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Rethinking Businesses

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Abstract

Every crisis or change in world history created new opportunities as society was driven to develop new ideas. Managing uncertainty and being able to adapt to an unprecedented situation is demanding. In the post Covid-19 era, developing resilient companies will be the key factor for success. This impact paper looks at a way to prepare organizations for future disruptions, to make companies innovative and resilient, by considering the combination of i) collaboration, ii) digitalization and iii) sustainability as core pillars to ensure corporate longevity, increase efficiency and foster better responsiveness.

Keywords: Resilient companies, Collaboration, Sustainability, Digitalization.

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Global crises, both sanitary and economic, have changed society in many ways. Managing uncertainty and being able to adapt to an unprecedented situation is demanding. While the Covid-19 spreads globally, all countries are taking steps to overcome the problems affecting their citizens and economies.

Disruptions throughout history have had many negative impacts, yet these disruptions have also created new opportunities. They have driven our society to develop innovative solutions to tackle unprecedented problems. The real impact of this crisis is unknown, yet companies do have a main goal: adapt to survive. In a time of change, we need to prepare our companies for the cultural and behavioural shifts this crisis has caused. Businesses should focus on their core strategy to create more value, counter Covid-19 side effects and fulfil needs that will appear in the near future. As we are facing new challenges, developing resilient companies will be the key factor for success.

Globalization and technological advances: uncertainties and possibilities.

Currently, thanks to globalization and technological advances we are able to travel and access goods and services from all over the world. Conversely, these advances are now part of the problem, and making it a challenge to control the spread of the virus. In terms of socio-economic impact, governments and companies are taking measures to mitigate the effects of the sharp reduction of economic activity. Consequently, the possible effects on financial markets, mobility and trade will be key for the future of the global economy (World Economic Forum, 2020). To tackle these problems, new policies and stimulus packages are being developed to support the most affected industries.

The pandemic affects every industry to a greater or lesser extent, especially those hit by the border restrictions and the lockdowns in certain countries. In addition, company leaders have to ensure employees' safety, well-being and financial stability while adapting their way of working and yet remain competitive. It has become clear that accelerating digital migration is necessary for remote working and commuting.

Companies, from big corporations to start-ups, are facing periods with lower-to-zero revenue. This has created difficulties to manage their cash flow. Moreover, companies now face the additional strain of restarting their operations whilst following the newly required social distancing rules. It is difficult to know how the world will be. Thus, focusing on the aspects that can be controlled is vital. This means separating trivial aspects from crucial ones. But not all news is negative. Technology has emerged as a solution for traditional companies and people have changed their way of consuming with online shopping (Longfield and Collett, 2020). Gig economy shopping models have seen their demand increase, allowing small businesses to reach more customers.

Technological experts state that some aspects of our pre Covid-19 life, such as working from home, and digital migration or transportation, will change forever (Sullivan, 2020).

Furthermore, they explain that facing problems and uncertainty stimulates innovation and being resilient is the most critical skill to master.

Now that the rules of the game have changed, different questions need to be addressed. How should companies remodel their value chain? Which aspects are crucial to navigate uncertainty? Can we create value for society and still successfully face any change in the environment?

Collaboration, digitalization and sustainability are key to navigate uncertainty.

To face the current situation and recent challenges, companies need to develop a long-term vision while solving short-term problems. The reason is that it is important to identify and focus on the elements that affect most our businesses, analyse present and future variations and decide on a new strategy to follow. As a part of corporate strategy, a solution to consider might be the combination of collaboration, digitalization and sustainability to ensure corporate longevity, increase efficiency and be more responsive.

Collaboration: engaging different stakeholders.

Since the start of the pandemic, initiatives aiming to solve different problems caused by Covid-19 have emerged. These initiatives have shown the strength of collaboration between individuals, public institutions and companies.

After the financial crisis of 2008, new business models based on the collaborative economy flourished. For example, Airbnb, Uber and Slack were founded after that financial crisis, at a time when ensuring financial stability was difficult. Since then, our way of consuming, living, travelling or working has largely shifted to practices based on the peer-to-peer system.

The sharing economy enabled the use of underutilized resources, which increased efficiency. Botsman (2015), who defined the collaborative economy as “an economic system of decentralized networks and marketplaces of connected individuals creating value in ways that bypass traditional institutions”, studied the different approaches of this model. Botsman pointed out how systems with poor waste management, limited access or unnecessary intermediaries suffered disruption.

Nowadays, these applications are no longer for early adopters. Consumers move about using ride-sharing applications, shop on online marketplaces or use pay-to-access platforms.

Performance through community, access and collaboration are three methods needed for the success of the sharing economy (Richardson, 2015). By creating a community with shared values and objectives, individuals are able to contribute to something larger. In this aspect, companies from the same sector or with shared values should cooperate to thrive during the actual crisis and achieve better solutions while addressing critical challenges. In addition, allocating under-utilized resources or sharing services will solve problems such as space limitation or lack of required skills.

For the collaboration between governments and private institutions, the current situation should prioritize the co-design and co-creation of the future between them (Mazucatto,

2020), to develop a robust and inclusive economy ensuring that partnerships are driven by public interests.

