Collaboration in Investment Banking

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Welcome to the Ernst Strüngmann Forum podcasts—a series of discussions designed to explore how people collaborate under real-life settings. Joining us in the series are high-profile experts from diverse areas in society, whose experiences will lend insight to what collaboration is, what it requires, and why it might break down. This series is produced in collaboration with the Convergent Science Network.

P. Verschure Hi, I am Paul Verschure and together with my colleague, Ferdinand von Siemens, we are speaking today with Eva Wiecko, a Managing Director in Investment Banking at Goldman Sachs, Germany. Welcome, Eva. Could you start by giving us an overview of your background?

E. Wiecko Certainly. After my university studies, I began working for Goldman but, to be honest, I wasn't sure whether this was a good move, because I had no background in banking or investment banking. On the advice of my colleagues at that time, however, I took the position and have stayed for a long time for many reasons. A primary reason is the culture of the firm and the fact that I felt, very early on, that I could have a big impact on this culture—if I spoke up. This initial perception has kept me at Goldman until now, almost 14 years later. Throughout my tenure, I passed through different stations, as it is in the corporate career: I began in one office, moved to London, and returned to Germany, where I am now at the Frankfurt office of Goldman as a managing director in our investment banking department, commonly referred to as M&A [mergers and acquisition] execution, or the M&A department.

P. Verschure Throughout these different stations, you must have experienced processes that could be called collaborative, within Goldman as well as with external entities. Can you describe the types of collaboration that you encountered?

E. Wiecko My job involves leading teams of four to five people focused on specific projects (e.g., mergers, acquisitions, and financial transactions for clients of Goldman's). These colleagues are at different levels of seniority, and I speak to them each day to learn how their project is progressing, what next steps are planned, and what remains to be accomplished. This type of collaboration is very easy to accomplish; it enables a common view of what needs to be done. How each team works together is constant: members are very familiar with the "flat" working style, and hierarchy is clearly delineated. I work with new people probably every three or four months but putting together a new team is relatively easy because everyone understands their role on the team and what the common goal is. By virtue of the organization and the acquisition of talent, people have a sense of how they will be asked to work. We share a lot of common ground. In fact, there can be too much similarity, and we are looking at changing this. People who join Goldman from the university or other organizations understand what they will need to contribute, what work needs to be done. That's the easy part.

The greater challenge involves collaborating with clients on big transactions. As M&A specialists, mergers and acquisitions are straightforward, but to our clients, mergers and acquisitions represent huge transformations in the life of their organization. Think of Goldman like a hospital for M&A and our clients like a patient—one who only comes to the hospital because they need help. For the patient, just being in the hospital is already extraordinarily stressful: they feel discomfort just being in this situation and getting them to collaborate under these circumstances can be difficult to gain. So, first, we (Goldman/the hospital) need to win our client/patient's trust: they need to realize that we are all on the same side, that we are all trying to achieve the same goal and will adjust the way we collaborate (the pace of execution) to meet the situation and needs of the organization. This is a highly interactive process that must adapt to the size and culture of the organization, and the importance of this project to the life of the organization.

P. Verschure What's the scale of these M&A operations? What's the largest operation in terms of market cap, employees, and so on? What's the scale of such a process?

E. Wiecko It can be very large. One of the largest transactions in Germany that I worked on involved changing the set of transactions in the utility industry (from RWE, E.ON, Innogy). This represented about 40 plus billion market caps and huge organizations. It involved completely splitting the organization into two and then changing people's workplaces and merging two cultures. It really had huge impact on the organization itself: on the regional setup and where people will sit, where their headquarters will be, where people will go to work. Ultimately, all of this precipitated a fundamental change in the industry: from producing power via power stations run by gas and oil and nuclear power stations to renewable energy, etc. It all had to happen at one time. When we started work on the project, there was a great deal of uncertainty: nobody knew in which part of which organization they would end up. How was this going to happen? We only shared a common goal that it should happen—an extremely short-term goal for the amount of work that had to be done. A lot of collaboration was required from different sides: from political sides, from the employees, as well as from us and all the advisers involved (not only advisers from investment banks but other advisers, lawyers, and consultants). Everyone needed to work toward a common goal.

