

## The model: an overview of Capacity WORKS

Capacity WORKS is a model that enables users to successfully manage cooperation systems. It is based on various elements that are mutually complementary.

We will now briefly outline these elements.

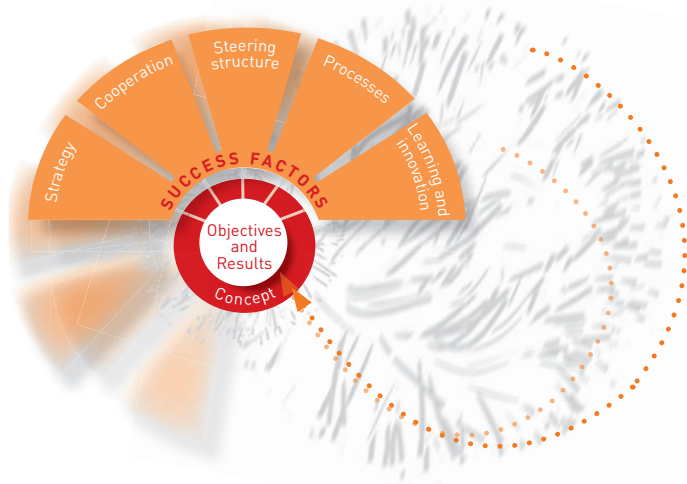


Figure 1: Capacity WORKS

Any cooperation system emerges and develops in order to achieve objectives and results that have been agreed between the actors involved. If they are to facilitate sustainable changes, the objectives and results of a cooperation system must be drawn from within the particular social context. To formulate objectives that are sustainable, we recommend striking a balance between social responsibility, ecological balance, political participation and economic capability.

This means combining the two core ideas outlined in the beginning, i.e. the guiding principle of sustainable development and the capacity development approach. These permeate all elements of the model, creating a focus on the willingness to change and the proactive management capacity of the actors involved. A process of negotiation between all the actors involved ensures that joint objectives are clearly formulated, attractive and realistic. The chapter on objectives and results explains this in detail.

These challenges are tackled using the five success factors, referred to as 'SFs' for short. These represent different perspectives to be adopted when systematically managing a cooperation system: strategy, cooperation, steering structure, processes, and learning & innovation.

The project is managed on the basis of these success factors. This also involves determining what contributions each of the individual cooperation partners will make.

To be successful, any project needs ...

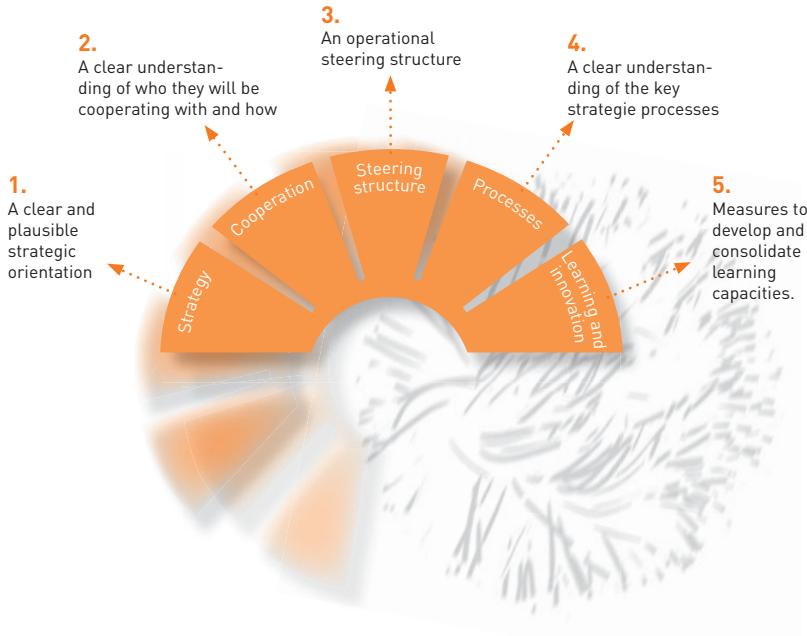


Figure 2: The five success factors

At the end of the present section each success factor is shown with its own motto, which highlights its particular perspective. The mottos are supplemented with key questions that focus attention on specific aspects which have proved crucial in successful cooperation management. This provides the reader with a brief overview of the content of each success factor.

