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The dynamics of co-creation and co-destruction: A company–consultant interaction case

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Abstract

The case study examines how a consultant and a client make sense of their mutual interaction, the aim of which was to co-create value for the client’s business. The theoretical framework of the study draws from the discussions of co-creation and co-destruction of value, and adds a sensemaking perspective to these. The data for the study consist of personal interviews, which were analysed with qualitative content analysis. The case study illustrates how the consultant and the client retrospectively re-interpret the value of co-constructing and de-constructing events and their connections to each other. In particular, both of them attach new meanings to value de-constructing events, which are re-interpreted as key learning experiences. The results of the case study outline the complexity of value co-creation and co-destruction dynamics over time, but also bring forward the possible benefits of engaging in reflexive activity, which aids the understanding of value co-creation processes in business.

Keywords: Business development, co-creation of value, co-destruction of value, consultant–client interface, interaction, sensemaking

Introduction

This paper focuses on the dynamics of co-creation and co-destruction of value at the consultant–client interface (Nikolova et al., 2009). During the past decade, an increasing amount of research has been devoted to how co-construction of value takes place in various business development contexts (Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2008; Grönroos and Voima, 2013). Despite this, the analysis of the inverse aspect, i.e. co-destruction of value, is rare (for an exception, see Echeverri and Skålén, 2011) and, furthermore, there is hardly any research on how co-creation and co-destruction are interconnected.

In our previous studies, we have analysed how co-creation and co-destruction of value come together in real-life consulting situations. Our analysis has focused on the actual interaction of the consultant and the client in real time (von Becker et al., 2015; in press). In this paper, we add a new perspective to this by focusing on how co-creation and co-destruction of value also take place retrospectively, i.e. when evaluating and reflecting on a business development project in its final stages.

For this purpose, we analyse the sensemaking narratives of both parties in the consultant–client relationship, i.e. the consultant and the CEO of the client company. In our analysis, sensemaking (Weick, 1995; Helms Mills et al., 2010; Maitlis and Christianson, 2014) refers to how new meanings are given and shaped in and through this relationship. Our case study contributes to the debate on value co-creation and co-destruction in two ways: Firstly, we introduce the idea of looking at the dynamics of co-creation and co-destruction of value through the sensemaking lens. Secondly, we outline a framework with which it is possible to analyse, how co-creation and co-destruction take place at real time and retrospectively. In our case study, we will focus on the latter level in particular.
Making sense of value co-creation and co-destruction

Looking at the co-creation and co-destruction of value through the sensemaking lens emphasizes how actors interpret and understand what is happening around them in a particular situation (Weick, 1995). In other words, sensemaking as a social psychological process focuses on how meanings are attached to events and circumstances, including interactions between people. Furthermore, Helms Mills et al. (2010, 183) state that, ‘At its most basic, sensemaking is about understanding how different meanings are assigned to the same event’. In our case, ‘the same event’ under study is a business development project intended to create value for the client company of the consultant. Although sensemaking is never-ending and takes place everywhere, an event like this disrupts routine processes, creating ambiguity and triggering the actors involved to find new meaning. Helms Mills et al. (2010, 191) further suggest that, ‘sensemaking provides a useful heuristic to study a range of organizational outcomes’. In this spirit, we introduce the idea of looking at events concerning co-creation and co-destruction of value as a sensemaking processes.

In addition, we suggest that it is useful to study co-creation and co-destruction through the sensemaking lens at two different levels: as the actors describe it in real time and as they re-interpret it retrospectively. At the real-time level, the analysis focuses on sensemaking processes that actors might not be very conscious of when they happen. On the retrospective level, analysis deals with sensemaking processes that occur when actors purposefully reflect on past events, actions and beliefs. Retrospective analysis is based on the idea that actors reconstruct meaning for what has happened, along with how and why, by purposefully reflecting on these questions and even being reflexive about their own interpretations (Eriksson et al., 2012).