P. Verschure Right, so there were many moving parts in this process. To make this all work, do you employ a certain methodological perspective? Do you first establish trust and then should establish something else, and then something else, and then down a list? Is there a method?

E. Wiecko Yes, there is. There is a structure of how to organize, how to optimize a new project to reorganize a corporation while plugging into the everyday life or operation of the company. This is extremely important because a company must still go about their everyday business, despite the addition of the new project. So, first you need to establish an understanding that these are going to be extraordinary times—that next to a person's normal day-to-day operational job, there will be this new project on top. You will have to talk to a lot of new people who will ask a lot of questions, and many will have no understanding of what you do. So, you must establish a type of project organization centered around workstreams that need to be done. Then you need to understand how much involvement to expect from the organization itself and how many additional human resources you will need to make things work. It's pretty structured; we have a very good view on the workstream that needs to be done. We also must diagnose how much the organization, our client, can do itself. How much help will they need? I think that a good project manager, project leader (which in this case is the investment bank) is best able to initially establish the status quo, ask who else will be needed, and then make it really work on a day-to-day basis. There is a method to it by dividing it into subgroups and sub-workstreams. This accounts for ca. 20-30% of the whole thing. The rest must be handled on the fly, when one must account for changing issues and emerging conflicts: What departments within the organization don't work that well together? What are the individual interests of people? This involves a lot of politics and psychology to make sure that every person's individual contribution is in line with the overarching goals. Most of the time, we need to establish subgoals to keep people motivated. Our projects normally tend to last from six to twelve months and can extend to 18 months for larger projects. Now imagine that in addition to your normal workload in the company, someone asked you to perform extra tasks that were extremely important to the company, and that you were expected to produce very high-quality results over a period of 18 months. That's a long time! To keep you motivated, more than just the ringing of the bell on the stock exchange in the distant future is needed. Smaller goals must be set for individuals that run the workstreams or work within the workstreams.

P. Verschure So you split up the different activities, but your methodology accounts for ca. 20-30%. The rest involves a deeper understanding of people and organizations. Is the concept of collaboration anchored within that latter portion, where one establishes goals and subgoals? If so, how do you establish goals and subgoals in such a heterogeneous environment?

E. Wiecko — Especially in situations where organizations will be split, or when a new firm will join the other (as in mergers), you need to make certain that you understand, very early on, how these firms will fit together and who will be in which position after the transaction is completed. This involves understanding the transaction itself, as well as people's individual interests once the transaction is worked out and completed. Once you start to understand how the organization will look, or what the goal is, or how it's supposed to look, you can bring in people from different workstreams to help complete the goal. But you need to understand where they will end up because this will be their intermediate goal. They may be interested in applying for a new position within the organization within a short period of time: you need to understand that. Understanding and establishing these goals can only be achieved through individual contact and relationships. You need to understand what a person wants to achieve in their career, as well as in their current position: only then will you be able to assess how to involve them or not. Sometimes you need to avoid too much involvement from certain people, e.g., when you know that it's going to be very difficult to actually align a person's personal goals with the goals of the project. Sometimes you need to keep people satisfied, informed, but focused on something other than what you will be mainly focusing on, because too much involvement from their side will pose difficulties because goal alignment is not there. Working this out is very personal in the end. It involves personal relationships to understand each situation specifically as well as a clear understanding of how the organization works: who is in charge, what motivates people motivated in different teams, etc. It is a very heterogeneous process. In the end, most organizations are driven by a strong leadership culture, but also a hierarchical culture. This may vary across countries and organizations, but generally, this is what I have seen. My academic background in management theory, etc. does reflect real life situations in organizations. Hierarchical and structured thinking is still prevalent in organizations—even in those who believe they are rooted in meritocracy. In the end, hierarchy prevails, especially in critical situations. That's my experience.

