an interesting culture shock, and it does involve revisiting some pretty hardwired assumptions. For instance, that there is such a thing as a persistent document called the strategy, which lasts for a year or more. Well, in an ecosystem there isn't really anything like this. There's a directional intent and there's a constant revision. So it's changing from the apparently sensible question of 'what is our strategy for ecosystems' to 'what is our continuous strategizing process for revising and learning that strategy' - a different type of question.

Roland Deiser

Let me add here something to the notion of leadership. When we looked at ecosystem leadership, we looked at it as a concept that includes not just people leadership, not just the individual leader. It's the *organization* that is leading within an ecosystem - like you talk about a company being an industry leader. Industry leadership requires a lot of things - you need a certain organizational design, you need certain policies, certain processes, certain structures that enable you to lead. As I like to say - the best leader cannot succeed in a bad organization, and the best organization cannot succeed if the strategy is flawed.

So, as I mentioned before, there is an interplay of these things: engaging in ecosystem drives transformation. It drives not only a transformation of mindset; it drives a transformation of organizational structures and mechanisms that are required to succeed in a business ecosystem. For example, enabling and empowering the periphery; or going into horizontalized, networked micro-organizations a la Haier - things like that. The main thing is: if you only do leadership programs and focus on mindset, that is not enough in an ecosystem. How do you know what is the right organizational architecture to succeed? And I mean, there is a history of the strategy paradigm, too - Martin, you know this 10 times better than I do - from strategy as a planning process towards strategy as being something constructivist, which is produced in interaction with key stakeholders as an ongoing learning process.

Now, ecosystems enhance exactly that latter strategy paradigm. Obviously, you still have a portfolio of approaches. If you have a large manufacturing company in your ecosystem, they will still work on scale, and on control, and on all that kind of stuff. But you might have another element in the ecosystem such as incubators or Venture Capital Partners, and what not, which work in a very different paradigm. The art of orchestration is hard enough within an organization that has a portfolio of operating models; it's just exacerbated, this portfolio, when you look at an ecosystem. And - the larger organizations get, the more they get inward oriented, the more they tend to blindly impose their own operating model on the rest of the world. And that's a challenge. I remember - already 30 years ago Tom Peters said that you should disorganize - that's the future of organization[7]. And maybe he was right already back then. You've got to disorganize to organize for an ecosystem.

Suzie Lewis

In the same way as you question the definition of strategy, Roland, I'm also hearing collective leadership. And that's another discussion. I mean, much is built on individual leadership and individual leadership skills, but ecosystems leadership is about the process of continuous strategizing. It's collective leadership, isn't it? So how do you go about scaling that in an organization? I'm careful with my words, because scaling gets back to manufacturing and a linear process, but, you know, how do you define collective leadership for an organization? Matthias - have you done that in Siemens?

Matthias Reuter

I'm not entirely sure what you mean by collective leadership. I think when it comes to organizing, there is probably not one perfect organization. You really need to start with understanding future scenarios. I think future-back-thinking is really important, especially if you look at the developments all around us,

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[7] Tom Peters: Liberation Management: Necessary Disorganization for the Nanosecond Nineties. Knopf 1993

the systemic changes that are necessary. This requires a lot of continuous reflection - this is where we are training our leaders more and more. It's not a one-time program. It's a continuous process because it's not changing overnight. And it also includes being prepared for ambiguity. This takes time, you know, and it takes patience for your organization to adapt to the new business logic.

And of course, there are tensions. It's crucial that as a leader you're very intentionally communicating. Because you can increase those tensions. In large organizations you have your legacy, you have current success pressure, you need to deliver on the quarter. That creates a huge dynamic. As a manager, as a leader, you must handle that daily tension by being very intentional in how you address this in your organization, and how you also acknowledge and recognize the success of the here-and-now core today while shaping the future. This is a complex task. And it's not a kind of a one-time exercise. In the moment you are appointed a leader, the journey starts, and then there's continuous development. This is the idea that we are bringing across.

We have four strategic priorities, among them one is growth mindset, another one is empowerment. Both are very important - also the thinking patterns behind these priorities. How can you foster a culture of continuous development and learning and, at the same time, also empower people at the lowest possible level, so that they can decide? Not misunderstood as dumping responsibility on them and then letting them run. How can you really accompany them in a meaningful way, without limiting their creativity? It's a complex task, and it takes continuous reflection.