Reflecting (Brookfield, 1998; Schön, 1983; Boud et al., 1985) means that actors engage in comparing, considering alternatives, seeing things from alternative perspectives, and drawing inferences (Jordan et al., 2009.) In other words, reflection is purposeful analysis of knowledge and experience, which is done in order to produce richer and deeper meaning and, finally, a novel understanding of issues and events that are being reflected upon. The concept of a reflective practitioner, as used by Schön (1983), refers to a person who uses reflection as a tool for revisiting experience, both to learn from it and to frame murky, complex problems. In our case study, the consultant and the CEO of the client company took this role in order to revisit their experiences and learning points concerning the business development project that they engaged in together. In doing so, they engaged in retrospective sensemaking.

Objectives

The objective of our study is to investigate how a consultant and a client attach meaning to the same events when reflecting on a joint business development project intended to create value for the client’s company. In order to focus closely on the dynamics of value co-creation and co-destruction, we will analyse two narratives concerning the business development project: one as told by the consultant and other as told by the CEO of the client company.
Methodology

The sensemaking approach (Weick, 1995; Helms Mills et al., 2010) that we adopt requires the use of qualitative research methods that allows us to study meanings rather than facts (Eriksson and Kovalainen, 2008). The consultant-client interface under study took place within a business development project, which we have studied in depth and published those results in prior work (von Becker et al., 2015; in press). At the final phases of the business development project, both the consultant and the CEO of the client company were interviewed by a third party researcher (one of the authors). The interviews were semi-structured and covered all phases of the business development process including the planning phase. Both interviews were transcribed verbatim.

The analysis was made with the qualitative content analysis, which combined theoretical insight with more inductive understanding of the data. On the basis of the analysis, we constructed two sensemaking narratives: one illustrating the perspective and voice of the consultant and the other that of the CEO of the client company. Thereafter, we compared the sensemaking patterns in the narratives for the purpose of opening up the dynamics of value co-creation and co-destruction in them.

The case

The management consultant company Talentree Ltd. offers consulting, training and outsourcing services for its clients. POK Group Ltd. is a family firm offering electricity distribution solutions for domestic business-to-business and consumer markets. POK had recently merged with a smaller competitor it had acquired earlier, and it had ambitious growth objectives. POK had been a client of Talentree for a couple of years before they both participated in a university-led research and development project called Agile that provides the context of our study. Prior to the Agile project, Talentree had co-operated with POK in order to develop POK’s strategy process.

During the strategy process, the quality management system (QMS) was diagnosed as one of POK’s development focuses, which is why the development of the QMS was chosen as a key area of the Agile project. In addition, the project focused on internal communication and coaching the CEO. In the following, the CEO and the consultant tell their stories about their interaction. The key details of the stories are summarized in Table 1.

The CEO’s story

The CEO of POK Group has a hard time remembering the beginning of the Agile project. So much has happened since then and the goals, roles and responsibilities of the project were a bit unclear. The project had been more or less frameless because he did not want to set specific,
detailed goals. He had rather hoped that people would throw themselves into the project and start to learn from it. POK had had a QMS project of their own for quite a while, but for some reason they did not seem to make it happen and things just did not progress. The CEO thinks that having more managerial experience when leading a company like this would be useful. The company had undergone quite a number of changes just before this project began, including in personnel. When discussion of this project arose, the CEO and his team saw an opportunity to gain external knowledge and extra resources to get things moving and to solve some internal change management challenges they had recognized.

In the view of the CEO, the planning phase should have been different from several points of view. The transfer of information between the previous Talentreer consultant and the new one should have been more effective, and the new consultant should have been present more at the company premises. The CEO has also considered what would have happened if the whole project had been implemented in reverse order.

When working with the QMS, the top management of POK started to realize how much they lacked managerial know-how and actually how incapable they were within the company of engaging in concrete, hands-on-development work. The QMS workshops generated over three hundred ideas and concrete proposals for developing either processes or the company, but very few of them were actually new: all of it was already known in the company, but the management just could not implement those ideas for some reason. The difficulty of making change to happen was a painful – but invaluable – lesson for the CEO. As the CEO put it, looking in the mirror every once in a while does not harm anyone; it makes us go forward.

