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Developing Leaders Quarterly

MAKING ORGANIZATIONS MORE HUMAN

Enabling Governance

Catalyzing your leadership practice

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Dual Governance

Adapting Corporate Governance for Ecosystem Participation

When the head of strategic partnerships at a major global tech company – let's call him Jim – first joined an industry-wide smart mobility initiative, he did not expect that his biggest challenge would not be the competitors across the table – but his own company's governance model.

The ecosystem was full of potential: software providers, hardware manufacturers, mobility startups, and city planners – all working together to build an interoperable infrastructure for electric vehicles. The pace was dynamic, decisions were made collaboratively, and

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success depended on a trusted exchange of ideas and actions. However, every time Jim needed to agree on even minor changes to a shared pilot project, he hit the same wall – he needed sign-off from legal, finance, and the senior steering group from his company.

Eventually, the partners lost their patience and went with a more flexible partner. Jim – and the company he represented – they were just not great ecosystem leaders. Opportunity gone.

The Governance Dilemma: Inside vs. Outside

The story is not unique. As ecosystems become more central to strategy, many executives in large organizations find themselves straddling two very different worlds. Internally, they operate within structured hierarchies with formal chains of command, controlled workflows, and are accountable to a usually risk-averse leadership. Externally, they step into ecosystems that thrive on participation, rapid iteration, and mutual trust.

This structural – and unavoidable – disconnect between corporate governance and ecosystem governance creates friction in three key areas:

Speed and Agility

Ecosystems reward partners who can make and act on decisions quickly. Traditional corporate governance is designed for stability and control, often involving multiple layers of approval, documentation, and cross-departmental checks. While this minimizes risk, it also slows things down. Ecosystems operate on faster timelines and expect quick responses. To adapt, corporations must learn to make selective exceptions and trust capable teams to act swiftly within predefined boundaries.

Control vs. Trust

In corporate hierarchies, the emphasis is on control – over budgets, people, and processes. Every major decision is backed by data, analysis, and a chain of accountability. In ecosystems, control gives way to influence. Decisions are rarely unanimous, and participants must navigate grey zones through trust, reputation, and negotiation. *Trust replaces contractual guarantees as the default operating principle.* This is an uncomfortable shift for executives who are used to certainty. But, without trust, ecosystem collaboration stalls.

Information Sharing

Corporations often treat information as a strategic asset that must be protected. Consequently, internal communication policies are cautious, legal reviews are thorough, disclosures are controlled. In contrast, ecosystems rely on open dialogue. Partners need visibility into each other's roadmaps, priorities, and challenges to coordinate and innovate together. Hoarding information slows down integration and undermines collective progress. Companies must learn to distinguish between what's genuinely sensitive and what can – and should – be shared.

Ecosystems reward partners who can make and act on decisions quickly.

Smaller firms often navigate this fluidity with more ease. For large corporations, adapting to the pace and expectations of ecosystem governance requires more than just tweaking procedures. It calls for a broader transformation – of processes, mindsets, and power dynamics.

Let's explore in more detail how to better master this formidable challenge to make that happen.

Empowering the Edge

The first shift toward effective ecosystem participation begins with decision-making authority. For a company to be a valuable ecosystem player, it must empower executives who work at the intersection between internal teams and external partners, so they can act decisively and independently.

To achieve this, organizations need to create ***dedicated ecosystem teams*** who should be small and agile, consisting of representatives from domains relevant to the ecosystem. What sets them apart from the traditional "core" is not just their cross-functional composition, but their level of autonomy. They need a clear mandate and the freedom to make decisions – such as agreeing on timelines, adapting technical features, or approving joint investments – without returning to central leadership for every move. They act as internal micro-enterprises built for speed and external engagement.

However, autonomy does not mean chaos. The key is to provide ecosystem teams with strong strategic guidelines and clear boundaries that define what they can decide alone, what they can negotiate with partners, and what requires escalation. This clarity avoids both overreach and paralysis. It is also a strong internal signal that ecosystem work matters. By codifying these boundaries through formal charters, organizations build a culture of responsible freedom at the edge which eventually leads to higher levels of autonomy as trust will evolve in the process.