P. Verschure — That's very interesting. But I would like to unpack your point about the importance of addressing the people in the organization. In some sense, this sounds like a customized approach, like we have to "massage" people to fit in some process. But which people are you referring to?

E. Wiecko — Project Managers or managers of different workstreams, probably mid-level, mostly mid-level managers of firms, the Head of Treasury…

P. Verschure — Not the board or the CEO?

E. Wiecko — No. Most of the time the board, if you have taken the decision to do such a project, then the decision to pursue the project has already been taken by the board. Most of the time the board is already behind the decision and really pushing for it. That's when you kick off the project. Before that, you need to work to convince the board, or the supervisory board in the German world. But this happens before you start to execute the project. And that involves going further into the organization and really aligning people's interests on that side of things. I personally think that this is often more challenging because it's less rational and individual goals are less clear because at the board level, members align around the general goal of maximizing shareholder value. In particular, this holds for listed companies, which I deal with most of the time. If the board has specific concerns or expresses opposition to the goal, then these big transactions usually do not happen, because the pushback begins even before the project is initiated. This necessitates a different, more customized process to address the individual board members. Here, everyone is basically in the same position of strength. Can they be convinced that this is a good idea? Some bankers tend to believe that they initiate strategic projects, but I think we act more in the capacity of facilitators. Someone within an organization decides to develop the organization into a totally different organization or believes in a certain technology and wishes to pursue a certain strategic direction. My role, as a banker, is to help execute steps to make these decisions a reality, more than in developing the strategic concept. As such, sometimes we are used as a sparring partner, but are not necessarily the initiators of such ideas.

P. Verschure — This means that the first level of collaboration has already happened before you get involved; that is, the boards of the different entities to come to a common view that it is in their collective benefit to merge. Is this correct? (EW: yes) Only then are you brought in to ensure that this common view is realized. This process of strategic collaboration, at the level of the board, could be fragile; people may change their mind or learn new information to change their mind. At this top level of the organization, how do you maintain collaboraton intact?

E. Wiecko — First to the support-level question: people must be convinced that this is a good transaction and that they have taken a good decision. Especially in the public market environment, a lot of this is driven by virtue of the premium price: how much do you offer and what is the premium over your current price? As a board member, there may be good arguments against certain offers, but you must remain pragmatic because shareholders are driven primarily by return on capital considerations. This is changing a bit, but capital goes mostly to where the return on capital is highest, so there is a certain element of enforcement in this if you are a board member of the target that is being taken over. Obviously, not all situations are like this. There are also situations where there needs to be collective belief on both sides. Such a situation represents a good deal; there is no better alternative, even if the fiduciary duty of the board is to actually go and look for other alternatives. Keeping everyone engaged is crucial here. Also, how much influence can they have on the future of the organization; how much do they believe that this is really the best home for their people and their organization. This is really where collaboration comes into play. One must be very sensitive about how to acquire, engage, and integrate an organization into your organization without the new team members feeling like they have been taken over. By definition, the word "takeover" embodies aggression. The issue is: How can one engage people and give them proper roles in the new setup so that they feel that they can gain and benefit from a bigger organization? This is why I believe that the level below the board is very important because these are the people that believe that they will be running the firm in the next five to ten years. And they give a lot of thought to their future, whereas board-level members then to be short-term oriented: they want to achieve success within a short time period and sometimes work out attractive exit options after such a merger. One level below the board is really where the longer-term perspective in the organization is. I often think that board-level discussions underestimate that there needs to be the next generation—people with a perspective to drive the success further. Organizations that are good at taking over and consolidating markets are those that tend to involve the next generation managers in these decisions; given this chance and perspective, next generation managers realize that a bigger organization equates to more chance for them to develop their personal careers.