Within POK, they noticed quite early that not speaking about “the project” made the development more part of everyday life. They believed that they got closer to agile development habits when the development was included in everyday discussions and decision-making. They also decided to break down the systematic implementation of the 300 development ideas list. To enhance development, some changes were also made to management and key personnel. The CEO sees that people are at the very core of this project, and the work with the personnel continues all the time.

Developing communication was an important part of this project, and it was dealt with via developing internal communication in the workshops and coaching the CEO. Both courses of action were needed: discovering that the company’s leadership were very enthusiastic about electronic communication media but there was not very much reflection on how and why they should be used. The communication practices were clarified, and attention was paid to personal communication as well.

The CEO thought that the coaching sessions were the most dramatic ‘chain of events’ within the project. Thinking requires time, which has been available in the sessions, and having someone from the outside of the company to shake one’s thoughts has also been useful. He thinks it would be beneficial for the company and for himself as a manager to continue that
kind of work with the consultant. Also, the findings and ideas from the coaching strengthened his belief that POK should have conducted the sub-projects in reverse order.

The internal goals that POK set for the project were not achieved. The processes were not properly described and the QMS remained incomplete, but there was a belief that the processes had changed. Maybe the consultant could have been around more frequently or the parties should have been stricter concerning the goals of the project. However, the CEO stressed that it was actually good that everything had gone this way. Some important things were now clearer and the company was closer to having agile ways of developing, which had been their aim for a long time. If the consultant had done more, the company would have escaped too easily and the important lessons would not have been learned. It is always important to learn from things, even if that means getting one’s fingers burnt, he thinks.

*The consultant’s story*

The consultant was invited to work with POK because of her role as a PhD student in the Agile project and because of her expertise in quality management systems. Her colleague had worked with POK before, but his knowledge of the company and its situation was not transferred to her as effectively as she had hoped for. This is why she felt insecure about her role and responsibilities at the beginning. She also had hard time in building trust between the client and herself. Usually she is in control in situations like this, but in this case she came along as an outsider. At POK, the task of constructing the QMS had been given to one key person some time ago, but for some reason the work had not started. The responsible person was surprised about information of becoming QM system, which caused some tension in the situation.

The consultant took her own place, although her own role as a consultant and coach as well a new role as a researcher made her a bit confused at the beginning. As such, she also found the planning phase to be frustrating, when the key persons weren’t present as agreed and she found out that there was a lot of enthusiasm from the leadership of the company, but not much actual action. Despite this, she managed to plan a participatory process through which the QMS was supposed to be built up. The core of the plan were seven process workshops in which the internal processes of the company were to be outlined and visualized.

When the process workshops finally started, the whole project progressed in a better way, she taught. Hands-on action helped the workshop participants to see what everyone was doing in the company and how people were involved in different things. There was much to learn and new things to try in workshops like these, and the consultant tried hard to plan and facilitate the workshops to take into account both QMS and cooperation. The workshops went well, and a lot of ideas for developing the processes and the company were raised. The consultant felt more secure and the positive feedback she got from the workshop participants helped her realize that a person can get a lot from just working together. All progress might not be seen right away, but that does not mean that would not exist.
The cooperation proceeded well, apart from an incident at the end of one workshop. The atmosphere changed during one exercise and the discussion between participants became somewhat aggressive. The difficult situation had been resolved in the workshop, but more trouble followed. The following morning the consultant discovered that there had been an intensive internal email discussion involving the key participants from the company. All this lead to series of serious discussions between the consultant and the client CEO bringing quite new perspectives to the development project. The quality management system was not what they needed; they needed something else, and this lead to quick changes being made to the plans for the project. Also, the decision was taken to concentrate the coaching only on the CEO.

The coaching was effective and added a lot to the project. The CEO generated new ideas concerning himself and the company; he wanted to change both his own communication practices and those of the company. Although the coaching changed his perspective and even led to paradigm shifts, things at the company did not move forward as quickly as the consultant had supposed that they would. Processes had not been visualized and shared electronically so that everybody could see them. This made her wonder if all the hard work in the workshops had been a waste of time. It also seemed that the development list of few hundred items had been suspended. Then, little by little, something else came to light. Things moved forward, there were organizational changes in personnel, and internal communication improved. When exploring the big picture, the consultant started to realize that as a consultant, she can give a company some starting points - issues to think about, maybe a new perspective - but change itself requires some time to evolve.