Whenever decisions are escalated, the company must respond quickly. This calls for tailored approval processes for ecosystem initiatives. Decision-makers

should be identified in advance and committed to reacting within ecosystem timeframes. A dedicated ecosystem approval lane – like priority boarding – is a great way to prevent internal bureaucracy from slowing down external momentum.

In a nutshell: empower the edge, and your organization will gain ecosystem influence without needing to dominate.

Bridging the Worlds

Of course, companies cannot abandon internal governance altogether. What is needed is a model of governance duality – a way to reconcile traditional corporate structures with the collaborative, decentralized nature of ecosystems. In other words: how to deal with the inside – how to deal with the outside?

Internally, it is helpful to create dedicated 'governance councils' that act as the internal counterparts to the external decision-making bodies of the ecosystem. These groups must be empowered to make swift decisions and include stakeholders from all relevant functions – finance, compliance, product, legal, and technology – so nothing critical gets bogged down in siloed review. The councils must have the authority to represent the company's interests and make binding decisions in external forums. Crucially, they should be connected to senior

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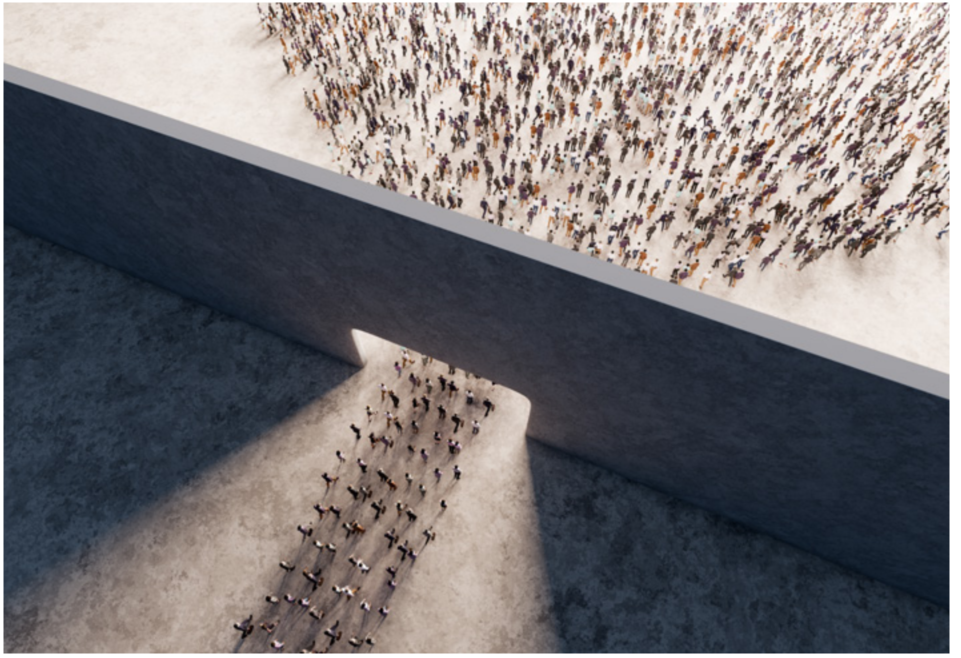
internal sponsors who can step in to resolve roadblocks or clarify strategic alignment.

Externally, dual governance means that companies actively engage in shaping the ecosystem's rules and structures, for example by contributing to bylaws, co-authoring governance documents, or leading discussions about standards and interoperability. Active participation not only ensures that a company's interests are reflected but also positions them as a collaborative leader within the network. What is more, taking on leadership roles in task forces builds visibility and trust and provides the opportunity to influence the overall strategy and operation of the ecosystem.

Let's take a global automotive company that is joining a mobility-as-a-service ecosystem. At the corporate level, it maintains its usual governance for core operations, such as manufacturing, or compliance. At the same time, it sets up an ecosystem engagement unit that works with



ride-sharing startups, tech firms, and city governments in the mobility ecosystem. This team runs in a more flexible, agile way. Internally, it reports to top management but with relaxed protocols. Externally, it co-chairs the ecosystem's data standards group. This is governance duality in action – managing internal alignment while co-shaping the external system.

The capability to deal with the two rationales is not easy to master, but it is critical. Without it, companies risk either slowing the ecosystem down or losing their seat at the table.

Ecosystem managers are often the first to see emerging tensions and are best placed to preempt misalignment.