P. Verschure — And that's the motivational aspect you mentioned earlier. (EW: yes) To go back to the board: to what degree do the arguments at the level of the board focus on return on investment? In 90% of the cases or 95%?

E. Wiecko — In the U.S., I would say that it's probably >90%. In Europe, this is a bit different because many firms are co-owned by families, the state, or other foundations and other organizations. So, return on capital is not the only consideration. Sometimes this involves the importance and standing of the organization in the country or region, or the relative importance of the organization for the region. In Germany, consideration is also given to employees: how they will react and where they will land. This adds complexity to the discussions, but it also creates stability: people work together toward common goals. To compare U.S. and German takeovers, the biggest difference is that employee representatives sit on the board of directors (or on the supervisory board). In the U.S., takeovers are driven very much by capital and return on capital. In Germany, I would estimate that less than 80% of takeovers are.

P. Verschure — Nonetheless, takeovers will still be decisive. (EW: yes) When we talk about collaboration, we speak about goals and goal-setting, but in the end, there's actually only one goal that's being served: capital and return on capital. So, in some sense, the market is coercing organizations to come together instead of collaborating to come together. How would you see that? Can we speak of economic coercion in this domain of mergers and acquisitions?

E. Wiecko Everybody who is publicly listed is slightly different, obviously, from companies that are run by a single person, who can basically do whatever he or she prefers. There might be differences, but motivation may be less about a commonality and more about different personalities. If you focus on the capital market environment, the public capital market environment, the answer is yes, because ultimately you need to prove that there is an economic benefit of bringing companies together. This cannot be forgotten. As much as we like to think in terms of synergies, which by definition hint at collaboration (two minds come together to create something greater) and the optimistic part of the synergy, there is also a down side: cost cutting is a big part of synergy. Cost cutting could mean asking a person to do 20% more or cover the job of another person, and then ask the other person to do something totally different or even leave the company at the end of the day. Part of the M&A strategy in some organizations involves cost synergy. Behind that is better economic performance and efficiency, which is symptomatic for a very established market with a lot of resources. This is changing a bit because of the technological advances. I don't know whether we should call it a revolution or fast evolution, but currently our (or my) job is very much driven by firms interested in optimizing their current business model with an eye toward expansion, because fundamentally they believe that their organization may be going a completely different direction in ten years' time. In my 14 years of experience in banking, through the financial crisis, etc., I cannot recall a time when a manager/CEO from a very established firm would say: "My firm produces X today, but I don't know what we will be producing ten years from now. The only thing that I do know is that I will not be doing what I'm doing today." Ten years ago, if you asked people who produced cranes, cars, or other forms of equipment, what they would be doing today, they would say that they would be producing better cars or better cranes. Today we have a very different environment and that makes it so exciting: transactions involve integrating new technology, new ideas, and new culture, which makes it also much more difficult for us, by the way. The focus is less on the economic aspect of return on capital within the next three to five years and more on having a business in ten plus years. This environment is changing the way these decisions are made: they are driven less by short-term cost cuts and geared toward improving, in a clear and measurable way, collaboration. More time is needed to integrate a very technologically advanced organization into a more established organization so that the product can be developed together. Sometimes decisions are taken today to merge even if there isn't a clear idea of what the product will be. There is a belief that adding knowledge and expertise to your organization will ultimately bring some new product to life, one quite different from what it used to be.

P. Verschure So, we understand now the economic forces that might drive the merger. You also indicate that new factors are now emerging. Let's look at that later, and focus on the board's decision. In the end, if you would push them, the board will favor the economic argument on the table: return on investment. But if we go inside the organization, you will encounter people in different positions who would say, "I don't care about return on investment. My interest in life is different. I'm more worried about my job, and so on." How do you make that translation step?