Because we got rid of the myth that there is a perfect leader that can deliver. We fundamentally changed here. We say it's really constant adaptation and reflection on what is really needed. What are the strengths that we have? Where are the weaknesses? How can we act on this as a team, what kind of ecosystem and partners do we need to create outstanding value? And this is not stopping - it's a continuous discussion.

So, if you ask me about collaborative leadership - it also means a certain consequence. If people are constantly blocking, it's probably not the level of collaboration that you need to bring that company forward. Yet, you also need to acknowledge external factors and understand in detail why this is the case. There may also be organizational patterns that keep us from collaborating, benchmarks for success, having the right KPIs, and so on. But I don't want to take too much space here. You see I have a lot of passion for that topic.

Martin Reeves

I think your questions are great questions. So - collective leadership? Well, obviously, there is something collective about an ecosystem, it's a collection of companies creating a common offering. Where does that collectivism come from? Well, it can come from vision - I mean, usually there's a vision to create or disrupt. So, common purpose - and usually a very big one. A lot of large companies are based on an incremental vision of improving a model that they have. Generally speaking, to be successful you have to propose something new. Something about visionary leadership. I think there's something about protocols - like who controls what information flows, what is a legitimate move, the rules of governance, who can post a product, what information is required, what information exchanging protocols, what rating mechanisms? You could call that good leadership on governance.

In some sense, an ecosystem is like leading a small nation, it even needs its own constitution. I think there's something about not competing against people in the same family. One interesting characteristic

of ecosystems is that they often monetize indirectly. That may have something to do with rapidly scaling something at an artificially low price, and then recouping the money indirectly. But I think it also has something to do with avoiding competing with ecosystem participants, which is why a lot of ecosystems monetize in advertising. So, you could call that avoiding destructive competition within an ecosystem.

I think there's something about the mechanization of the behavior of an organization. In a sense, a digital platform takes things which are traditionally human mediated individual decisions, such as what products go on here, what products get promoted, what is the pricing, etc. - and it sort of automates the decisions. It's a new type of nervous system for the organization. That's also another component of collaborative leadership. Then, there is this equation of value. Most of the time when corporations talk about value, they actually mean value extraction, not the creation of new value. But we must distinguish, as Matthias said, between value creation and value extraction. Because if it's merely squabbling about shares of the pie, the ecosystem is probably not going to be very successful. So, it has to be new value creation. And that often involves taking out a massive source of friction in an existing business model.

Now, finally, if we put all of that together, and contrast that with the word leadership, I think we can see an interesting phenomenon, which challenges the traditional boundaries of leadership. If I stereotype leadership as a leader, or a leadership group, and a set of decisions or communications that they make - well, some of that gets distilled into a constitution of the ecosystem, into the dynamic behaviors of the ecosystem, mediated by the digital technology. So sometimes the label 'leadership' may be limiting. I think we should talk about the function of leadership rather than the personality and the behavior of leaders and leadership, because this collective leadership comes from some places that don't really look like traditional leadership in any sense.

Suzie Lewis

Yeah, it's about roles that you'd like to see in your system, isn't it?

Roland Deiser

Yeah. I would like to emphasize again that leadership in ecosystems is not just about leadership as we know it in organizations. It's really about how an organization shapes or co-shapes an ecosystem - and there is more than just people doing this. It's very interesting - I get asked a lot 'how do we embark on an ecosystem strategy? Should we reach out? What is the first thing to do?' I think the first thing to do is to know who you are and what your identity is. Not being made redundant in the ecosystem is imperative. It starts with things like knowing what you are NOT going to do. Somebody asked 'what is strategy?' Well, you could define strategy as deciding what NOT to do. And knowing *why* we don't do it -because somebody else in the ecosystem can do it better.

Knowing why we are the ones who cannot be made redundant, and ensuring this by aligning everything around this purpose is, I think, one key point for ecosystem leadership, and that goes beyond the person who leads. It has to do with strategy, it has to do with a clear focus of the organization, it has to do - and we haven't spoken about this yet - it has to do very much with the market and with the customer. As Peter Drucker famously said, there is no business without a customer. I would also say that there is no ecosystem without a customer. The purpose of an organization should be driven by something that comes from the outside in. This outside-in principle is also true for the for an ecosystem, not just for the

organization. I mean, Matthias - you have customers as a key element in your Xcelerator model, as you call it, right? You have customers and developers, and you mentioned 6000 partners that constitute the system, who are enabled by your digital platforms and commonly accessible hardware configurations and software that Advanta, I believe, is providing.

