



# SMART SOURCING: A NEW BUSINESS MODEL



## **Abstract**

Redefining performance through Smart Sourcing of skills and competencies transforms how eco-systems perform and respond to changes

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## A new Definition of Skills and Competencies

Getting a business going requires a number of skills and resources, usually commensurate with the size of the business. Some of these skills are core to the business, others are supportive and some are mostly peripheral, such as the necessary functions like site security, cleaning and management of the real estate properties, which are important although not core to the business activities.

Over time and as technology arose, selected functions and activities have been replaced with automation (like monitoring infrastructure performances or financial transactions), others have been outsourced, locally and offshore (technology support, accounting entries) and others just disappeared, such as the repair of low cost equipment, as prices and availability make more effective to replace defective parts or equipment.

Organizations are getting more effective at what they are doing, at all levels. This general rule of optimization has been raising the bar of competitive performance to a level where sub-optimized business have little chances to survive unless they are a startup offering a breakthrough solution. It is not just competition, it is a new standard for performance and expectations. Who would even consider today being stuck with a mobile phone for 3 years or so? Today's standard makes it a challenge to agree on a one year replacement plan; customers might as well switch carrier to get the latest model.

The now standard expectation for performance and currency has slowly penetrated the main business functions, where habits are more anchored than in the retail / consumer market. Some signs however show the movement starting: service contracts are now rarely going beyond 3 years, and most carry exit clauses; it has become routine to check competitive solutions as part of a selection process; risks and performance commitment are squarely put on the provider's side of the contract; costs of materials are offset with hedging contracts balancing the variability of the open market.



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When it comes to people and competencies, organizations seem to struggle with the optimized model, often relying on obsolete concepts, in many cases inherited from the 80's and 90's, where the structure and the management of the resources carries more weight that the latent or residual value to the enterprise.

Organizations that grew on a vertical or centralized model for instance, retain a vertical structure even as their core business lost products and services no longer matter or even exist in their own business.

Let's take the example of an automotive part wholesaler. Their supply comes from OEM manufacturers, alternate parts providers and second hand recycled and possible reconditioned parts. A typical structure would be to have buyers managing parts purchases in volume with manufacturers, white products or discounted parts for cost conscious customers, and second hand parts for mechanic savvy clients.

Ultimately, there is no need whatsoever for them to carry any stock, parts or even facilities, except maybe a few warehouses for mass volume purchases, if any. This business is typically a business where people want the part fast, but more importantly the best price / quality equation that meets their expectations. The retail interface is merely a venue for people to do window browsing, speak to a specialist to order a

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particular part or purchase a standard replacement item such as a battery, cooling liquid or polish. The SKUs to be carried in a retail store are almost negligible as compared to the thousands of items potentially accessible to the customers, but they generate sufficient foot traffic and opportunity purchases to keep a few retail chain alive and well.

As a business, the main drivers are the items purchased in store, and accessibility to the largest and most dependable source of individual parts to respond to almost any kind of demand. The source might include part makers able to recreate a part no longer available today, such as a part for a collector or unique car model.

Carrying a part of product in the books would burden the operations with incremental fixed costs, which are not directly related to the customer satisfaction. Renting shelf-space to a couple of battery manufacturers, plus adding a battery innovator as a fringe choice would cover most needs for walk-ins, as long as specifications, quality and prices meet expectations.

The enterprise no longer needs to carry all competencies, capabilities or resources as long as the demands from the customers can be satisfied with an integrated solution. People, especially in our digital age, want a seamless and consistent experience. They could not care less where the goods are coming from. How important is the actual vendor on Amazon.com, as compared to the availability, price and shipping costs? If my favorite store to buy outdoor gear does not carry the right size for the Italian hiking boots I want, but can have them shipped over in a few days, does it matter whether they come from a warehouse, another store or they got them on eBay?

## Organizational Boundaries are vanishing

Scholars of organizational strategy have been defining for decades the concept that the enterprise does not operate in insulation, but in a continuous exchange with its environment. As the business capabilities mature, so does the inter-dependencies between a business and its suppliers, partners and even customers. Strategic and organizational agility requires to pay attention to early trends and changes, adapt or respond to them rapidly and anticipate on the next changes.

The acceleration of the business cycle in just the past 10 years has been driving further demand for agility and this demand has been bearing on the entire business eco-system.