E. Wiecko It's important to find out what the role of these people could be in the new combined organization. This is the role of the adviser together with the board members, who have the responsibility to think about how to allocate resources afterward. It's very important that people have clarity on what's going to happen, especially people who have to drive and motivate others. The concept of growth, whichever type of growth it is, helps the organization to enhance its capabilities and influence, in a sense, people to gain a growth mindset, so that they ultimately start to believe that this is going to be enhance their situation, their everyday job, their pay, their job security, and the next step along their career path. This is joint work that has to be done. The bigger a project is, the more prominent it is in the organization. If you think about it, for many of the line managers that you would be working with, this is their chance to present what they have done or present their subproject or part of the project to the board of directors, to influential people, to the shareholders, to influential people in the organization. Such a chance does not normally come about every day or even every month, so this is their chance to shine and potentially go for the next career step if they do it well. When I was building up my career, this is the point where I gained a lot of personal friends as well as allies for the future. For many people, this is the first situation of that magnitude in their career, and as an expert in M&A, I can help them prepare best for this stage: for presenting and for setting up their subproject, for performing well in front of their reporting lines and board members or shareholders.

P. Verschure That is the positive side of the spectrum. But you also know that in this process, people are competing for a smaller set of positions. This competitive process is set up to eliminate redundant positions. In the end, the total volume has to decrease. People who are under threat might be less motivated to collaborate with their direct colleagues because they are competitors. How do you manage that part of the process?

E. Wiecko Most of the time, this process happens after the deal has been completed, and most of the time I'm not there anymore. At the moment when organizations are really being combined, I'm not really a part of the project anymore. We are involved up until the closing and financing of the transaction. The post-merger integration part involves other people, and these fears are obviously there. If a merger involves a big organization that is particularly good on the sales and marketing front, and my client—the people in that organization—know that they are taking over a competitor, and the competitor is particularly strong in this field, they know that their boss, or at least some people on their team, will be replaced with this new organization, because they are famous in the market for being better in certain parts, certain areas of the business. There is always this situation. And that's actually tough. And that's what I was trying to say: there are people who will who have less interest, intrinsic interest, in the transaction. You sometimes need to involve them in certain questions, treat them with respect, and obviously try to get information out of them. You need to assess the situation in the right way, and sometimes keep them a little bit away from what is happening day to day, minimize the requirement to work extra hours or put extra effort into the merger. One must navigate around navigate around sensitivities in certain parts of the organization and figure out how to get the information that is needed. I have found that people contribute if you show that you're interested in their perspective, in their intellectual contribution, even if they are not part of the bigger thing and don't agree that it will be a good transaction. There are always people in teams that think they could have developed the technology themselves, or could have improved it, or decided that it isn't needed. But when you show interest in their perspectives, people tend to open up and talk to you. As an adviser, as someone who only jumps in for a certain period of time and then will be out of the organization, people are relatively open toward us, because they know that we are there for a certain period of time. They can relay or explain their frustrations without fear that this will be communicated throughout the organization and ultimately impact their careers negatively. Ultimately it is the role of the adviser to say: "This is my task, this is what I'm trying to achieve. I don't take positions or try to interfere with ideological questions or decide who is better at what, because I can't assess it anyway. I'm just trying to fulfill the goal that I've been asked or employed to do. I've being asked to join this project because people want certain results out of me." It is important to be as neutral as possible and to focus interest in the content that people are able to deliver.

P. Verschure But once you descend into the organization and you start to engage with the line managers and their teams, you're descending, in some sense, into a black box that you didn't know before. You could potentially discover dynamics, attitudes, features and failures of organizations that might actually be conflict with the goals of the merger itself. Would you bring this information back to leadership of your organization, the board, so that plans could be readjusted? Or do you just descend into the organization, prepare it for the merger, and that's it.