Matthias Reuter

Yes, as you say, Roland, it's really about the value and the impact we're creating for our customers. It's technology with a purpose. What's the purpose of the technology? What do we want to achieve? It's, as I mentioned, empowerment and the growth mindset. Look at the introduction of *Xcelerator*, our open digital business platform, where we bring together more or less three levels. You have a product portfolio, you have the ecosystem, the partners, and then you have also the marketplace and the interactions that are happening. This opens a totally new horizon of possibilities. Just imagine that the hardware is already IoT enabled, and you just would have to plug and play. Where applications are open and interoperable, so that you're not locked into one solution with one company, but you can really have the best of all worlds. There's such tremendous potential out there, partnering up with the right ecosystem. And here I agree. Roland, this is probably a much broader definition of leadership, yeah. But how do you bring those levels together? Because it all needs to play together. You can have the best technology, but if there is not the right mindset, or the right supporting system, and maybe also the customers in place... - those things really need to come together.

Roland Deiser

And that is a platform play, Matthias, isn't it? It's a platform play that you do at Siemens, which is a subsystem of ecosystems, right?

Matthias Reuter

Yeah. But I would really say that the platform-based ecosystems we're using are really a game changer, because it's all about creating those network effects and the interaction. And this you can, of course, do or support with technology, and with the right governance structures that enable collaboration on this kind of platform. So, I think that the real game changers are really these platform-based ecosystems. Of course, it's also a very strategic question how you play together. You said you need to be clear about your purpose and know what's your identity.

Roland Deiser

Absolutely. So who are you guys? Who is Siemens in this play, identity wise? Who are you?

Matthias Reuter

On the Xcelerator platform?

Roland Deiser

Generally, in your ecosystem approach. How do you identify? What's your identity there? Is it the enabler? Is it the platform provider - which is an orchestrator kind of role. Or is it the technology leader? Or is it different from business unit to business unit?

Matthias Reuter

Well, we are committed to making our entire portfolio modular, cloud connected and interoperable. And our purpose is to create outstanding customer value. For that we create huge transparency for our customers, how they can play together, what are partner solutions, that could be of value, together with others. It's as open as possible, also strategic in a way, and our NorthStar is really creating that outstanding, additional customer value. Because as we all know - it's sad, but digital transformation often does not go far beyond first proof points and first cases. So, how can you make it happen for the customer? And here sometimes you also must include others. This is our NorthStar.

Suzie Lewis

It's a very different value creation process. It's a very different understanding of the customer and the customer market and how I interact. You spoke about interoperability. How does that happen? And what does it mean for our organization when we do that? And to come back to Roland's question - where do I position myself? Am I an orchestrator, am I a participant? What does that look like?

Roland Deiser

You mean my unique contribution to the ecosystem?

Suzie Lewis

Yes. What is my unique value - and that's the value creation. So, you have a value creation process, you have your identity as a company, and then the customer ecosystem. And all that is in constant shifting - coming back to Martin's discussion about a continuous process. You have to continually think differently about what you do and the value you create.

Martin Reeves

It's interesting that Roland mentioned identity there, because identity is often unstated, it's implicit. But it drives the questions that we ask and the things that we decide are legitimate to ask. Ecosystems can threaten identity, can call into question identity. For example, let's take some very reasonable statements: 'we are a very important player in our industry, we have 100 years of experience doing things a certain way.' These very reasonable summary statements of history may almost certainly be called into question by an ecosystem.

Because the whole point of the exercise is to leverage the assets and capabilities of partners to achieve greater flexibility or to diversify risk from a vertically integrated approach. So maybe you don't make

things anymore. Maybe you're not in the industry you think you are in, because at least b2c ecosystems are sort of famously broad. They are agnostic to industry boundaries. Maybe you collaborate as much as you compete. Maybe the 100-year-old precedented distribution structure contains massive frictions that can be eliminated with a digital platform model. So maybe your current way of doing things, maybe going through the 5% increment is not the right approach for ecosystems. Maybe it's the elimination of a friction that would change the power map of an industry.

