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Establishing Effective Business/ Stakeholder Networks to Underpin Regional Digital Strategies

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Abstract

This paper explores the importance of establishing effective business and stakeholder networks to underpin regional digital strategies. It discusses the different types of networks, their structure and functionality, and the benefits and challenges associated with collaboration. The paper also discusses the components of a digital strategy, including infrastructure, systems, and key performance indicators, and the role of digitalization, lean and agile processes in achieving these goals. Using the Cluster for Industrial Asset Management (CIAM) in Stavanger as an example, the paper highlights the importance of networks in driving innovation and competitiveness in the industrial sector. The paper concludes with a discussion of the benefits of collaboration for all stakeholders involved, including mutual learning and improved processes, and the need for inclusivity in developing effective regional digital strategies.

Keywords: business networks, digital strategies, leadership

1. Introduction

In the current digital age, regional development strategies rely heavily on technology and digitalization. Digital strategies help businesses and organizations to better understand their customers, streamline their operations, and create new opportunities for growth. (Chirkunova, 2020) (Acur, 2003) To achieve successful digital strategies, businesses and stakeholders need to establish effective networks that enable them to share resources, ideas, and expertise. (Besser, 2011) This paper discusses the establishing of effective business and stakeholder networks to underpin regional digital strategies. (Riis, 2009) The paper is based upon a learning module that the author developed for the InterReg NorthSea project COM3, Building Competencies for Competitive Companies. (COM3 project, 2023) The learning module was based on 30 years of experience with developing and running CIAM and other business networks.

1.1 The Importance of Establishing Effective Business/Stakeholder Networks

Effective business/stakeholder networks play a critical role in the success of regional digital strategies. (European Commission. 2017). These networks facilitate collaboration, knowledge sharing, and resource sharing, which are essential for developing and implementing successful digital strategies. Effective networks enable businesses to leverage the expertise and resources of other organizations, including universities, government agencies, and non-profit organizations. (Riis, 2009). This collaboration helps to identify the best practices and emerging trends that can be used to inform digital strategies. (Harmaakorpi, 2007)

Effective networks also enable businesses to build relationships with stakeholders, including customers, suppliers, and partners. These relationships help to create trust and enable businesses to identify and respond to the needs of their customers. This, in turn, helps to develop more effective digital strategies that meet the needs of the market.

1.2 Business/ Stakeholder Network Types

There are several types of business/stakeholder networks that organizations can establish to support their objectives. (Holmlund, 1997) These network types include:

- Strategic alliances: Strategic alliances are formed between two or more organizations that agree to collaborate on a specific project or initiative. These alliances can help to leverage the strengths of each organization to achieve a common goal.

- Industry associations: Industry associations are networks that are formed by businesses within a particular industry. These associations provide a platform for businesses to share best practices, collaborate on projects, and advocate for policies that benefit the industry.
- Professional associations: Professional associations are networks that are formed by individuals within a particular profession or industry. These associations provide a platform for professionals to share knowledge, collaborate on projects, and advocate for policies that benefit their profession.
- Chambers of commerce: Chambers of commerce are networks that are formed by businesses within a particular geographic area. These networks provide a platform for businesses to connect with each other, share resources, and advocate for policies that benefit the local business community.
- Supplier networks: Supplier networks are networks that are formed by businesses that rely on a common supplier. These networks provide a platform for businesses to share information, collaborate on projects, and negotiate better prices with suppliers.
- Customer networks: Customer networks are networks that are formed by businesses that share a common customer base. These networks provide a platform for businesses to share information about their customers, collaborate on marketing initiatives, and develop customer-focused strategies.
- Non-profit networks: Non-profit networks are networks that are formed by non-profit organizations that share a common mission or cause. These networks provide a platform for organizations to share resources, collaborate on projects, and advocate for policies that benefit their cause.