E. Wiecko If I were the client, I would ask any adviser external to the organization to give their perspective, because as a new person, you have a different perspective and can see conflicts and issues with a fresh eye. So, yes, we try to bring this information to attention of organizational leaders. How this is done is ultimately dependent on the depth of the relationship that you have, especially with very senior people, how open you can be in giving feedback to them. The projects where where the client says, "You added a lot of value as a bank," are those where you have gleaned a very good relationship with people at the top (the board-level executives) and can convey to them what's going on, what forces exist in the organization, from a fresh perspective. And they would want to listen to it. To give you an example, in those very close relationships, where we've been working together for years and it's perhaps not the first transaction, a lot of trust already exists. I provide feedback to board members—individually, of course. We spend a lot of time with them or with the organization trying to phrase certain feedback in a way that is not perceived to offend their CEO or CFO, or whoever it is. Initially, the need for this surprised me. It doesn't surprise me anymore, but I still think it's not a good sign. It's something that C-level executives should work on and address. If you don't discuss the actual content, what you're actually trying to achieve, but you spend time discussing the way you position and transport it to the C-level executives so as not to be perceived as someone who opposes the project or some important steps….this always strikes me. For my very good and well-known clients, I recommend that they should go and talk to a specific line manager (or manager of a subdivision) because that person is spending more time trying to think about how to best sell the question to you instead of the question itself. This is a pure waste of time and an indication of a culture where there is too much hierarchy, in my view.

P. Verschure You highlight the importance of communication: you establish a line of communication that was previously absent but is critical for the organization. Do you do offer this information based on your own assessment or do you only inform them when asked?

E. Wiecko Actually, I inform them even when I'm not asked.

P. Verschure Ok. But how does this happen in complex projects, for example, the power industry? Issues might emerge locally that are completely critical at that level, but they cannot be considered because they would destabilize the entire project. How would that balance be struck?

E. Wiecko The perspective I would take is also very specific to my job: my job is to make sure a project works within a certain timeline, and to correct the timeline if it is not the right timeline. Ultimately, my job is to make certain that each of the project is executable. Sometimes we might find that it's not going to work the way we initially thought it would. That has happened many, many times, and it is our job to explain why the initial timeline is tough or too ambitious, and that the timeline needs to adapt and be adjusted. The difficult statements that I carry from A to B, and make at the risk of being considered difficult, are communicated only when I think they endanger the process itself. After intense interactions with an organization for 12-18 months, most executives appreciate this feedback—how you, as an external adviser, view the organizational culture compared to others seen in the past. This is valuable information, independent of the project.

,P. Verschure Sure. So, we have learned how you would approach a merger or acquisition. Now, what makes this really work? What's your best example and why did that work so well?

E. Wiecko The split of RWE (Rheinisch-Westfälisches Elektrizitätswerk) into two separate organizations (RWE and Innogy) is an important example. It was the opposite of a merger. This totally repositioned both organizations with different strategies, different market. It was a huge project requiring massive effort. It had to work throughout Europe, wherever RWE headed operations. We worked locally with people in the Czech Republic, the Netherlands, and Germany, and it represented a very big step for the organization from within. Normally a big organization buys up a smaller one. This was completely different. I think what would ultimately made it work was that there was a clear vision for both organizations, what they were supposed to become. It took a lot of engagement, effort, and time to carry this project through the ranks down to the people who work on everyday tasks in different regions, and to explain the process, the target goals, and how these organizations would work in the future—what their vision of ensuring energy would be…and ensuring enough space for everyone, ensuring that they can proceed with their operations in the future. I think this is a very good example.