Well, very, very difficult questions, but essential questions. Because from a strategy perspective, one of the central truths of ecosystem economics, as far as I can figure out, is that you must pick a problem that's big enough to be worth the trouble. Because when you embrace the digital ecosystem, you're embarking on something new. You won't necessarily succeed, you're changing power relationships, you may have to patiently invest for multiple years, so it better be worth it. And therefore, it has to be something big. Something big generally attacks a source of friction that calls into account existing beliefs. And power relationships. And that's indeed linked to the word that you used, Roland: identity.
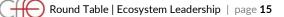
Roland Deiser

I mean - are you familiar, Martin, with what happened with Daimler and BMW who tried to jointly create innovative solutions like ride-share, car share, and things like that, which folded and imploded? It's really a good example of a challenged identity. What is my role in such a venture? When it comes to smart cities, mobility concepts and ecosystems like that, there is really this pressure that the automotive manufacturers may just become more or less dumb hardware providers with relatively little value added other than the hardware - which is sadly a commodity. Others provide for instance network capabilities - thinking of Tesla being more a network company than a car company. Incumbents just have a hard time shifting their identity from here to there. And that's maybe also true for you, Matthias - the IoT world is something of which we haven't even seen the fireflies before the storm. The opportunities that emerge with these multi-billions of connections which will eventually enable so many new things.

Matthias Reuter

Totally. This is a huge, tremendous market potential. And to your question about identity and the role that you play: Martin mentioned that you have multilayered competitive situations - probably you can't even say always what it is. I think you must be ready to complement, you need to be ready to orchestrate. Or just participate. All three things can be good strategic positions, we just need to be intentional in this. And it can, of course, also evolve over time. We are really leading ahead of the pack when it comes to the ecosystem, when it comes to the platform, when it comes even to thinking about the next level of industrial metaverse.

I liked very much, Martin, what you were saying - that you must be very clear about the niche and have a clear value proposition you can easily communicate to your customers. We were talking a lot about the transformation within organizations. But, of course, it's also a huge transformation on the customer side and on the partner side. You need to go together through that journey. This is something where it's extremely good to know how to communicate and help others how to master that transformation, how to cope with the changes that are also needed on the customer side. We call it 'value through collaboration'. Because you also need to change something in the system, if you want to get the most out of a solution. And that requires a certain change. So yes, identity.

On the other hand, technology is enabling a certain flexibility that we all need. Because as I said before, it's not the 10-year plan. It's the vision, it's future-back thinking - and then having a very iterative approach, with some very bold decisions on the way. It's a different way of working and interacting in an ecosystem. And this makes it, I think, so exciting and complex at the same time.

Suzie Lewis

Yeah, it does. And we've got some questions coming in around that. One comes back to value - what does value innovation mean, in an ecosystem? This is one of the questions. I think it's very interesting, because we've discussed value. And often, in my experience, ecosystems mean innovation. And they're seen as a tool for innovation, not necessarily a way of working.

Matthias Reuter

The difference is, you know, innovation within the company, or innovation through the ecosystem. The innovative power can come out of the ecosystem, where people find you if you inspire them to share ideas and to innovate together. I think that's one of the fundamental differences.

Martin Reeves

On that - I think one of the most important things in strategy is to focus on the biggest question. We often focus on the means or the technologies. We look at digital transformation or ecosystem transformation with a focus on the means, not on the ends. And as we focus on the ends, I think we must do so in a sort of philosophy-agnostic way. Because if we say we want to create a new market for X, the answer might be ecosystems, it might be something else. It might be a combination of things. Not assuming too much about the means is important.

In that respect, a very practical question that may lead to guiding an ecosystem approach - or some other approach - is essentially one about friction. It's a very, very useful question for any company to ask nowadays. If we take not just our current business model, but the current model of the industry - how consumers derive value. And we plot every friction and cost in the system - friction that may be caused by delay, a lack of understanding of the product, mismatch with needs, mismatch of expectations, intermediation cost, all sorts of ways. If you plot all of the sources of friction, they are often absolutely enormous. They dominate any value.

Now, the reason we don't call such things into question is that, for instance, in the insurance industry, we take it as a fact of life that you need a broker that takes a 40% margin for the insurance business to work. And we just say - well, it's always worked that way. Insurance is complicated, it's inevitable. Or, for instance, as insurance we may say 'well, it's a very complicated product. Of course, consumers couldn't be expected to understand their contracts and be able to compare contracts.' Well, these are precisely the sort of apparently reasonable frictions that ecosystems can call into question.