There are many types of business/stakeholder networks that organizations can establish to support their objectives. (Roloff, 2008) The key is to identify the type of network that is most appropriate for the organization's needs and to establish the network in a way that promotes collaboration, knowledge sharing, and resource sharing among its members. (Harmaakorpi, 2007)

A network's effectiveness depends on its purpose, which is the reason why people or organizations work together. The common goals or purpose of the network can vary depending on the type of network and the needs of the members.

For example, a business network may have the common goal of increasing sales, while a non-profit network may have the common goal of raising awareness for a specific cause. Regardless of the purpose, effective networks are built around shared goals and a common understanding of how those goals can be achieved.

To achieve their goals, members of the network need to meet regularly to share information, ideas, and resources. This can take place through formal meetings, such as conferences or workshops, or through informal gatherings, such as networking events or social media groups. The where, when, and how of these meetings will depend on the type of network and the needs of the members.

For example, a business network may hold regular breakfast meetings at a local restaurant, while a non-profit network may use virtual meetings to bring together members from different parts of the world. The format and location of these meetings should be designed to accommodate the needs of the members and to facilitate effective communication and collaboration.

Stakeholders can be both active members of the network or people that meet the consequences of network activities. Active members are those who are directly involved in the network's activities and contribute to achieving the common goals. These can include individuals or organizations that have a direct stake in the network's outcomes.

In a business network, active stakeholders may include business owners, investors, and industry experts. In a non-profit network, active stakeholders may include volunteers, donors, and community advocates.

On the other hand, stakeholders who meet the consequences of network activities are those who are indirectly affected by the network's outcomes. These can include individuals or organizations that are impacted by the network's activities but are not directly involved in the network's operations.

In a business network, stakeholders who meet the consequences may include customers, suppliers, and regulators. In a non-profit network, stakeholders who meet the consequences may include community members, beneficiaries, and policymakers.

Effective networks are built around a clear purpose, shared goals, and a common understanding of how those goals can be achieved. (Besser, 2011) Members of the network need to meet regularly to share information, ideas, and resources. Stakeholders can be both active members of the network or people that meet the consequences of

network activities. The where, when, and how of network meetings will depend on the type of network and the needs of the members.

2. Leadership Styles in a Network

Leadership styles in a network can vary based on the level of authority granted to the leader and the degree of autonomy provided to the team. (Harris, 2021)

In a top-down leadership style, the leader has a high level of authority and control over the team. They make all major decisions and closely monitor the work of team members. This style can be effective when there is a lack of trust among team members, and when decisions need to be made quickly and efficiently.

In contrast, a bottom-up leadership style emphasizes the autonomy of team members. The leader provides guidance and support, but ultimately allows team members to make decisions and take ownership of their work. This style can be effective when team members have the necessary knowledge and expertise to make informed decisions, and when trust among team members is high. (Harmaakorpi, 2007)

Another leadership style is a democratic or participative leadership style, which combines elements of both top-down and bottom-up approaches. In this style, the leader seeks input and feedback from team members before a decision and encourages team members to take ownership of their work. This style can be effective when team members have a high level of expertise and diverse perspectives, and when buy-in and consensus among team members is important.

Ultimately, the most effective leadership style will depend on the specific context and goals of the team or organization. A leader should be able to adapt their style to the needs of the team and the situation at hand to achieve the best possible outcomes.

2.1 Structure of a Network

The structure of a network can be top-down, as in New Public Management, or bottom-up, as in LEAN management. The choice of structure will depend on the level of authority of the leader and the autonomy of the participants. These two axes create very different network structures and functionality. (Mathiasen, 1999)

In a top-down structure, the leader has a high level of authority and control over the network's activities. The leader sets the goals and objectives and determines how the network will achieve them. This structure may be beneficial in situations where there is a lack of trust among the participants. The leader can provide direction and oversight, ensuring that the network is working towards its goals.

In a bottom-up structure, the participants have a high level of autonomy, and the leader plays a more facilitative role. The participants have the knowledge and ability to perform the tasks needed to achieve the network's goals. This structure may be beneficial when there is a high level of trust among the participants. The participants can collaborate and work together to achieve the network's goals.