The introductory chapter is rounded off with some ideas on cooperation systems. In a next chapter the manual goes on to discuss objectives and results. This is followed by five chapters that describe each of the success factors in full detail. The description of the model is followed by the toolbox. This contains tools for each of the success factors that provide appropriate ways of reaching sound management decisions.

But what distinguishes the management of cooperation systems from management within organisations? The map of two logics graphic illustrates some key basic ideas for working with Capacity WORKS.

## The map of two logics

In everyday life we use the term ‘cooperation’ all the time. This refers to the way in which different actors work with each other in order to produce results. Wherever cooperation takes place, it is also managed. Anyone with experience in dealing with organisations is familiar with the need for cooperation and management: teachers and school principals cooperate with each other, nurses and doctors do the same thing in hospitals (hopefully also across departments), production and

marketing divisions discuss manufacturing operations, and ministerial policymakers work with the administration. At the same time, almost everyone has at some point experienced cooperation in organisations not working as well as it might.

Capacity WORKS is a model for the successful management of cooperation arrangements involving more than one organisation (inter-organisational cooperation systems). So, does Capacity WORKS also help manage cooperation within single organisations? At this point a word of caution is required. Organisations and inter-organisational cooperation systems follow very different logics. This means that the way they work cannot be explained and managed using a single model.

Capacity WORKS was developed in response to the following question: How can we help make cooperation between different organisations that are jointly seeking solutions to societal needs, problems or challenges a success? To answer this question, we need to take a closer look at the differences between working in the context of inter-organisational cooperation systems, and working in single organisations.

For single organisations there are already enough good management models around. These include the European Foundation for Quality Management (EFQM), Six Sigma and the Balanced Scorecard, to name but a few. However, these management models are not suited to the specific requirements of cooperation systems.

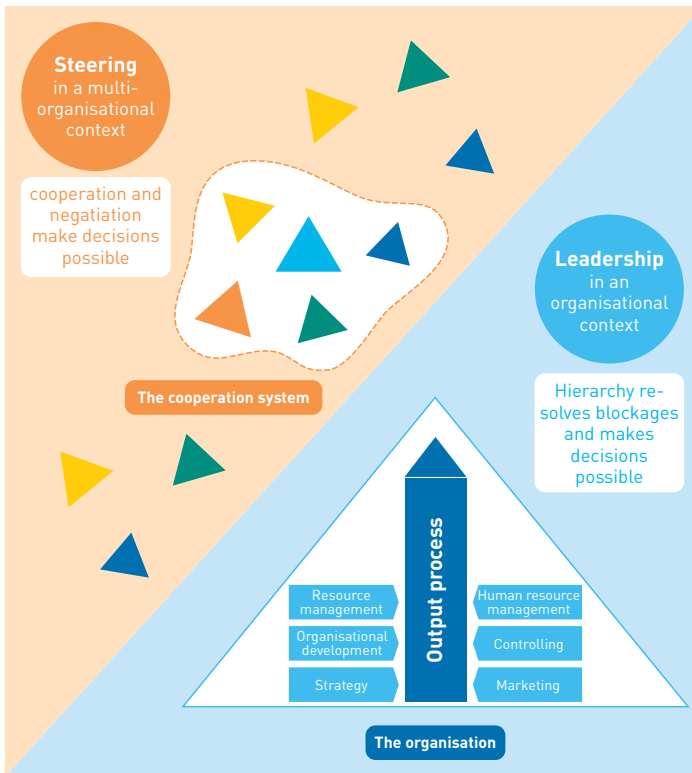


Figure 3: The map of two logics

The map of two logics explains why this is the case. It compares the different ways in which organisations and cooperation systems work, and provides the conceptual framework for understanding the context in which Capacity WORKS is applied. We will first of all look at the phenomenon of the organisation (bottom right of graphic).

### The organisation

Organisations are social systems. This distinguishes them from other systems, such as technical systems or an ecosystem. One important feature of a system is that it requires boundaries in order to distinguish itself from its environment. These boundaries are used to define what belongs to the system and what does not. Social systems comprise at least two people. At the same time, social systems are able to relate to their environment. Organisations are a particular type of social system.

### Defining objectives

Why do we need this kind of social system that we call an 'organisation'? Organisations are always responses to specific societal and individual needs. Organisations develop and specialise in order to deliver solutions to problems in a given society. For example, hospitals supply patient groups with medical services, public administration organisations deliver public goods, and commercial enterprises explore market needs which they then satisfy by supplying products and services.