And once you have that friction map, you can do the thought experiment that says, well, let's eliminate the top three sources of pressure in our industry. Let us do that thought experiment. What would that take? It takes some disintermediation, some expansion of variety, some expansion of information towards the consumer, and some much more effective way of coordinating the contributions of

everybody that contributes to our product – it takes an ecosystem. That's a very practical place to start, I think. And it also has a number of other benefits, whether you choose to go the route of a digital ecosystem or not. It's also an early warning indicator for the possibility of disruption.

Suzie Lewis

Which brings me to another question - because you're talking about intention. Do ecosystem partners align around the intention behind working together - which includes the impact on all stakeholders: society, environment customers? Is that part of the friction and the relationships in an ecosystem?

Martin Reeves

I think that comes down to another very important question, which is why would anyone want to join our club? You know, if they join, and you've been explicit about what you're doing, presumably they support your aims. But *why* would they want to join your club? Because there are many clubs for them to join. They could join somebody else's ecosystem; they could start their own. Why would they want to join a club? And the answer probably is not because we have 100 years of history and a 47% market share. That's not a sufficient reason.

Roland Deiser

We sometimes bring in at this time of the roundtable somebody from the audience, to jump in and share their questions, as we have quite a few questions in the chats. If anybody is interested in picking an open chair here, let us know.

But back to the friction issue. One of the dimensions in our capability framework is boundary management and leading through the way you treat boundaries. You mentioned before, Matthias, how open should we be, how close should we be? And this is probably different with each stakeholder in the ecosystem. If you don't share data, it's hard to do a joint strategy. But on the other hand, data is sometimes one of the most precious assets companies try to hoard. Certain industries have an old tradition of hoarding IP, like Siemens, by the way. Or the pharmaceutical industry, for example. They really struggle with that friction that happens on their boundaries.

On the other hand, I think that friction is one of the most fertile grounds for discourse, for learning for development. I almost would say, *create* friction, but constructive friction that you can productively leverage. Not destructive friction, which is leading to enmities and all kinds of trouble. So, one of the leadership capabilities that we have a dimension of our framework is designing boundaries in a way that they can be productively managed. Matthias, you've got this history of leading learning and development as well. I think that the L&D function has an incredible role in enabling ecosystem performance. It is underestimated in many ways, because it focuses still on learning processes within the boundaries of your organization, rather than enabling positive friction across all the stakeholders of an ecosystem. Reaching out to customers, your developers, your suppliers in your learning architecture.

Matthias Reuter

To your first comment - yes, without friction, there's probably no business. And I think it's a great source of learning, also to look at failure modes, at things that are not working, and why are they not working. That's also part of leadership, to do those retrospectives, to have this kind of discussion. And to create the space that makes it possible to have this kind of discussion. So that's one thing.

With regards to the role of learning - it's interesting that you say this, Roland. Because my colleagues created a learning ecosystem, really applying these principles. And you can see how the flywheel works: an open platform where people are joining in the curation of content, because the lifetime of knowledge is decreasing massively. So, you can have certain strategic contents in the company. The other thing is an ecosystem of people helping you to get the latest knowledge from the market in a meaningful way, in a curated way. A curated portfolio with a good ecosystem behind, and a marketplace logic where interactions are enabled in a meaningful way. That is there, and we also apply this.

At the same time, we also see the need for transformational conversations, a platform for these kinds of strategic discussions that need to take place - sense making, reflection - and that on an ongoing basis. That's not something that's happening in an L&D organization - it's a leadership task to create that space in which this continuous learning can happen. So, this is the lever - that we empower our leaders to create this environment together with their teams. That they have the resources, the means to platform tools. They are the ones creating the learning culture within their teams and organizations. This is one of the keys to one of the strategic priorities: growth mindset. So, I fully agree. Roland - it would be weird if I said something different. You probably need to ask our business.

Roland Deiser

The thing, Matthias, is - do you have interventions that address the ecosystem, not just your own employees? Because one of the issues of inward orientation is that the typical L&D function of an organization is designed to address their own resources, those who are on your payroll. You don't even reach out to the enlarged workforce ecosystem, not to speak about other partners. Suzie - you mentioned, at the very beginning this ELX index we have. In a global survey, we asked about maybe 12 or 15 interventions that you could do to improve ecosystem performance[8]. So, for instance, if you install certain kinds of learning architectures that connect the players of an ecosystem, we see an impact of 20 to 25 index points - this on a scale from zero to 100 - in improving ecosystem leadership capability. And there's a lot of interventions you can do. Another is learning expeditions into your ecosystem to truly understand the customer, the partners, whoever - this will really enhance your capabilities. So, this is what I meant by the learning role, not your internal ecosystem.