To build a good collaborative network, it is essential to aim for the center where there is some autonomy and trust, and as low as possible leader authority. (Riis, 2009) This structure allows the participants to work together collaboratively, leveraging their knowledge and abilities to achieve the network's goals. The leader plays a facilitative role, ensuring that the network is moving towards its objectives but without imposing strict control.

Overall, the choice of network structure will depend on the goals, objectives, and level of trust among the participants. A collaborative network structure that balances some autonomy with trust and facilitation by the leader can create a highly effective and productive network.

2.2 Building Effective Networks

To build effective business/stakeholder networks, businesses and stakeholders need to follow a few key steps. (Riis, 2009) These steps include:

- Identifying the key players: The first step in building effective networks is to identify the key players in the industry. This includes businesses, government agencies, universities, and non-profit organizations.
- Establishing relationships: Once the key players have been identified, businesses and stakeholders need to establish relationships with each other. This can be done through regular meetings, networking events, and social media.
- Sharing resources: Effective networks require the sharing of resources, including knowledge, expertise, and funding. Businesses and stakeholders need to be willing to share their resources to achieve the goals of the network.

- Collaborating on projects: Collaboration is essential for developing successful digital strategies. Businesses and stakeholders need to work together on projects that benefit the network as a whole.
- Measuring success: Finally, it is important to measure the success of the network. This can be done through regular evaluations and feedback from stakeholders. Measuring success helps to identify areas that need improvement and areas that are working well.
- The main benefits of a network are shared work, shared responsibilities, and more available ideas or knowledge. A good network can result in better and faster results, as well as better-shared results.
- However, there are also potential problems that can arise when building and managing a network. These include:
- Overload of some participants' capacity: In some cases, certain members of the network may become overloaded with work or responsibilities, which can lead to burnout and a decrease in productivity. It is important to ensure that work is distributed fairly, and that each member has a manageable workload.
- Unfair division of work: It is important to ensure that work is distributed fairly, and that each member of the network is contributing their fair share. If work is not distributed fairly, it can lead to resentment and a breakdown in trust among members.
- Waste of time or resources: Networks can be time-consuming and resource-intensive, particularly if they are not well-managed. It is important to ensure that the time and resources invested in the network are used effectively and efficiently.
- Different opinions of leadership authority and team autonomy: There may be differences of opinion among members regarding the level of leadership authority and team autonomy. It is important to ensure that all members of the network feel heard and that their concerns are addressed.

To address these potential problems, it is important to establish clear communication channels, distribute work fairly, and manage resources effectively. Additionally, it is important to ensure that all members of the network are heard and that their opinions are considered when making decisions. By addressing these potential problems, a network can function effectively, and members can work together collaboratively towards achieving their shared goals.

3. A Digital Strategy

A strategy typically contains a vision and goals that outline what is to be achieved, what is to be done, for whom, and when. A digital strategy focuses on the tools and their use in a particular context, with a particular emphasis on the use of digital technology (Acur, 2003)

A digital strategy typically includes considerations such as:

- Infrastructure and digital architecture: This includes the underlying infrastructure required to support the digital tools and systems, such as networks, hardware, and software.
- Systems that will benefit staff, companies, citizens: This includes the specific digital tools and systems that will be implemented to achieve the goals of the digital strategy. For example, this might include systems for online collaboration, e-commerce platforms, or digital service delivery for citizens.
- Measurable key performance indicators: A digital strategy should include measurable key performance indicators (KPIs) that can be used to track progress towards achieving the goals of the strategy. These KPIs might include metrics such as increased website traffic, reduced response times, or improved customer satisfaction.

Overall, a digital strategy should be designed to leverage digital technology to achieve specific goals and outcomes in a particular context. By focusing on the use of digital tools and systems, and by including measurable KPIs to track progress, a digital strategy can help organizations achieve their goals more effectively and efficiently.