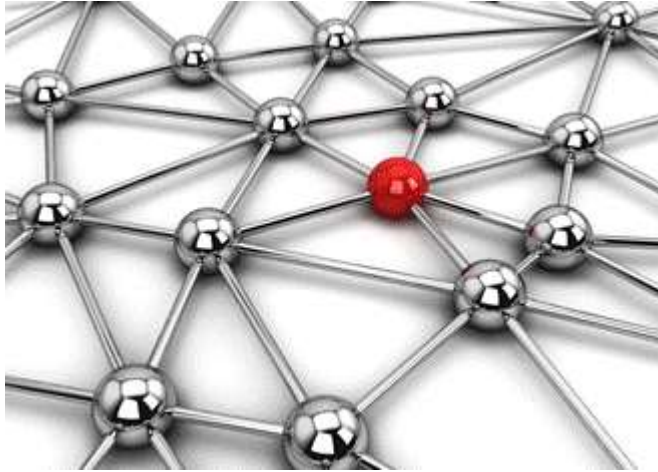
The capabilities of the enterprise are much more than what Miles & Noble called the “firm-specific assets”, expanding to the suppliers, partners and networks associated with the business end-to-end activity. The natural and contingent collaboration between components of the eco-system at large created “meta-capabilities”, which in some cases can bring the relationship to a full scale delegation. Why not letting your supplier of packaging do the primary research and ideation to find novel ideas, as it is likely that they have more qualified resources available.

Meta-capabilities across the network are better suited to respond to market changes, as they enable the end-to-end adaptive move of the eco-system, saving precious time deploying the change into the network after the “mothership” completed it. They help accelerate formulating a response to market dynamics through the leverage of multiple organizations sharing what works and what does not, saving others from making the same mistakes they possibly did. An additional benefit is the capacity of the entire network to capture, evaluate and respond to emerging changes to market conditions, taking advantage of their multiple point-of-view capture.

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The combined effect of a higher integration between a core business and its providers and partners, and the structural impact of the meta-capabilities of the eco-system creates a natural weakening of what used to be the boundaries of a company or business. What could have been hard to imagine within a large multi-



business corporation is now happening between completely independent business entities. When a business exchange directly financial information with its providers and distributors for instance, enabling automated feeds and reports, the financial and legal entities remain clear and non-ambiguous. From an operational perspective, the lines between a company and another are much thinner, as both will react in a similar and coordinated way to business volumes, transactions, performance variances and changes to the business environment such as a new reporting requirement or payment solution.

In practical terms, they are joint at the hip, and one member's decision to change a tool, process or data exchange format can have direct repercussions on how the other partners conduct their business. The same occurs with materials management, functional capabilities, specialized skill sets, go-to-market and distribution strategies to name a few. On the performance front the organizations are intimately linked, in such way that the performance change (improved or degraded) of one member of the eco-system directly impacts the others, especially if they are downstream of the process step. In the same way, the greatest performance improvement comes from looking at the complete picture, or having at the table all the constituencies of the process, regardless their legal position in the eco-system.

A more mature version of the collaborative eco-system is when a contributor to the meta-capability excels at it, consistently. The collaboration can then morph into a delegation model, where the entity becomes the center of excellence for the eco-system. This model is already familiar to the supply chain of integrated businesses such as High Tech or apparel manufacturing for instance; expanding it towards other combined areas including all back-office functions, Innovation and distribution channel capabilities could create strong poles of competencies. The strength and the weakness of such virtual structures would precisely be the meta-collaboration, creating an intricate web of cross-dependencies between the partners.

Strong ties do not mean that companies would be unable to change the participants to the meta-capabilities or make their own decisions. The links might however be stronger as each member both benefit from the healthy relationship and can embrace evolving needs and demands as they emerge, giving them a fighting chance to adapt and retain their place in the eco-system.

### A New Definition of the Enterprise Structure

Part of this subtle weaving of inter-dependencies and interest is the emerging (but maturing rapidly) trend of virtualization and service-based provision. Cloud based service offerings cover a fast growing number of functions and capabilities traditionally viewed as anchors into an organization: IT, HR, Accounting, Legal, Marketing. In some cases only a partial service exists (e.g.: Legal or HR), when in other cases all of the A/P and A/R functions for instance can be sourced through a cloud based service.