Matthias Reuter

No, we do this. Learning expeditions are also part of this of this ecosystem. And yes, it's super important. It's intense, shifting the focus to the outside of the firm, you know, discussing these challenges also with other companies and other leaders. We have a broad network, and we are also

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[8] Developed by CFFO, the Ecosystem Leadership Index (ELX) allows an assessment of the current maturity state of a company's capabilities in this domain. Results of the global survey can be downloaded here.

leveraging our network to do this, and our leaders even self-organize this kind of thing. These exchanges are happening. And it's very powerful, it just can just confirm.

Another development - I'm not sure if you're aware of it - is Catina-x. Catina-x is a huge data ecosystem in the automotive space, where all the German OEMs as well as Siemens and other partners are coming together and share their data to solve some of the big topics along the entire automotive value chain. One example is the battery pass project (aiming for a sustainable and circular battery life through digital value chains - RD) that they can now conduct all together, based on sharing data. They are also learning together across the ecosystem. We were training the entire partner network with our approaches, but also the others are contributing with the best practices that they have. This is an excellent example, and it's happening more and more. So, agree, Roland – opening the learning space, learning with and from each other, is an important point.

Suzie Lewis

It's almost related to governance - we have questions around governance, whether it should be put in as governance. I also see that Peter has his hand up.

Roland Deiser

That was from very, very early on. Not sure if Peter is still in the audience. But we've still got about 15 minutes left - who wants to jump in? We have a lot of comments from people. Suzie, who from those who commented would you be most interested to invite to our virtual table?

Suzie Lewis

I think Alex Grimshaw, because he's asking all these questions around exactly what we're just talking about. Would it make sense for partners to create a function that looks at and oversees how the ecosystem operates? It is what we were just talking about - a governance function of ecosystems, and transformative presences, as he puts it, I think it's a very interesting question and topical for this part of the debate.

Roland Deiser

So, Alex, we promoted you to panelist. If you are interested, you are thrown into the mix. Here you go, hi, welcome. Listening in for an hour and 15! How is it?

Alex Grimshaw

Good! You're touching on so many pertinent topics. I find it very robust. And, and thank you very much for coordinating this.

Roland Deiser

Sure. But maybe a few words about you first?

Alex Grimshaw

I'm with the organization PPS International, we do leadership development and executive development for global organizations. And our focus is - this is where most of our clients are interested - this whole idea of collective intelligence. If we want to move away from this heroic structure of leadership, how do we redefine how we can work together to get a more complete picture of what we're dealing with? And what's interesting - people are stuck. There's over 100 years of operating under a very specific bureaucratic structure. And now you're saying we want to open it up and create more engagement and more dialogue. But who's going to make the final decision? There's this real focus on this either-or, this binary mentality: we have to be bureaucratic, or we have to be collective. And one of the things that keeps coming up is that you must be both. It's this paradoxical thinking that really seems to be a challenge for people when you're asking them to make the shift.

I think that the same thing happens with ecosystems. Do we have to now go completely to ecosystems? And Martin, you touched on it at the beginning, a lot of this has been hyped. It's either this or that. Well no. It's what would be appropriate. You must have this ambidextrous mindset. So, I'm curious - within an ecosystem, it seems there's a function that needs to oversee how are we participating. Are we able to do what we need to do? How do we address the issues and challenges that come up day to day? I'd be really interested to hear something on that. And thank you very much for this opportunity.

Martin Reeves

Yes, if I may. Great question, Alex. There's a great new book out by Christian Madsbjerg called Look[9]. For those of you who are not familiar, Christian is a philosopher and consultant. And essentially, what he writes about is the art of looking without assumptions. I think today, we are essentially saying there's this new thing called ecosystems. How does it work? And that's valuable, right? We're learning about something where perhaps some large companies are behind, that there's knowledge to be shared. But there's also a danger in over-specifying what an ecosystem is or what an ecosystem does because a collection of 1000 companies can do all sorts of things. And the primary value may not be the structure of the ecosystem or the governance. It may be the collective learning opportunity, it may be the collective intelligence opportunity, it may be the economics of flexibility.