As such, the consultant wondered whether the project should have been conducted in the reverse direction. Perhaps the coaching component should have taken place first, followed by the communication part and finally the quality management workshops. She also wondered whether it would have been more effective if the CEO had participated more in the workshops. She reached the conclusion that the result might have been different; not necessarily better or worse, but different. From that point on, what happened in this project was interesting and worth exploring as such.

Trust was one of the main concerns of the consultant at the beginning of the project, but it was actually one of its most stable elements. Towards the end of the project, when the consultant was not around so much, the CEO and other key persons from POK wanted to discuss with her about the third subproject concerning communication issues at POK, which was not her responsibility. She considered this as an act of trust which signalled that some degree of closeness had emerged between herself and POK management. She then felt that this was the best kind of feedback she could receive from her clients.
### Phases of the project

<table>
<thead>
<tr>
<th>Subproject 1. Building the quality management system</th>
<th>CEO’s story</th>
<th>Consultant’s story</th>
</tr>
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<tbody>
<tr>
<td>Was chosen as the vehicle through which participative leadership could be advanced</td>
<td>CEO did not want to frame things too tightly, but to have some flexibility. Communication with Talentree consultants was not clear enough, resulting in confusion and disagreement within POK</td>
<td>Did not receive all relevant background information from Talentree and POK, resulting in unclear goals, roles and responsibilities. Made detailed plans and schedules for the whole project, but POK did not finish strategy work in time, causing a delay at the beginning</td>
</tr>
<tr>
<td></td>
<td>QMS had already been in process for a while; project provided additional resources; consultant had competence that was required</td>
<td>Did not know that QMS had been already assigned to one of the POK managers, causing confusion</td>
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<tr>
<td></td>
<td>QMS was not a must in the business; it was hoped to create external pressure and extra help in change management</td>
<td>Planned seven hands-on collaborative QMS workshops to enhance participative leadership; CEO was supposed to participate in all of them, but did not</td>
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<td></td>
<td>QMS process did not produce expected results, due to POK’s weaknesses and lacking presence of consultant at POK</td>
<td>First six workshops were useful, but the last one was not. An episode of bad communication occurred between CEO and participants</td>
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<td></td>
<td>It showed problems in leader-follower relationships, changes in these are required</td>
<td>Intensive discussions between consultant and CEO; cleared the air and created trust</td>
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<td></td>
<td>What if this subproject had been carried out last?</td>
<td>Company problems cannot be solved with QMS, process helped to bring underlying management problems to the surface</td>
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<th>Subproject 2. Coaching</th>
<th>CEO’s story</th>
<th>Consultant’s story</th>
</tr>
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<tbody>
<tr>
<td>Was planned for a wider group, later decided to focus on CEO only</td>
<td>Personal coaching sessions have been a most dramatic experience. It is useful when an outsider shakes things up so that you start thinking from a new perspective</td>
<td>Personal coaching has helped CEO clarify his position and improve his way of communicating</td>
</tr>
<tr>
<td></td>
<td>What if this part of the project had been carried out before the QMS subproject?</td>
<td>CEO did not follow the pre-planned schedule, but taking more time was probably useful anyway</td>
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<tr>
<th>Subproject 3. Communication</th>
<th>CEO’s story</th>
<th>Consultant’s story</th>
</tr>
</thead>
<tbody>
<tr>
<td>Was chosen as a problem area at the beginning of the project</td>
<td>Communication training targeted at middle management was useful; POK will continue with this work</td>
<td>Communication training targeted at middle management and planned and executed by another consultant, was useful</td>
</tr>
<tr>
<td></td>
<td>What if this subproject had been carried out before the QMS subproject?</td>
<td>Discussing this subproject with her was an act of trust from POK</td>
</tr>
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Table 1. Summary of the two stories of consultant-client interaction
Diagnosis

Retrospective sensemaking takes place in both stories and it is somewhat different from the sensemaking that took place at the time when the storied events happened. This is most evident when events that were labelled as difficult, troublesome and tension-laden as they happened, are now re-interpreted as being actually good for the project. In retrospect, these events are considered blessings and as important sources of learning for both parties. In this way, events that could be, and to some extent also were interpreted as co-destruction of value when they happened, are retrospectively attached with the meaning that they co-created value in the long run.