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Along with the Cloud-service wave comes the quasi-universal access to information, already making its mark in Business Analytics. Coupled with powerful search engines and a staggering growth of the repositories of electronic information, more than just services are at play: the very concept of knowledge and experience, fundamentally based on volume of data properly classified and analyzed, is shifting. A college graduate in Chile or Vietnam can learn all that is available on a specific topic, problem or best practice, much more probably than the many leaders and managers if they put their mind to it. Already some smart companies offer executives for hire as a bridge solution until home-grown leaders are groomed or candidates are hired. The global market place has exploded the concept of Headquarter fortresses where all leaders and managers convene, replacing it with a more distributed enterprise architecture that includes working from home and on the road.

It just is a question of time before these converging trends bear on the organizational structure, where the business development and the production and operations are under the responsibility of network facilitators. In this new organizational structure, a strategic choice can be as simple as launching a joint project with partners or opening a new market with new products resulting from discrete changes across the entire eco-system.

Illustrations could be the wolf pack or a flock of geese in flight. Older and weaker wolves are in the front and set the pace for the whole pack. The Alpha runs from the back and ensures that the pack remains in synch and in the right direction. Roles within the pack are distributed based on skills or strengths, but can change as those evolve. In a different model, flocks of geese and ducks fly in a “V” shape formation which reduces the resistance for the birds behind. Periodically, the order change so the birds flying in the front move back and get some relief, while rested ones take their place. These are eco-systems, collaborating for the greater performance of the whole.



The Management by Outcomes would then take a whole different meaning, and performance metrics would need to include the eco-system’s perspective. The fundamental model of organization for the enterprise will continue to change in order to embrace the new reality of businesses that can run in an increasingly virtual and distributed environment, where boundaries between partners of meta-structures, which boundaries move and adapt as their environment changes.

We might as well start thinking about what it means to our own organizations, rules and processes. History showed us that there is no stopping the clock; we might as well get ready.

## Redefining Organizational Performance

Expanding the reach of ideation and innovation to the entire eco-system grows exponentially the density and diversity of the intelligence gathered from the field and the industry. Multiple levels of engagement can cater to providers and partners who might have varying or competing interests. Aggregating all of this data might create the most valuable source of market insights, with a 360 degree view of the products, their users and their buyers.

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Selectively picking the members of the eco-system that can provide key, useful competencies that complement and help the central organization focus on its core DNA and competencies with the highest strategic value.

Defining a sourcing strategy in successive layers of relevance to the core business can unleash a whole new dimension of performance and expectations. From an Operations standpoint, a meta-capabilities organization can help tighten the fixed and variable cost structures through investing in competencies that have a high, sustained strategic value and minimizing or outsourcing others. Functions which are seasonally or partially used in the common enterprise processes may be better serviced with a specialized co-provider that can offer both full employment for the specialists and a continuous capacity to innovate and improve.

Looking at the eco-system with the same lens used to analyze strategic partnerships expands the analysis to the entire business scope and can be layered by product, region or another structural criterion. For more on this, see “A Brave New Virtualized World” White Paper on strategic sourcing and “Build and Protect Your IP” on Business DNA. These papers describe the mapping of core functions and capabilities using a two dimensional model of critical value to the business.

The two dimensions are:

- Criticality of the competencies and
- Alignment with the “core DNA”, or strategic value.

Criticality is a matter of being able to operate and sustain the activities. Criticality is often confused with strategic value because the default of critical supplies could cause irreparable harm to the business. The supply however might very well be a commodity supply or skills, providers or distributors that could be

Criticality (default generates disruption)		
High	Medium	Low
<ul style="list-style-type: none"> <li>• Critical operating supplies</li> <li>• Critical functions</li> <li>• Customer Interface</li> <li>• Brand &amp; Communication</li> <li>• Value Chain</li> </ul>	<ul style="list-style-type: none"> <li>• Operating supplies</li> <li>• Distribution chain</li> <li>• Decision process</li> <li>• Learning &amp; Training</li> <li>• Service Value Improvement</li> <li>• Risk &amp; Issues</li> </ul>	<ul style="list-style-type: none"> <li>• Market Place / Infrequent supplies</li> <li>• Unaligned skills and operations</li> <li>• Non critical reporting</li> </ul>

sourced elsewhere in the market place. Electricity, facilities management, accounting, payroll might be critical to the organization to operate properly, but they do not generate a differentiating value and could be shifted to another source without impacting the current or future value of the business or its competitive position.