So, I think we're still at an early stage of the ecosystem revolution, and what comes next will not necessarily be more of the same. As this new way of digitally coordinating more complexity than we could ever coordinate with a with a human hierarchy progresses into the b2b sector, into the not-for-profit sector, we may see new types of orthodoxy, new types of insights. In a sense we have to look without assumption to see what those things might be. I mean, to broaden the term ecosystem: to me the most general statement would be that we have new ways of coordinating complexity and decision making that exceed the complexity capacity or the agility of human organizations to execute. And what can we do with that? We can do all sorts of things with that. We could have, for instance, more effective meetings. We could have better self-knowledge - you know, what are the people in our organization thinking? We could have more parallelism - I've just written about something called Radical Optionality[10], which is the idea of, well, why shouldn't we pursue 1000 things in parallel, if we could

[9] Christian Madsbjerg: Look: How to Pay Attention in a Distracted World. Riverhead Books, 2023

[10] Martin Reeves, Mihnea Moldoveanu, and Adam Job: Radical Optionality. Harvard Business Review 05/2023,

make the economics work? We could have greater knowledge of our customers; we could eliminate the distinction as we have such great digital integration with our customers that essentially the boundaries shift. We could have collective innovation; we could have collective political governance; we could have... There are all sorts of things we could coordinate better as human beings if we think creatively about this technology. So, I'm sort of happy in some ways that we've scoped this narrowly as the leadership of ecosystems, but I also have a sense of danger that if we define it too tightly, we may miss the bigger picture of the potential for other ways of using these technologies.

Roland Deiser

Martin, first of all, it's fascinating what you were saying here. I think we've been always living in ecosystems. It's really nothing new. But digital transformation, or digital technologies, enable us to treat the ecosystem in a different way. They enable us to do that kind of sharing and collaboration, and stuff that before was cumbersome. The industrial age, that was really Taylorism. It was made for process optimization, made for scale, made for all that kind of things. The digital age is made for ecosystems, really. And as I said before, I think we are just seeing the fireflies before the storm.

All the things you just said, Martin, these opportunities - just thinking of what AI will do to the ecosystem paradigm. It's mind boggling in many ways. The more important, I feel, is the leadership question. With leadership I mean shaping the thing. Yes, you must look at it with this unbiased, neutral, almost admiring, open kind of mind. But nevertheless, you still also have to shape these things in a way - co-shape them, hopefully not alone. Otherwise, we're just blown around in the wind. We need to somehow sail in that wind, don't we?

Martin Reeves

We do. And one of the interesting aspects of that is that the digital propensity that we now have for managing complexity and flexibility may shift the question from 'how do we change' to 'what do we not change.' Imagine the possibility and the propensity for flexibility become so great that we're not struggling with what we change. We're struggling with what do we hold constant for the sake of sanity, continuity and understandability. We may reverse the question - it may be a very interesting chapter in human history, where we choose the appropriate degree of flexibility.

And there may be some connection to the topic of sustainability here because we can multiply products, customization, consumption, the promotion of new offerings, and there's undoubtedly commercial value in that. But is that the most efficient and effective use of resources, considering sustainability? Considering the psychological needs of consumers to have not only their immediate want satisfied, but to feel that they're doing something virtuous in doing so? I also see another interesting frontier at the intersection of ecosystems or digital platforms and sustainability.

Matthias Reuter

Yes. Thanks, Alex, for that very relevant question. We see that this is a key challenge for managers and leaders. It's also very interesting to accompany them, to see how they cope with it. Because if you look at it from a strategic angle, building on what Martin and Roland said, puts it already perfectly.

Now, reflecting on Siemens: in the complex, modern business challenges that we have, we truly believe that combining the real - the hardware - and the digital world can create outstanding value. And to crack the code, you also need leaders that can handle the paradigm shift or maybe also the friction that is coming out of it. Call it ambidextrous leadership.

We have very good examples on an individual level, but also on an organizational level. Our leaders really find a broad vision and then also the respective organizational forms and leadership to cope with it. But it is a key challenge, it is a key topic. If you want to create a next level of value through collaboration, then this is also a muscle that needs to be trained. How to cope with this tension. So, a very relevant question, thank you for that.