Both the CEO and the consultant had recognized the challenges at the beginning, especially in the planning phase, and talk about its significance for the results for the project. Furthermore, the consultant described an actual co-destruction situation at one QMS workshop, but went on to explain how this situation was actually the reason why the project subsequently received a meaningful new direction. The CEO does not mention that particular situation at all event though he was very much involved in washing the dirty laundry after the workshop through email. Instead, he concentrates on the coaching and communication, the people and the personnel and reflects on the changes to them. In retrospect, he wonders however if value creation through the QMS, which was at the beginning perhaps thought as the easiest part of the project, should have attempted as the last part of the project.

Both parties reflected on all three subprojects by speaking about the QMS, coaching and communication components. On the whole, they both had similar experiences of those; the QMS remained unfinished and the goals were not achieved, communications part went well and the coaching changed a lot and had a positive impact on the CEO and the project overall. Having said that, the consultant and CEO had different reflections on the value produced: the consultant thought that the happenings were valuable and that the results would have been different if the project had been conducted in a different way, while the CEO underlined that everything should have been done in opposite direction. He was keen on how much more they could have achieved, but at the same time he stresses that the most important thing is to learn.

Both parties also evaluated their own actions and ways of working: what challenges they encountered and how they learned and grew because of them, both individually and organizationally. When reflecting on what had happened, both stories were built around re-interpretation and crystallization of meanings particularly concerning peak learning experiences, which were labelled as the most important instances of value co-creation when looking at the long term effects of the project.

Our diagnosis of the case illustrates a sensemaking process in which different meanings are assigned to co-creation and co-destruction of value by different actors, but also in real time and retrospectively. While both the CEO and the consultant pinpointed partly the same and partly different events as central to co-creation and co-destruction of value, they also re-interpreted these in retrospect. Thus, what was labelled as value co-creation or co-destruction in real time
could be interpreted in a different way when looked back with a sense of a more holistic perspective. Also, some events were given new meanings when they were discussed retrospectively and through a longer term lens compared to the shorter term perspective used in the real time.

Conclusions and recommendations

Our case study illustrates how value co-creation and co-destruction does not only take place instantly in real-time, which has been the primary focus of the prior research (Vargo and Lusch, 2008; Nikolova et al. 2009; Echeverri and Skålén, 2011). The findings indicate that value co-creation and co-destruction also happen retrospectively, at least when purposefully reflecting on past events and project. Furthermore, in our study, value was co-created and co-destructed simultaneously in real time in interaction with the interviewer and retrospectively in relation to the interaction that had happened between the CEO and the consultant earlier.

The sensemaking approach (Weick 1995; Helms Mills et al. 2010) that we adopted in our study shows how that the value co-creation and co-destruction process is by no means simple or pre-fixed and that while different meanings are attached to non-routine events by different people, they are also attached in different ways across time. This makes it challenging to determine in any definite way when value is actually created and when it is destroyed. Furthermore, there seems to be a tendency to re-interpret instances of value co-destruction as peak moments of learning, which are beneficial for value co-creation in the long run. In our study, this re-interpretation seems to be a key dynamic between co-creation and co-destruction.

These findings emphasize that it is beneficial for managers and consultants alike to take systematic and organized reflection as part of their business development projects the aim of which is to generate new value. Even if both parties experience that the value co-creation process was smooth, reflecting on it retrospectively helps to understand why it was so. However, reflection is of most importance when the consultant-client interaction in real time has been interpreted as co-destruction of value. Retrospective reflection offers both parties a new opportunity to make sense of what happened in their interaction. It may well be that this leads to a re-interpretation of past events in a way that new meanings such as learning will be attached to them. Even when consultants and their clients currently wish to be effective and fast in their development projects, inserting in a short face-to-face reflection session can make all the difference for what kind of meanings are attached to the results.

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