The transaction was completed in about a year. From a banker's legal perspective, this was a tight time period because the transaction involved so many things. I believe that it was successful because everybody worked with additional effort; everybody was convinced and understood what we were actually trying to achieve. Such factors are often underestimated, as the nature of such projects—many of the decisions and ultimate outcomes—must be kept confidential because of capital market communication. You can't overpromise and underdeliver to investors. You try to work within the organization and not to bring too much to the outside world. Often, the point in time where this is being made everybody's business happens too late in the process. You asked for people to do too many things before they actually got a full, proper understanding of what is trying to be achieved. In my opinion, the ultimate success of this project was that each and every person who was involved, independent of their place in the organization, actually knew and understood what we were trying to achieve. We bankers spent more hours than usual on this project, going to different parts of the organization and explaining the process. One of the companies had to be IPO'd (shares of a private corporation offered to the public in a new stock issuance) a second time. How does this process work? What does it mean to be listed? They were already listed, so why were we listing a different organization? What steps need to be taken? To whom will we speak? Who will be the new investors and why would they buy? Explaining this to people who ultimately didn't have anything to do with the process as such, but the explanation helped them understand the process. The RWE did an amazing job at the time, because they brought everybody on board. We had these huge kickoff meetings, and many of the professional advisers wondered why we were involving hundreds of people. But this decision was pivotal to success: everybody knew what was at stake and that they were part of this.

P. Verschure So, you're saying that there was a well-defined goal, that is was communicated effectively throughout the entire organization, and everybody got behind it. (EW: yes). This obviously worked amazingly well. So then, what has been the biggest failure and why did it fail? What caused it to break down?

E. Wiecko I have a name, but...

P. Verschure You don't have to use names…organization "X."

E. Wiecko From my personal experience, the example that I would cite is representative of many situations involving teams of engineers or technology people that you need to bring together. Each person was nurtured by the organization, in the belief that their technical superiority is the one and only success factor of the organization. I don't know if this makes any sense to you, but these organizations are centered around their technological benefit or superiority compared to their competition. In Germany, there are multiple examples of companies that produce something at the top of the market in which they compete. Often, these engineers are brought up in a culture where they think everything is centered around the products that they bring out, and suddenly, someone else comes into play: their firm is being taken over or has merged with another firm, or perhaps they are being asked to help on a merger where the board has decided to bring another organization into the firm. And these engineers judge the whole transaction from just a single aspect and say, "look, they cannot bring anything to the table which we cannot do on our own." And then there is big opposition. (I have used engineers as an example of, but this could hold in other areas where there is perceived content or intellectual superiority.) This poses a major challenge and causes many organizations to struggle, even if the merger is forced through because the CCO decides to do so or, even more so, if the family owner wants to have this company forever. When the window of opportunity is passed to buy and integrate, the organizations run in parallel for years. Integration does not happen for years due to internal opposition—from the people who think that they are the ultimate drivers of the success of the company. From my perspective, it is a big mistake to make one group of people believe that they are the ultimate drivers of success.

I have a very good example from a company where it's totally different. We were at Scania in Sweden. Now if you are truck driver, (people who drive this vehicle but often don't take the decision to buy it), Scania is considered to be the premium product among trucks. They think they are the best trucks on the road. And going into this company, I expected to encounter the same attitude: every person would think that the Scania engine was the best engine, so why would Scania want to merge with another company? But I encountered a very different attitude, and the reason was that every executive in the C-suite of Scania had been put in every position throughout his career. So each executive was once on the engineering team and sold trucks to people and served in the tax department. Scania understood that collaboration and team effort is not built around an excellent, superior engineering team: it involved every team.

P. Verschure In that sense, collaboration is also a matter of culture. This example that you mentioned—engineers turning against change—was nicely captured by the Spanish philosopher Ortega y Gasset in what he called the "barbarism of specialization." In other words, the specialist, an engineer, has so much confidence in their own skills that they generalize that confidence to everything else and are completely blind to the complexity of everything else. This barbarism of specialization is a huge challenge in organizations where skill superiority is needed; communicating with others involved in very different activities can be difficult.

Turning toward a different aspect, did this whole COVID-19 experience, especially the confinement, offer you important lessons about collaboration in the domain where you're active, or has nothing changed?