Suzie Lewis

I think you're constantly in priority management, aren't you? Individually and collectively, and this is how the ecosystem sort of morphs and evolves. I'm conscious of time. Could I ask you each for a word before we leave the roundtable? Can I start with you first, Alex, what's your response to the answers to your question? What's your biggest takeaway?

Alex Grimshaw

Well, you reinforced some of the things that I've been thinking about and that I've been concerned about. As a leadership development professional, these are the challenges, and I think what we're talking about requires a level of maturity in terms of thinking - and not everybody's in the same place. You're always going to be pushing the stone uphill, like Sisyphus. Certain people understand and other people are like "we're doing crazy things - why are we doing these?' And they just don't have the capability of understanding. So, thank you.

Suzie Lewis

Thank you. I love that image of Sisyphus trying to put the stone up a mountain. Okay, Matthias, your final thoughts.

Matthias Reuter

So, for me, it's really about inspiring your ecosystem - the internal one and the external one. If you orchestrate and inspire your ecosystem towards a clear mission, towards a clear idea, if you are thinking future-back - this is a very powerful approach. And market your ecosystem, market the people behind it - not your product. This is another key takeaway for me. Creating the network effects that make the flywheel turn.

Suzie Lewis

Excellent, thank you - inspire your ecosystem. - Martin, what are your final thoughts?

Martin Reeves

I guess the two headlines would be 'ecosystems for what,' focus on the ends, not the means. And also, what do we mean by leadership? I mean, ecosystems have unleashed a new set of possibilities. If we're open minded, it should force us to revise what we might mean by leadership. I'm thinking in particular of biological notions of leadership that may be shifting, maybe towards collective and a generalization of what we might mean by leadership. It's a fascinating topic.

And, I guess there's a sort of laboratory of ecosystems - if I can add a third - which is: when there's such profound changes in the way we do business, it's an opportunity to rethink many things. What do we want to do in the laboratory of ecosystems -that would be my third point.

Suzie Lewis

Excellent. I love that. It's another image - the laboratory of ecosystems. Thank you, Martin. - Roland, what are your final thoughts?

Roland Deiser

Well, you know, we did a recent roundtable on curiosity. And curiosity is one of the key things that I am looking at when I look at ecosystems. Because there's something new almost every day - it's a mind-boggling thing if you think about it. Because that complexity in systems is not that easy. So nurturing curiosity.

The other thing is - a good old friend of mine, John Seely Brown, the former director of Xerox' PARC, once had a business card that said, 'Chief of Confusion.' I liked that a lot. As confusing as it is - as we enter these kinds of realms, we must embrace the uncertainty that comes with confusion and see it as an opportunity. So, for me, ecosystem engagement is a great opportunity for transformation, for change, for confusion, for learning - all these kinds of things. And we don't have the answers, right?

Finally, I like the look thing you said, Martin. We can only look and then be informed. And I think what you need to bring to the table in ecosystems is a renaissance mind rather than a traditional business education mind. You need to understand anthropology and political science, psychology, biology, neuroscience, AI, and what not. It is not just finance and the traditional curriculum. I think you started, Martin, by saying an MBA is probably not much use in an ecosystem. That's kind of my conclusion here.

Suzie Lewis

Thank you. Curious and confusion, I'm going to paraphrase that. Excellent. We also have something in the chat. One takeaway is a phrase from the beginning: 'trust results from consistent and transparent interactions.' So, navigating ecosystem dynamics, bringing together the lab, inspiring your ecosystem, and getting curious about confusion. Okay. I'm very conscious of people's time and like to finish on time. And I'd also like to warmly thank our three panelists for that great discussion full of insights. Thank you very much.

Roland Deiser

Yes. And I want to thank you, Suzie, for facilitating this. We will continue the tradition of these roundtables also for the next edition of Developing Leaders Quarterly, which, by the way, will be on sustainability and circular economy. It will be a new, interesting theme. And then, in our winter issue, we're looking at 'innovating innovation.' So we're going to continue these kinds of conversations.

I also want to thank Martin and Matthias for contributing to our issue of Developing Leaders Quarterly and for taking the hour and a half for this round table. This is recorded on video. We're going to edit this and put it up also on the website of the Center for the Future of organization. And thank you again Suzie, it was a great chat. Thank you, guys. Thank you very much. Okay. Bye.

Visit www.futureorg.org/#videos to watch the original recording of this Round Table.