Strategic value defines what will create or maintain the current and future economic value of the business. The focus is more than just the total equity and include the part of the shareholder value that forecast the

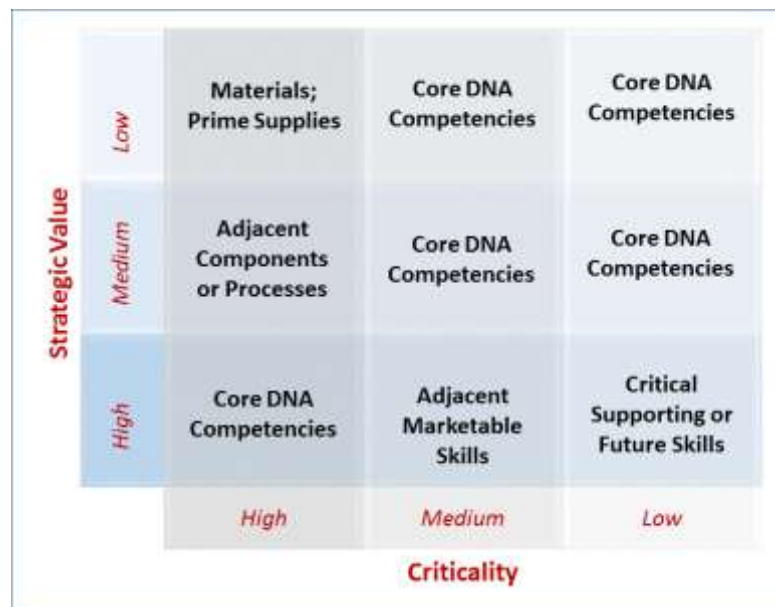
Strategic Value (Default undermines operations or equity)		
High	Medium	Low
<ul style="list-style-type: none"> <li>• Core DNA and IP</li> <li>• Core Competencies</li> <li>• Differentiators</li> <li>• Future Value</li> <li>• Core Eco-System</li> <li>• Prime Supplies</li> </ul>	<ul style="list-style-type: none"> <li>• Process know-how</li> <li>• Supply Chain</li> <li>• Expansion Partners</li> <li>• Dependent IP</li> <li>• Integration layers</li> </ul>	<ul style="list-style-type: none"> <li>• Fringe providers</li> <li>• Basic services</li> <li>• Non critical skills</li> <li>• Source-able Functions</li> </ul>

revenue and performance of the business in the future; the capacity to respond to competitive pressure; the ability to adapt to market changes and absorb market dynamics; the ability to maintain and strengthen workforce, competencies and IP. Low strategic value is often characterized by

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elements that are on the fringe of the main activities, and could potentially be spun off or recast without altering the profile of the business.

The criticality of supplies and skills are often mistakenly perceived as strategic issues as well. The pain of missing a critical skill can be extreme and in some cases, make business operations stop cold. It must therefore be tended with care and caution. But the lack of a strategic value competency does not only hurt the operations: it can cause a business to be terminated. Just like electric power can be critical but is not of strategic value, competencies such as billing and invoicing, some of HR and Technology are critical but carry low strategic value. The core competencies in chemical engineering, mathematics or design can be seen as less critical to the operations, but their absence could prevent the business from fixing, upgrading or evolving the products and maintain market appeal or quality.



The fundamental question is how much the skills and competencies attached to a function or role are differentiating a product, a service or a brand in a unique way? The unique know-how of Dell Computers, offering computers built with ad' hoc parts from various manufacturers, was not how to build a DRAM disk or a computer chip. It was the capacity to source the right parts for a specific design and purpose, to assemble the components with an industrial standard of quality and to market the products and services with a retail mindset.

The importance of looking at the full supply chain, beyond the employees on payroll is linked to the performances. Manufacturing, packaging and shipping a product or service does not make a business; the entire process from raw material to customer support makes up the end-to-end performance. A delay, price change of a supply or quality exception at any stage will impact the next stage of the process, positively or negatively. Much of these performance drivers are linked to know how, skills and competencies, making virtually impossible to disconnect the knowledge and individual contribution from the overall performance. This is the case both with the main company and with suppliers or partners.

Would a supplier's provision be based on a specific set of skills, the sudden default of the skills would impact more than the supplier's revenue stream. The entire business process could be at risk. The flip side is that an improvement of performance, quality or know-how would benefit more than just the supplier or partner originating it. Supply default risks can be mitigated through the access to alternate suppliers and redundant supply lines; but how value and business performance can be enhanced (or decreased) through changes to the business performance of the suppliers.