Digitalization refers to the process of leveraging digital technology to transform traditional business processes, workflows, and operations. This can include various activities, such as collecting, communicating, sorting, filtering, selecting, storing, accumulating, analyzing, and presenting information, all using hardware and software tools. To support digitalization, an infrastructure and architecture are needed to ensure that the different tools and systems can work together in an integrated manner (Pagani, 2017).

Establishing lean and agile processes is a key part of digitalization (Womack & Jones, 2003). Lean processes aim to minimize waste and inefficiencies in workflows, while also promoting autonomy and a bottom-up decision-making process. This means that those who perform the work are best equipped to identify areas where waste can be reduced or eliminated. On the other hand, agile processes are designed to be adaptable and responsive to

changing circumstances, which helps ensure that digital systems and tools can keep up with evolving needs and requirements.

Both lean and agile processes can be seen as both the process of creating a regional digital strategy and how such a strategy should work when implemented. By incorporating lean and agile principles into the development and implementation of a digital strategy, organizations can help ensure that the strategy is effective, efficient, and adaptable to changing circumstances. Additionally, by leveraging digital technology to support lean and agile processes, organizations can further streamline workflows, reduce waste, and increase productivity.

3.1 Benefits

Collaboration participants can benefit from being included in the development and implementation of regional digital strategies. This can be achieved through utilizing existing networks or creating new ones, which can help ensure that all relevant stakeholders have a voice in the process. (Riis, 2009)

By participating in a collaborative network, stakeholders can provide input on the implementation of the digital strategy, which can lead to better outcomes and more efficient processes. Additionally, a collaborative network can function as a mutual learning process, where stakeholders can learn from each other and gain new insights into the needs and priorities of the region.

When working on a regional digital strategy, it is important to ensure that stakeholders feel engaged and included in the process. This can help address concerns that stakeholders may have, such as feeling that they are being left out of the decision-making process.

Furthermore, the principles of lean, agile, and digitalization are intended to simplify and improve processes and collaboration for citizens, rather than reduce functionality. By incorporating these principles into the development and implementation of regional digital strategies, organizations can help ensure that the resulting systems and tools are effective, efficient, and user-friendly for all stakeholders.

4. CIAM as Example

Cluster for Industrial Asset Management (CIAM) is a network of companies, research institutions, and public sector organizations located in the Stavanger region of Norway. (CIAM 2023) The network is focused on improving the management of industrial assets, such as oil and gas facilities, through use of digitalization and advanced analytics. The main issue to develop Industrial Asset Management is through organizational learning and knowledge development (Polenghi, 2022).

CIAM was established in 1998 and currently has over 15 member organizations plus collaborating organizations, including major oil and gas companies, technology providers, and academic institutions. The network is led by a board, which includes representatives from member companies and organizations, and is supported by a secretariat that facilitates communication and collaboration among members (Harmaakorpi, 2007).

CIAM's activities include organizing workshops, seminars, and other events to share knowledge and best practices related to industrial asset management. The network also supports research and development projects focused on developing new technologies and methods to improve asset management. Through these activities, CIAM aims to strengthen the competitiveness of the industrial sector in the Stavanger region, and to position the region as a leader in digitalized industrial asset management.

As a network, CIAM provides a platform for collaboration and knowledge sharing among its members. By bringing together organizations with diverse expertise and perspectives, CIAM facilitate the development of innovative solutions to complex challenges in industrial asset management. The network also provides a valuable opportunity for members to build relationships and partnerships that can lead to new business opportunities and increased competitiveness in the marketplace.

5. Conclusion

In conclusion, establishing effective business/stakeholder networks is critical for the success of regional digital strategies. These networks enable businesses and stakeholders to collaborate, share resources, and build relationships that are essential for developing and implementing successful digital strategies. To build effective networks, businesses and stakeholders need to identify key players, establish relationships, share resources, collaborate on projects, and measure success. By following these steps, businesses and stakeholders can establish effective networks that underpin regional digital strategies.

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