E. Wiecko Interestingly, from a communications perspective, I believe that the video type of environment has helped to dismantle some historical situations that have been going on forever, and now must change. Why? Because the bigger, the stronger the corporate culture is, and the older the organization is, the more established its culture will be. These tend to be my clients, historically, because these are the big firms. The bigger and stronger the culture is, the more there is a ritual of how people enter rooms, are invited to meetings, talk first, talk second, etc. It's like drinking green tea in Asia: this ritual guides how meetings are set up. Remote video meetings are causing a shift away from behavior toward content: something verbalized catches people's attention relatively quickly. Ranking among participants is also less stringent than in a physical meeting, where your seat at the conference table can denote importance. Sometimes it takes ages for people to sit down because nobody wants to occupy the seat intended for the CEO. And if the CEO happens to take another seat, this can confuse the whole room. None of this exists in video meetings. Instead what you say counts. Meetings are much shorter, more to the point, and more content-driven. That makes the culture less hierarchical and more meritocratic over time.

P. Verschure Right. But on the other hand, you also in some sense develop a model of humans, a psychological model. If you look at humans and if economic factors are decisive, we're back to this old idea of *Homo economicus* who just optimizes return on investment. Yet psychology has shown that humans are not that optimal and sometimes even act against this kind of optimization. Which model of humans provides orientation in your domain: *H. economicus* or *Homo unpredictable*?

E. Wiecko I think we aim for the middle. It's not *Homo economicus* in terms of return on capital, but it's *Homo economicus* in terms of your social relevance and position. I believe that you can observe this everywhere: people want to be heard, want to be a personality, and want to be relevant wherever they are. They want to be relevant to the whole enterprise, and ultimately to society. Even if you have capital on your side, I believe that the feeling of irrelevancy makes people feel insecure. It's really relevancy—your role in a firm or society, and the feeling that you are actually appreciated for what you're doing—that is important. That's my take.

P. Verschure That's very good. But do you believe that humans, with all our quirks, will ever be able to truly collaborate toward a sustainable future, a sustainable society?

E. Wiecko Since I tend to be an optimist, I deeply believe that we can, theoretically. By nature, we are collaborative individuals. When I look at the geopolitical situation, I sometimes struggle with that belief. No doubt, humanity faces a big challenge. One of the historians and philosophers of our time, Yuval Noah Harari, has said that there is no other option if we fail on this. The challenges and the complexity of the challenges that we face are so immense that if we fail to collaborate on a global scale, we will probably fail our planet and many other things.

I tend to believe it is possible. In my micro, economic world, where I've enabled transactions and brought people together from very different parts of the world—China, Brazil, in a German company, in a Brazilian company, in a German company, in a Chinese company, a Chinese company taking over a German company—it ultimately comes down to the individual person interacting individually with other humans. I think there is more commonality than there are differences in the way we are motivated as human beings. We want a certain security for our lives, and security ultimately means financial means in our world. The other important aspect is the feeling that we are part of something that is important and relevant for the world. From my personal experience, this motivation is very similar across different countries and cultures. So, again, I ultimately believe we can collaborate to realize a sustainable future.

P. Verschure If we could just change one thing in humans by magic, what would you change to enable humanity to better maintain and build collaboration?

E. Wiecko I would change the wish to be a star or the hero. I would change the hero culture and I wouldn't change it by magic. I would change it through education and the upbringing of our children. When I read books, children's books with my four-year-old son, I am amazed that most of the books focus on one hero. If you want to find a book that is not about heroes, you need to really search for one, and ask friends and psychologists to recommend some books. In our upbringing, we are taught to believe that it would be best to become the one hero—not the team hero, not part of a hero team—who has all the abilities. We need to overcome this. There are parts of the world, other cultures, where this is better handled. But in our Western world, we still have some work to do on that.

P. Verschure Well, Eva Maria Wiecko, thank you very much for your input and this conversation.

E. Wiecko Thank you. Thank you very much.