A company can have a vested interest in encouraging, supporting and possibly co-funding innovation within their supply and partner's network, just like it would do with its own organization if it was vertically aggregated. The reasons that made a business pick a provider or partner are likely the same that should

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suggest relying on the skills or competencies of this provider to innovate, optimize or customize their provision. If they are better suited than the purchasing organization to handle the supply, they have know-how and capabilities that would be easy and cheaper to leverage with a collaborative effort.

Process optimization experts stated long ago that performance improvement increases with the broadening of the scope. End to end process reengineering can achieve up to twice the benefits than a local, piece-meal scopes can possibly gain. The same goes for overall performance and skills map: revisiting the end-to-end suite of skills and competencies could help shift some tasks from a supply source to another, generate integrated innovation and lock down differentiation into the end-to-end DNA of the business.

In the new definition of organizational boundaries, the performance model should be multi-dimensional: the “organic” (internal) performance of the core business is always related to the aggregated performance of the eco-system. If parts can be produced with a potential variance of one micron, but the assembly has a tolerance of 2 millimeters, improving the variance threshold of the part would make no difference to the final product; hence its business value would be negligible. Unless the final product can achieve higher value from a lower variability threshold, the manufacturing of the part might generate extra costs which are not supported by the final assembly standards. On the other hand, ½ day of cycle time gain in warehouse management, coupled with a ¼ day in transportation and ¼ day in replenishment would create a net improvement of 1 full day in the order-to-cash process, and this is hard money being saved and earned.

Almost any business can benefit from understanding and monitoring the end-to-end process performance, as well as the eco-system performance, even if the collaborative and co-dependent network is not formulated as such – yet.

This global view should generate at least a number of targets for performance improvement. The next step of a collaboration with the select partners and providers who can generate the highest value will eventually generate cost savings, business growth potential and a higher strategic value for all.

## Smart Sourcing is redefining the business

What makes a business truly unique? What gives a competitive / market advantage and refrains others from taking over the customer base?

Being the only one to provide a product is a good start, but insufficient to establish uniqueness, as it can just be circumstantial and if successful, it won't last.

Uniqueness needs to be perceived by the buyers, demonstrating features or characteristics that identifies immediately its specific origin. Hear the distinctive growl of its 103 cubic inches engine and you know that a Harley Davison rider is nearby. In most cases such original label requires traits and know-how that are not, cannot be replicated by others. Even after other manufacturers launched MP3 readers, features and design elements kept the iPod unique and differentiated.

Distinctive features can become the banner of a business, which then associates the compelling traits with its own core values or slogan. From the “eat fresh” to “Can you hear me now?” to “Imagination at work” reflect more than just a memorable tag; they reflect the business model of a sandwich eatery, the cell phone network coverage of a mobile company and the diversity and forward thinking of a giant industrial



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conglomerate. Would Subway find a way to bring new fresh items, or reinforce its slogan through a provider or partner, it would probably push it to its franchisees.

The combination of features and know-how can build and maintain predominance in a market. Keeping up with societal changes, customers' expectations and performance constraints however require a workforce or capabilities that remain current and engaged. There lays the pitfall of the inventor's syndrome: once a product or service has been brought to market, it is hard and expensive to keep up with innovative investments. But the early appeal fades rapidly and fresh ideas and minds are necessary to continue carrying market's attention.

Unless a business maintains a strong R&D or Innovation capability, new ideas will come at a slower pace over time, with diminish disruptive value. Over time, it is almost inevitable that people align themselves to the internal culture, producing ideas in a narrow innovative path. Bringing in fresh minds from the eco-system (partners, providers and customers), or delegating some ideation to them might recharge the brain power. Critical supplies and complementary uses are the highest targets for such sourcing of ideas. The unique angle of a supplier with a broader market view of this supply might trigger new thinking and possibly, a new avenue for growth. Distributors and resellers can provide a substantiated view of the customers, their needs and their buying drivers. This level of information might be more complex and lack the depth that field experience can provide over time.



A business is the relative center of an intricate eco-system, comprised of providers, vendors, channels, partners and employees.

The legal boundaries of a company are smaller than its business inter-dependencies, the latter routinely involved or impacted with products and features, old and new alike.

This eco-system is likely the source where the next innovations and value feedback come from, leveraging the much broader

view on the market place than a narrow definition of a business would grant.