New Roles, New Rules

Participating in ecosystems requires a shift not just in how companies operate, but in who operates on their behalf. Traditional corporate org charts – designed for internal efficiency and vertical accountability – often do not accommodate the relational, externally-facing work that ecosystems demand. To serve as an ecosystem leader, companies must design and empower a new set of roles that bridge internal priorities with external collaboration. Key roles in this context are:

- **Ecosystem Managers** are orchestrators of the company's ecosystem interactions. Their job is to manage relationships, align timelines and contributions, and ensure the company's voice is effectively represented in ecosystem forums. It is a role that must be fluent in both internal dynamics and external stakeholder language – able to translate corporate strategy into ecosystem relevance and vice versa. Ecosystem managers are often the first to see emerging tensions and are best placed to preempt misalignment. They must be not just good project managers; they are diplomats, networkers, and problem-solvers.
- **Alliance Directors** are strategists who ensure that each ecosystem initiative is aligned with the company's broader strategic goals and that the firm is not overextending itself or drifting off-mission. They coordinate across multiple ecosystem engagements, evaluate risks, and make sure that resource commitments are in line with returns. In mature ecosystems, an alliance director may also be the key person negotiating terms, shaping multi-party agreements, or representing the company in governance settings.
- **Technical Liaisons** ensure that what the company builds internally is compatible with the shared infrastructure or standards of the ecosystem – a vital role in ecosystems that are driven by shared technology or standards (as most of them are). This is a tricky task: they must advocate for the company's technical standards, while also supporting common frameworks that enable interoperability. Their influence can be significant, especially in ecosystems where technological alignment is core to value creation.

To exert real impact on shaping the ecosystem, it is not enough to define and staff these roles. They need to be sufficiently empowered to act on behalf of the company in ecosystem matters, with clear top executive backing. Without decision-making authority, these roles become

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ecosystem bottlenecks instead of enablers. Further, they need KPIs reflecting ecosystem outcomes, like co-development milestones, partner satisfaction, or integration time. Internal metrics usually prioritize short-term goals, which are often in conflict with the rationale of ecosystem business models. Finally, these roles must be internally respected, not sidelined. This requires a culture that understands and values the work of ecosystem engagement.

Creating an Ecosystem-friendly Culture

Changing structures helps, but culture makes or breaks ecosystem success. You can redesign roles and fast-track decisions, but if the underlying mindset stays rigid, collaboration will falter. Culture determines how people will behave when rules are not clear, timelines compress, and the pressure is on.

So, what does an ecosystem-aligned culture look like in action?

From Competition to Collaboration

Traditional corporate cultures often view partners through a competitive lens – others take a piece of the cake which may be captured by oneself. In an ecosystem setting, this mindset is poison. After all, the idea is to create value collaboratively, even with competitors when it serves the customer journey. When the ecosystem wins, everybody wins. This means to shift mindsets from “us versus them” to “winning together.”

From Protectionism to Openness

The default *modus operandi* in most companies is to protect information, ideas, and strategic plans, which can quickly become counterproductive in an ecosystem setting. By definition, ecosystems require a willingness to share – roadmaps, technologies, data, resources. This does not mean being reckless with intellectual property; it means recognizing when openness creates more value than secrecy.

A Passion for Learning

Collaborating across company-boundaries always means the encounter of alien territory – different cultures, different business models, different ways to operate, different market perspectives, and so on. Mindsets that are anchored in "doing it the way we always have done it" or that suffer from the "not invented here" syndrome won't work well within ecosystems. Rather than defending one's own cultural tenets, ecosystem engagement is a unique opportunity to co-learn and co-develop – it's a catalyst for agile transformation.

A culture of collaboration, openness, and learning does not fall from the sky. Creating it requires interventions that support the structural architecture of ecosystem-enabling roles. This includes training programs for diplomacy skills such as negotiation, consensus-building, conflict resolution, and trust-development – skills that enable leading across boundaries through the "soft power" of influencing, not commanding.

Equally important is the creation of cultural symbols and stories that highlight the value of ecosystem engagements and celebrate ecosystem success. When cross-company collaboration is featured in internal newsletters, leadership speeches, or award ceremonies, it becomes part of the organization's identity.

