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## **Collaborative Entrepreneurship: How Communities of Networked Firms Use Continuous Innovation to Create Economic Wealth**

By Raymond E. Miles, Grant Miles, and Charles C. Snow

In their forthcoming book, Raymond Miles, Grant Miles, and Charles Snow draw upon over 30 years of research in management, a hundred years of history, and an analysis of global trends to develop a fictional firm, OpWin Global Network. OpWin exemplifies a new species of network organization that provides businesses with a means of achieving *continuous innovation* through cross-industry collaborations and resource flexibility.

The authors compare OpWin's strategy to icons of business from the past 100 years, such as Ford, General Motors, Hewlett Packard, and Johnson and Johnson. These companies have succeeded by capitalizing on existing product lines and divisions through a process of "serial innovation." Their ability to innovate is restricted by barriers both inside the firm and within their existing markets—barriers that produce limited knowledge utilization and incremental innovations.

By contrast, the OpWin organization will create value through continuously exploring new markets for both expected and unanticipated innovations. *Collaborative Entrepreneurship* describes how these barriers can be overcome so that shared knowledge can drive continuous, sustained innovation across a network of firms and markets. A case in point, that many of us are familiar with, is the worldwide Linux community—the community was predicated on a series of conscious decisions of software developers to build unlimited free access into a space common to all. In such an environment, trust is implicit. The developers had to trust that consumers would guide development and innovation without exploiting the community.

Achieving the model of the networked firm will involve a major paradigm shift for today's businesses. Current attitudes and practices regarding ownership over information, trust, and the development of organizational structures that foster long-term sustainability of network

partnerships will need to fundamentally change. Despite the challenges presented in adopting such a model, the authors argue that such efforts will be essential for those seeking to achieve a knowledge-driven organization with continuous wealth creation capabilities.

The authors suggest that creating a human resource management system that is based on equitable distribution of rewards is one of the first steps to make OpWin a reality. In addition, businesses will need to move away from the individual pay for performance schemes to organizations that make network membership the primary source of competitive advantage. Businesses will also need to create policies that support an open culture and promote inter-firm collaboration.

According to the authors of *Collaborative Entrepreneurship*, OpWin-like firms face challenges but they will gradually appear and even flourish. The alternative to open structures and innovation is incremental growth and eventual stagnation. If that's the choice, there is little to lose.

## About the Authors

**Raymond E. Miles** is Professor Emeritus in the Haas School of Business at the University of California, Berkeley. He has consulted widely, served as a member of boards of directors, and is an active participant in his local community. **Grant Miles** is Associate Professor of Management in the College of Business Administration at the University of North Texas. He has taught a variety of management topics to both students and managers in the United States and internationally. **Charles C. Snow** is the Mellon Foundation Professor of Business Administration in the Smeal College of Business at the Pennsylvania State University. He is Chairman of the Department of Management and Organization, and has taught students and executives in over 25 countries.

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