As opposed to radical innovation, evolutionary improvements of a product or service relies mainly on the needs and expectations of the end users or the capabilities offered by technology or business advances. The net cast by an eco-system can catch emerging trends at their source and bring them into the light. An add-on feature requested by end users for instance, which is not part of the core product definition, is almost certainly rising from the filed-use of the product and its interaction with other needs and processes. This information would be almost impossible to capture with a narrow view of the product environment and configuration. Vertical (more end-to-end) and horizontal (increased diversity of capabilities) integration for a product relies heavily on this network of associated functions and situations.

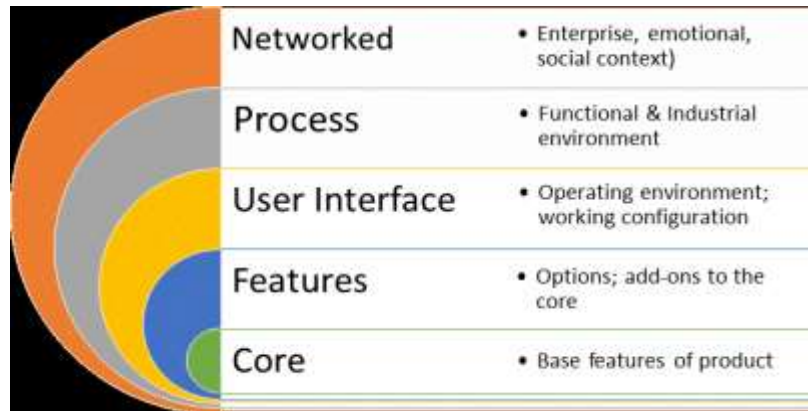
Companies sending customer surveys to better understand how their products are being used might not realize that most of this information is already carried within their network of partners, vendors and distributors. A well-received software application can hardly be separated from the computer, network,

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display or process it is part of. Neither can it be separated from the time of the day, professional context, behavioral parameters that surround and affect the user while practicing. Required to enter its credentials three times in a row for a single process (e.g.: video-conferencing) might trigger an individual to search for an integrated tool, even if the multi-tool solution works perfectly fine. The entirety of the experience must be considered.

Leveraging the eco-system of a product or service is not just keeping it abreast of the new versions for marketing purposes, but truly engaging the eco-system into the continuous provision of feedback, ideas and improvements. This engagement comes from the vantage point of the central user, observed in the midst of its natural environment, not an incubator or simulator, making the feedback more predictable of future behaviors.

Mapping of a product or service integration in its eco-system:



Although a product designer would focus on the Core as additional features and capabilities are added, the use-context of the product cannot really be separated from its process, organization and environment. A medical device performs a given task; its use context would call for additional but distinct features and packaging depending on which country it will be used in (regulatory approvals, translation in local language), which region and conditions (temperature, humidity, power), how it will be used (intensity, calibration, features), by who (clinical integration, medical features) or who will purchase it (care integration, bulk packaging, maintenance / replacement solutions). Each dimension of use creates a need for either a new version or options to the core product.

Over time, users (with potential new uses) might trigger the need for distinct specifications which are only indirectly related to the original core features and base product. These inputs will come primarily from the interfaces, process and networked layers of its eco-system(s).

Leveraging smart sourcing to map the core skills and competencies across the eco-system redefines the boundaries of a business in ways that encapsulates the customer experience and the end-to-end capabilities.

## Change is the game; Make it stick.

A fresh look at the skills and competencies of an entire organization includes its meta-capabilities and helps redefine the boundaries of the Enterprise in an inclusive way: beyond the employees and in-house contractors, all the other skills and competencies of the eco-system.

Key partners and suppliers are to a degree involved into the operations, the innovation and the strategy of a business. Some are deeply engaged, and part of their success depends on the success of the joint effort;

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others might be driven by a pure business transaction and the revenue in their forecast. Both are engaged and committed to the business activity.

Unless the supply or contribution is a one-time transaction, a provider participates to a layer or another of the eco-system, creating a dual dependency; the business needs the supply in expected time, price and quality, while the provider needs the predictable provision, shipping and billing to feed its own eco-system. At the center of these overlapping systems are people and know-how.