Practical Steps Towards Dual Governance

So, what can leaders do today to mitigate internal and ecosystem-related governance dynamics? Summarizing the insights from the above considerations, here are some principles and recommendations that have proven helpful:

1. **Embrace governance duality:** Build internal structures that support external participation. Create a two-speed governance model – traditional oversight for internal operations, and agile, distributed governance to support ecosystem activities. This may include dedicated councils, delegated authority, and aligned decision-making frameworks that do not slow down ecosystem involvement.

Ecosystem engagement is a unique opportunity to co-learn and co-develop – it's a catalyst for agile transformation.

2. **Empower boundary roles:** Give your ecosystem liaisons real authority. Identify individuals who will interface regularly with the ecosystem and give them clear decision rights, backed by leadership. These roles must be respected internally and externally, able to commit on behalf of the organization without excessive oversight.
3. **Simplify processes:** Create fast lanes for decisions tied to ecosystem timelines. Remove red tape for pre-approved engagements, use standardized contracts and NDAs, and create approval 'express lanes' that mirror the fast cycles of external collaboration. Let ecosystem projects skip some of the heavier internal governance protocols.
4. **Design for agility:** Build cross-functional teams that can pivot quickly. These teams should include members from all necessary functions – legal, compliance, R&D, product, and strategy – and be empowered to act as a unit. Small, autonomous squads dedicated to ecosystem opportunities are nimbler and can keep pace with external partners.

Navigating Dual Governance in Business Ecosystems

PRINCIPLES	DESCRIPTION
Embrace Governance Duality	Balance traditional and agile governance for ecosystem collaboration.
Empower Boundary Roles	Enable key roles with decision-making power at the ecosystem interface.
Simplify Processes	Streamline workflows and use fast-track approvals.
Design for Agility	Build adaptive, cross-functional teams that can act quickly.
Rewire Incentives	Align KPIs with collaboration and shared ecosystem outcomes.
Train for Influence	Provide training in negotiation, facilitation, and diplomacy.
Sponsor from the Top	Ensure executive support to resolve roadblocks and legitimize efforts.
Engage in Governance	Actively participate in ecosystem rule-setting and decision-making.

5. **Rewire incentives:** Reward collaboration, not just control. Update KPIs and performance evaluations to reflect successful ecosystem contributions – such as shared revenue, co-innovation milestones, or partner satisfaction. Make collaboration part of career growth, so internal champions are motivated to make ecosystems work.
6. **Train for influence:** Equip leaders with skills for consensus-driven environments. Provide training in negotiation, diplomacy, listening, and ecosystem facilitation. Help internal teams understand that ecosystem governance is about soft power – achieving alignment through shared interest, not authority.
7. **Sponsor from the top:** Appoint senior champions who remove obstacles and signal priority. These executives not only provide visible support but also step in to resolve internal conflicts or push through critical ecosystem decisions. Their involvement legitimizes the effort and creates internal alignment.
8. **Show up in governance:** Do not just join ecosystems – help shape them. Encourage your organization to actively participate in steering committees, working groups, and rule-setting forums. Being part of the governance conversation gives you influence, builds trust, and ensures your needs are embedded in how the ecosystem operates.

Organizations can begin with focused interventions: empower cross-functional ecosystem teams, streamline a specific approval process, or pilot a new governance structure.

Conclusion: From Awareness to Action

Ecosystem participation is no longer a peripheral activity – it is rapidly becoming a core strategic capability for companies seeking to become more customer-centric, innovative, and grow. However, effective engagement in ecosystems requires more than just presence. It demands thoughtful alignment between internal governance structures and the decentralized, fast-moving dynamics of external collaboration.

The move toward dual governance represents a fundamental shift. It challenges conventional models of control, decision-making, and cultural norms within large organizations. Yet the benefits are substantial: increased influence, accelerated innovation, and profitable participation in new forms of value creation.

To embark on this journey, organizations can begin with focused interventions: empower cross-functional ecosystem teams, streamline a specific approval process, or pilot a new governance structure. These early wins create momentum. Over time, they lay the groundwork for broader transformation – one that redefines how the organization partners, decides, and learns.

The ability to succeed in ecosystems is not determined by size or legacy. It is determined by adaptability. Those organizations that embrace governance duality will be best positioned to lead in complex, interdependent environments. The future belongs to those who can shape systems – not just participate in them.

It belongs to ecosystem leaders.

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