### Membership

To maintain their sustainability and ensure their survival, organisations clearly demarcate the boundaries that distinguish and separate them from their environment. Who is part of the organisation? Who is not? This question is answered using the criterion of membership. Usually a contract is drawn up that describes specific rules for entry and exit. Agreements are also often reached concerning the nature of remuneration, leave entitlements, the limited- or unlimited-term nature of the membership, and rewards and sanctions. It is important to highlight this, because members are not tied to an organisation 'body and soul' (i.e. constitutionally); they are bound only by their membership role. As well as being members of this organisation, people also operate in many other roles in their professional and private lives. This means they can also belong to one of several groups of stakeholders of the organisation.

### Basic features of organisations

In the course of their history organisations develop and acquire a 'rationale of their own'. They strive to become 'immortal'; regardless of who their current members are, they form their very own 'DNA'. One basic element of organisations is decision-making. It is true that decisions are taken by human beings made of flesh and blood. However, once these decisions are established they develop a life of their own. This is very easy to spot in organisations that have already existed for many years. Members, including line managers, come and go. Yet the structures, processes, rules and rituals often remain in place for decades and change only slowly. This is due to the definitive or 'DNA-type' decisions that answer fundamental questions about how the organisation

works. Why do we exist as an organisation? What are our tasks? How are we organised as an organisation? What are our expectations concerning how the members of the organisation behave?

These definitive, strategic decisions are reflected in all the structures, processes, rules and rituals that set the framework for everyday life in the organisation. They ensure that the organisation's basic way of working, the roles of its members and the expectations remain in place, even when there are changes in personnel. This often leads to an astonishing tendency toward inertia in organisations. In other words, organisations are more than just the sum of their members. Through its structures, processes, rules and rituals the organisation makes itself partially independent of individuals, thus ensuring the stability it needs in order to survive in the flux of change.

### Decision-making in organisations: leadership

If we believe that organisations each have their own rationale, this has consequences for our understanding of management. On this understanding, 'line management' leadership is not a task performed by leaders who hold their positions because they possess a specific type of charismatic personality. It Leadership continuously supplies the organisation with the decisions it needs in order to ensure its own survival. This specialised function differs from the manifold technical tasks an organisation must perform in order to deliver its outputs.

In practice, this function of organisations – i. e. ensuring the ability of the organisation as a whole to survive – will be more or less well developed. Depending on the organisation it will be performed part of the time by designated line managers, and part of the time by other members of the organisation, sometimes within intelligent organisational structures and processes.

In modern societies line managers usually can no longer draw on traditional sources or ascriptions of authority such as background, education or power. Today's line managers must generate this authority anew every day through communication, in order to retain acceptance. This means they must always think carefully before invoking the power of hierarchy.

For the organisation as a whole, line management-based leadership is performed chiefly in six areas of activity, all of which are geared to disrupting the natural tendency of organisations toward inertia<sup>1</sup>:

1. Strategy development: orienting the organisation toward future trends
2. Human resources management: ensuring the workforce's ability and willingness to perform
3. Marketing: orienting the organisation toward the needs of its environment and the market
4. Resource management: securing the resources needed by the organisation to perform its tasks
5. Organisational development: finding the right organisational forms for generating demand-driven institutional performance
6. Monitoring: establishing appropriate self-monitoring mechanisms that allow key dimensions of the organisation's status to be measured swiftly and reliably.

The core task of this special function of line management is to continuously supply the organisation with viable decisions, and to resolve deadlock and conflicting aims within the organisation by communicating with its members.

### Cooperation between several organisations

Capacity WORKS was developed for purposes of managing cooperation systems. This means we must examine the phenomenon of cooperation between several organisations (see top left half of graphic).

Since organisations often cannot meet the demands placed on them on their own, they must enter into cooperation arrangements with other actors. The organisations involved then face the challenge of ‘getting into shape’ so that they can operate successfully in these cooperation systems. This means they must develop the appropriate capacities. What is right for one organisation need not be suitable for all the other cooperation partners involved. Unlike in the context of a single organisation, decisions on joint objectives and the specific contributions to be provided by the parties involved are supplied not through line management leadership, but through processes of negotiation between several actors.