When a cosmetic products company sells a new cream to an online customer, the complete eco-system chain of logistics is comprised of the R&D and formulation, raw manufacturing, packaging, shipping, storing, marketing and selling. On the back end are back-office processes including billing and accounting, administration, HR, IT, product management and Leadership. The eco-system includes the core skills of the manufacturer, the packaging manufacturer, shipping companies, the distribution network, warehousing, advertising and e-commerce agents.

The complete eco-system can be seen through their dependency on the success of the business activity (the “skin in the game”), matching their criticality in the business success. A mismatch between dependency and criticality would create a dangerous imbalance, where a critical supplier can walk away any time without consequence, or a core supplier has no other dependable business to keep it afloat during low times. Both are situations that create a high risk of disruption or failure to the business.

Driven by an outcome-focused meta-organization, a service or component can be produced by a supplier or partner, then switched to another provider without much trouble, as long as the quality specifications are met by the new provider.

Automation and the use of robotic units have been changing the game, as the localization of the resources to perform the work no longer matters. Miles & Snow’s demonstrated in “Organizational Strategy, Structure & Process” in 1978 already that an organization should form and adapt to align with changes to their strategy and their environment. They also recognized that the boundaries between an organization and its environment are getting less tangible as their entire eco-system responds and reacts to environmental changes. Transposed in our business context more almost 40 years later, their analysis is more relevant than ever.

The implication is that even those functions implicitly viewed within the “normal” boundaries of the organization could be challenged with an externalization, an automation or the shifting to a service model. The number of functions and skills that are truly embedded into the core of the business are in fact limited. Many organizations remain adopting a traditional structure primarily because it is a “proven” model from the past, so why change it? This convenience and risk-adversity comes at the price of agility, performance and innovation.

The continuous changes by market dynamics create a dual need of adjusting people, processes and know-how and of having to do so rapidly. Adapting an organization to embrace a new definition of its market leadership or its differentiation implies an in-depth transformation that few companies willingly undertake. People and processes as well as culture and beliefs must change, which takes time and resources, with a mediocre record of success. By comparison, replacing an eco-system block or function with a new one would be faster, increasing the responsiveness to changes.

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At the eco-system level, the changes are more extensive as they permeate the entire system, creating potential reactive tensions and pain points, which translate in delays and costs. A good stewardship of the eco-system relationships could make this periodic exercise more enjoyable for all.

Most changes that are triggered by the business environment can be captured early by members of the



eco-system, through their diverse interface with the market and the customers. Analyzing trends can be a lot easier when data is converging from a broader network that keeps watching from varied vantage points.

Early warnings can trigger gradual responses, which build new skills and knowledge. When the response to the new trend is getting mature enough for prime time, the new skills have already been tested within the eco-system and are more easily transferable. This saves costs and cycle time to the whole business partnership.

The breadth and depth of the eco-system enables sourcing new needs directly to a partner or create a task force across the network. The partners need to be ready to embrace this model, or incur the risks that another member snatches a part of their business contribution. It could be difficult to establish such a dynamic reconfiguration in a traditional “Core” company, with a classic relationship with vendors and providers. In an eco-system encompassing Meta-Capabilities, each participant to the venture brings its own strength but might lose opportunities if they are not able to be competitive and responsive enough. This implies that members of the eco-system have a vested interest in capturing and sharing market changes that might affect the entire network early, to be able to adapt rapidly. This would both anchor their value into the group and offer them opportunities to expand their own business, in a healthy but competitive situation.

Over time, the dust will certainly settle on a harmonious balance between the members, but each new market change could upset this balance. Recruiting and Operations managers should recognize these new models and start to expand their search for new hires into a broader view of how to source the new or existing capabilities, internally or externally, but also within the network.

Leadership and management would also be directly impacted by the new model as they might end up overseeing heterogeneous teams executing processes. Businesses could gain a lot more agility in a structure where changes can happen faster, earlier and when the entire structure adapts as the changes are taking place.

When all members of the network participate to a coordinated transformation, the change will “stick” better as the entire environment moves in the same time, reducing the friction between “new” and “old”. Having a sense of the “bigger picture” also creates more engagement to make the change happen, and deal with the inevitable bumps on the road.

Embracing change in a comprehensive and structured approach was already the key to making it last; moving the activities and leadership up to the level of the eco-system brings Meta-Change, or change across all partners and capabilities.

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The eco-system brings a higher level of complexity and a combination of requests and duties to the operational management of a business. In return, smart sourcing and leveraging fully the eco-system makes the entire business more agile and more competitive, which is priceless.