Another aspect to consider is the impact of closed borders on the supply and distribution of goods. Creating local ecosystems could help manage these problems by increasing accessibility. Meanwhile, corporations should encourage inter-departmental collaboration by improving communication to enhance rapid response and ensure monitoring of incidents.

It is clear that collaboration is a key pillar needed to remodel companies' value chains.

Digitalization: tools for present and future companies.

Digital transformation is already part of society yet companies are resistant to change. Nowadays, we consume differently: we stream videos, order food, trade online and send money within seconds. People use streaming applications to listen to music, professors give webinars to their students and you can have hundreds of books in your e-book reader. However, traditional companies' late arrival to digitalization means that this crisis has caught them off guard in terms of remote working and value chain diversification.

The pandemic has caused a pivot from analogue workplaces to their complete digital transformation due to social distancing measures. Based on necessity, consumer and business behaviour has changed, with an increasing demand for software-as-a-service and cloud capacity (Longfield and Collett, 2020) to continue with their remote work and commuting. It is no longer part of a plan. They have developed a digital workplace within weeks, implementing collaboration tools to participate in meetings and work effectively. These applications are no longer exclusively for corporations (Sullivan, 2020) and the majority of people are using them to communicate with their families and friends during the lockdown.

Why did most of the Covid-19 initiatives start by developing an application or a website? Mainly, because it increases accessibility and helps companies to reach a wider population. One of the aspects that made the collaborative economy so trendy and easy to use is the combination with technology, whereby traditional businesses like restaurants and retail brands can use online marketplaces and platforms to sell their products.

Since the digital transformation started, there is a major concern about the controversial aspect of using technology in our jobs. However, we should look at digitalization as a way of empowering people, not substituting them for machines. Digital solutions will help people in their daily tasks, data processing and changing the mind-set to focus on decision-making, monitoring and supervision. Every department from human resources to finance could benefit from it. In addition, new jobs and skills related to data protection, policy guidance and trust networks are required.

The world as we knew it has changed and every company should embrace digital transformation to combine digital and face-to-face interactions as a way of better positioning their products and services and empowering their workers, creating more value for society while facing possible disruptions.

Sustainability: the final transversal purpose.

For the past few decades, sustainability has been an increasing concern. Specifically, climate change and social inequalities are some of the most critical challenges that need to be addressed. Since the foundation of the United Nations, the main objective is the search for more sustainable development. From the Millennium Development Goals, to the Sustainable Development Goals (SDGs), the UN aims to end poverty, protect the planet and ensure peace around the world by 2030.

Non-profit organizations are the main way we have to solve social problems, and progress on these matters is incremental. The problem is that they have difficulties to scale because of the scarcity of resources they suffer due to a model based on private donations (Porter, 2013). We need to let businesses create solutions with a profit-based approach in order to become self-sustaining.

Companies are trying to target the SDGs and developing their Corporate Social Responsibility (CSR) departments to address problems related to social, environmental and governance aspects (ESGs). There is also a remarkable shift in demand from consumers who want more sustainable products and are more concerned about social causes.

The actual CSR model works at times when economic growth is positive, but is not durable in the long term as it is the first program to be cut when financial problems arise. To change this configuration, the concept of Total Societal Impact (BCG, 2017) addresses the disconnection between sustainability and corporate strategy. It consists in including societal and environmental impact as part of the corporate value chain. For example, when reviewing their product design, distribution or the core business, companies should consider ESG topics in their decision-making process.

There is a belief that making profit is inconsistent with solving social or environmental problems. We need to have a long-term vision, understanding that business benefits (obtained from solving these problems, increasing efficiency, developing better workplaces and reducing pollution) will affect positive market valuation, contributing to shareholder value (Porter, 2013). Companies should focus on the concept of creating shared value by solving problems through their business models. In this context, products solve societal needs and the social and environmental benefits meet economic profits.

From an environmental point of view, the circular economy is one of the solutions. With changes in the way of consuming, we are able to reduce waste, keep products and materials in use without deteriorating them and regenerating natural systems (Ellen McArthur Foundation, 2020). It is important to think about a competitive and innovative way to change processes to improve efficiency and reduce economic costs to make the model attractive for industries.

Sustainability is key to create value for society and to successfully face any future change in the environment.

Conclusion

Collaboration and digitalization are crucial to achieve sustainability. Forging partnerships between enterprises and stakeholders will amplify the positive impact for society. The use of digital solutions will help to monitor and measure impact, developing clear ESG reports,

based on transparency and attracting more investors. The sharing economy appears as a complement to the circular economy, extending the material life of underutilized products.

It is not our mission to predict what will happen. Instead, this impact paper looks at a way to react to forthcoming changes. We have the possibility to amend errors from the past, look to the future with positive perspectives and search for new opportunities. Responsibility for the future lies in our hands, and we have to determine the type of company we want to develop, invest in or work for.

Innovative and resilient companies will be capable of managing future disruptions and handling the most important challenges we need to solve like climate change, inequalities or financial crises. If we focus on the synergies between collaboration, digitalization and sustainability, the solution is closer.

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