So what are the specific features of cooperation systems that distinguish them from the single organisation? Seen from the management perspective, where are the key differences that we need to be familiar with if we wish to operate successfully in cooperation systems?

### Different ways of setting goals

Each organisation involved in the cooperation system will have its own goals and decision-making premises that shape its everyday activities. Very often these differ from the goals and decision-making premises of the other cooperation partners. The challenge is to negotiate a viable goal for the entire cooperation system. This presupposes that the cooperation partners recognise and acknowledge that they are dependent on each other. This dependency always arises in situations where a benefit is to be jointly generated that no single actor could achieve on their own.

In order to pursue joint objectives within a cooperation system, organisations partially waive their autonomy. The way in which an organisation works may perhaps not (yet) provide for decisions to be made in joint responsibility. That organisation may therefore be strongly tempted to transfer its own logic onto the cooperation system. A process of negotiation may also touch on sensitive areas of specific structures, processes, rules and rituals within the organisations involved. And in some cases the organisations themselves may have to change in order to operate effectively within a cooperation system.

### Differences in terms of affiliation versus membership

A further key difference between cooperation systems and organisations involves the question of affiliation versus membership. In cooperation systems the forms and boundaries of affiliation are more flexible and more permeable through time than organisational membership. Cooperation is based on successful negotiation with the other cooperation partners, and is characterised by a high degree of voluntariness. If an actor calls into question the goal of the cooperation system,

their participation in the system may then itself be called into question. Whether or not an actor will participate is a decision that always depends on a process of joint negotiation. Just as individuals are attached to their organisations only by virtue of their role and not 'body and soul', the cooperation partners and their organisations also retain some of their identity within the cooperation system. In fact they devote only some of their attention, some of their resources and some of their time to achieving the joint objective.

### Different ways of reaching decisions: steering

The importance of decision-making in the context of line management-type leadership was outlined above. In cooperation systems, decisions also have to be reached in order to guide and coordinate the cooperation. How are these decisions reached? In these contexts, Capacity WORKS talks not about line management or leadership, but about steering.

In organisations, line management means that decisions can (if need be) be brought about through hierarchy, and deadlock thus resolved. In cooperation systems the option of using hierarchy in this way does not exist. In the course of time cooperation systems usually do form a steering structure that supplies the cooperation system with decisions – ideally in a way that is transparent for all parties involved. However, these decisions are generated through processes of negotiation that are more or less formally structured, depending on the cooperation system. Any attempt by a cooperation partner to bring about decisions by hierarchical behaviour is incompatible with the logic of a cooperation system, and threatens its existence. Here actors must avoid falling into the trap of assuming that the logic of their organisation is per se the best one.

This is important, because the cooperation partners remain autonomous in deciding whether and to what extent they wish to cooperate or not. Each cooperation partner makes their own contributions or inputs to the steering of the cooperation system, and is more or less effective in influencing it. These steering inputs involve actions or communication by actors, i.e. the performance of specific activities, or no action at all. Whether or not the cooperation system always absorbs these steering inputs in the way the actor providing them would like is something the actor cannot control.

When different partners in the cooperation system provide a large number of steering inputs, the process takes on a momentum of its own: the system begins to steer itself. This dynamic occurs regardless of whether it is conducive to achieving the goals of the cooperation system or not. It therefore makes sense to create steering processes that harmonise and coordinate these steering inputs.

### Implications

The requirements created by line management differ from those created by steering. Almost always, representatives of organisations within cooperation systems operate on both sides of the map: in everyday practice, they often swap sides by the hour. As line managers, they may be involved in taking decisions on the contribution made by their own organisation. A few moments later they find themselves engaged in processes of negotiating the contributions of their own organisation with the other actors in the cooperation system.

Practice has shown that actors find it much easier when they are clearly aware of which context they are operating in at a given point. They then become more aware of the need to develop an appropriate inner attitude for each context. Anyone attempting to 'line manage' or 'lead' in a context of cooperation will be shown a red card by the cooperation partners involved, and rightly so.

Trying to apply the logic of steering in a context of line management leadership, however, is equally doomed to failure. One consequence of this can be organisational paralysis caused by an absence of managerial decision-making. When negotiation processes are created that cancel out established line management mechanisms, important decisions may be withheld from members of the organisation. These decisions, however, are necessary in order to resolve deadlock and conflict by means of hierarchy.

