Foreword I: The Added Value of Collaborative Research to Management Practice

The car industry is facing the dawn of a third century. In some ways, much has changed, yet some of the core managerial issues remain. The fundamental challenges faced during the early formation of the industry in engineering, producing, and selling cars are still with us today. The ways in which managerial challenges are addressed have changed numerous times.

The car industry has, despite recent significant reductions, built up a large overcapacity. This overcapacity has created pressure on pricing, with no room for price increases and with large discounts as a standard. Small margins, together with an intensifying global competition and informed customers demanding more product content, create great challenges in a continuous search for efficiency and synergies in the construction, production, and selling of cars. The car producers are then left with two major choices: follow others in the industry or create their own paths. The first choice will lead to a pure struggle on efficiency, whereas the second choice will lead to a challenge of predictability and branding. Regardless of the choices made by individual car producers, the industry as a whole is facing a number of new and complex challenges. Many demand significantly decreased emissions, and customers are asking for larger cars with stronger engines. The growing demands on efficiency and flexibility in all company processes has led to outsourcing of large subsystems of cars as well as searching for synergies and parallel use of components and modules. At the same time, customers are looking for strong branding, product differentiation, and value for their money.

Volvo Car Corporation has taken a lead position in safety and the environment. It has been continuously launching new features since the introduction of the three-point seat belt in 1959. In 1972, Volvo's first environmental policy was articulated at the UN Environmental Conference in Stockholm, Sweden. This landmark environmental policy continues to guide industrial action worldwide.

Volvo today competes in the premium segment, where economies of scales have to be exploited despite lower potential for large volume and

greater demands on differentiation as well as for high product and service quality. The necessity to understand both the targeted market and the nature of the brand becomes even more important. In the case of Volvo, the core values of safety, environment, and quality need to be imprinted into the product and its services. The challenge increases in the outsourced world when we, as a company, do not own the various contact points with the customer as retailers, service shops, and finance and insurance institutions. The product is normally in daily use, the customer has continuous contact with the result of our attempts, and it is a challenge to differentiate through our core values. The products need to be extended with design, joy of driving, and hassle-free ownership also colored by the core values. Being a part of a major car company, Ford Motor Company, has also led to new demands such as internalizing a new corporate culture, communicating in a foreign language, and adopting new management approaches. A 75-year-old company with a strong history and tradition meets a 100-year-old company with a different but strong history and tradition as well. Major challenges in leveraging collective initiatives, structures, tools, and ways of working without losing individual identities emerge.

The questions and considerations that executives deal with tend to be complex and are changing continuously. The number of stakeholders increases, and the nature and logic of their interests often collide. The art of balancing these stakeholders' interests in the long term is at the core of managing. Our strategic and operative planning is dependent on tools, models, and frameworks that support this balancing act. In our operation, we have virtual product development and virtual design. Virtual production is being explored to capture the latest approaches. In research and development (R&D) there is a deep understanding of the complex technologies that constitute the making of a car. The development of our overall management approach has not reached the same advanced level. Management is, and often has to be, guided by experience and feeling, but the opportunity to fully leverage ongoing R&D on management has not yet been fully explored. Virtual management, with the possibility to test actions and decisions before they are made, is not in our hands. Managing a major company leaves little time for the necessary reflection and daily operative questions that often take the focus away from long-term challenges and considerations. Managers are most often left to handle situations without the support of aggregated and systematic learning from colleagues, history, and/or other examples.

Organizations also tend to become more complex and more dependent on boundary-spanning interactions, deliberations, and innovations. In the competition we currently face, competitive advantage is probably just as dependent, or even more dependent, on how we handle our management technology as it is on how we handle the other technologies that we, as a company, base our business on. Our competitive position will be based not only on what products we launch but also on our ability to continuously

form strong strategies, organizational designs, and leadership frameworks. To meet the challenges, all of our leaders and managers must continuously evaluate and reflect on how their managerial approaches support the purpose of our organization. Every management solution that is put into action will have its drawbacks, and being aware of these drawbacks will help us to develop and compensate for them.

It is an appealing thought, but it is a major challenge to establish a tradition and capacity for R&D on management in companies. Such R&D could be a continuous source for input into complex managerial decisions, for evaluation and redesign of solutions, and for support in governing various management consultancy endeavors. Such research and development could also be an important vehicle for the necessary support, continuous training, and reflection by all leaders and managers in the company. This volume on collaborative research in organizations opens up a promising path to develop the area of R&D on management technology. However, the challenge is great, and to develop the right research approach that will supplement other traditional orientations is likely to take time.

Since 1997, together with AstraZeneca, Ericsson, Telia, Stockholm School of Economics, and Chalmers University of Technology, we have actively engaged in the early formation of the FENIX program. The purpose of the collaboration is and has been to develop an alternative path for joint R&D on management with researchers and managers from other companies. Six executive Ph.D. candidates from our organization have been selected to be trained in how to initiate, design, and run R&D initiatives in the field of management. This volume captures some of the learning from this special partnership between industry and academy. Niclas Adler, Rami Shani, and Alexander Styhre, with contributions from many of the management researchers associated with the FENIX program, have documented the essence of collaborative research in organizations. The 18 chapters in the book provide a window into the complexity of designing and managing collaborative research efforts in organizations. Collectively, the framing (Part I), lenses and mechanisms (Part II), and nine different illustrations from specific collaborative research efforts in a variety of industrial settings (Part III) present an approach that is worth reading about, reflecting on, and exploring further. At Volvo, this collaboration has been an added value to our practice. The knowledge generated throughout the various collaborative research projects provides an opportunity to address managerial challenges. It also serves as a way in which to build on our knowledge and develop some critical managerial capabilities of reflection in action. Executive Ph.D. candidates seem to provide a promising way of strengthening the collaboration and its outcomes.

The so-called global business society raises new challenges. There is an old saying, "All business is local," and a slogan saying, "Think global, act local." The management processes of tomorrow will have to consider and be able to maximize compromises among local traditions, demands, and

cultures and global trends of consumerism such as more value for the money, less loyalty, brand perceptions, and high expectations on customer satisfaction. This book presents a roadmap for gaining the managerial knowledge and competencies needed to address the emerging challenges.

Overcapacity that will trigger incentive wars in the market, coupled with cost reductions, will demand new governance. We will have to take into account that corporate citizenship will play a key role in how to manage companies in the future. Business profits and benefits will need to be balanced with social fairness and responsibility for the environment. We will also need to cope with a new future of global leadership, cultures, and trends that will compete with existing old economies and new economies such as China and India. We foresee a new world of maximized global opportunities and minimized local threats. As managers, we need the best possible prerequisites to cope with the most important challenges and to capture the most promising opportunities. This book articulates one possible path that provides insights and competencies needed to learn about management technology in the emerging global business environment.

—Hans-Olov Olsson
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