This is why Capacity WORKS focuses on how to successfully manage cooperation. The model supports users in identifying the right forms and content for negotiation processes in cooperation systems. We will now outline in just a few pages the key ideas contained in each of the five success factors (SFs). The conceptual thinking underlying them and the key questions provide rapid insight into the specific perspective on the management of cooperation systems contained in each of the success factors, and complete the model.



## The success factors – an overview

### The success factor ‘strategy’

#### Motto: Negotiate and agree on the strategic orientation

According to one possible definition of strategy, good strategy is manifested as a ‘pattern in the stream of decisions’ (Henry Mintzberg). The strategic orientation of a cooperation system must match that of the organisations participating in it. This kind of pattern in the stream of decisions can only arise if and when the actors agree to negotiate one or several objectives with each other. This willingness has consequences, because in turn it also affects the strategies of the organisations involved.

Strategy development is a demanding task, because it requires the actors to develop a shared perspective. The key question is: Are we doing the right things? The actors are required to consider options which they perhaps initially find disagreeable. They must reach a joint decision that is both supported by the cooperation system, and supports it. In other words, the decision and the cooperation system support each other.

The process comprises various steps, all of which are equally important: (1) analyse (2) develop options (3) decide (4) develop a vision of the future (5) translate into management action. If the actors omit one or several steps because they believe that sufficient clarity already exists, then they miss an important opportunity. What they miss is the opportunity to engage with each other. Although this may sometimes be difficult, it does allow the actors to deal with each other honestly and develop a joint perspective that is realistic. The SF strategy shapes the spaces for communication that allow this engagement to take place.

By engaging with each other and developing a joint strategic orientation the actors involved are able to clarify expectations within the cooperation system, and expectations of it. This will make clear which paths toward implementing the objectives and change will be pursued, and which have been discarded. The process of engagement motivates actors within the cooperation system to pursue the objectives with determination, and encourages the organisations involved to commit themselves. The joint strategy steers action toward areas of potential and energy for social change. It makes efficient use of existing resources and capacities within the cooperation system, and creates leeway for actors to act within the strategic framework.

It is helpful to ask the following **key questions** when developing the strategy:

- How does the sector or area of social concern ‘work’ at the moment?
- What strategies for change are being pursued by the actors operating in the sector?
- What joint objective can the cooperation partners agree on?
- What strategic options are available for achieving this objective?
- What strengths can be developed? What weaknesses should the strategy respond to? What opportunities and energy for change should be harnessed? What risks need to be taken into account in this context?

- How does the strategy respond to the way the sector works, for instance with regard to political feasibility?
- What criteria will the cooperation partners apply in order to select a strategic option?
- Are activities and outputs of the cooperation partners mutually harmonised and coordinated?
- How will the development of learning capacities be integrated into the strategy?

## The success factor ‘cooperation’

### Motto: Connect people and organisations to facilitate change

When actors decide to enter into relationships of cooperation with other actors this does not change anything fundamental as regards each of them acting according to their own will. Nonetheless, to a certain degree they do voluntarily restrict their own autonomy. When actors act as partners in a cooperation system they do not lose their identity, but continue performing their own tasks as an organisation. They simply need to divide up their energy accordingly. The energy that each actor must devote to cooperation is like a fuel that is both scarce, and expensive. Professional cooperation management helps build forms of cooperation that deliver results, while striking a balance between demands in the context of the organisation and demands in the context of the cooperation system.

The SF cooperation focuses inter alia on the actors involved or yet to be involved. Interests and attitudes toward change objectives are reflected on, as are influence and responsibilities within the area of social concern. Cooperative and conflictual relationships are analysed in detail, as are the roles of the actors involved and the appropriate forms of cooperation. The boundaries of the cooperation system are defined, which then determines which actors will assume joint responsibility in order to achieve the desired changes.

Networks are not systems of cooperation, as they perform highly particular functions and therefore also follow different rules. They do not possess the structures of a cooperation system, and involve cooperation that is considerably less binding. The distinction between cooperation systems and networks has far-reaching consequences for successful cooperation management. Depending on the objectives of the cooperation, the actors involved will select an appropriate form of cooperation.

It is helpful to ask the following **key questions** when establishing cooperation relationships:

- Which actors are relevant in the sector or area of social concern?
- What mandates, roles and interests do these actors have? How do they operate within the sector?
- What lines of conflict exist, and how can we deal with asymmetries of power within the cooperation system?

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