How to not sabotage your transformation

Jonathan Allen
Director, Enterprise Strategy
(a) Organizations and Conferences
(1) Insist on doing everything through "channels." Never permit short-cuts to be taken in order to expedite decisions.
(2) Make "speeches." Talk as frequently as possible and at great length. Illustrate your points by long anecdotes and accounts of personal experiences. Never hesitate to make a few appropriate "patriotic" comments.
(3) When possible, refer all matters to committees, for "further study and consideration." Attempt to make the committees as large as possible — never less than five.
(4) Bring up irrelevant issues as frequently as possible.
(5) Haggle over precise wordings of motions, minutes, resolutions. Refer back to matters decided upon at meeting and attempt to re-open the advisability of that decision.
Advocate "caution." Be "reasonable" your fellow-conference to be "reasonable." Avoid haste which might result in errors or difficulties later on. Worry about the propriety of any also the question of whether such contemplated acts within the jurisdiction of some higher echelon.
But we wouldn’t sabotage our own organisations ... 

... would we?
Siloed organisations
I design widgets at the ACME Widget company and have a question for the marketing team.
And on and on and on...
And on and on and on...
\[ N \times \frac{(N-1)}{2} \]
WHO’S IN CHARGE?
Henry L. Gantt
Inventor of the Gantt chart

Gantt chart image: https://archive.org/details/organizingforwo00gantgoog
“Communication is a sign of **dysfunction**. It means people aren’t working together in a close, organic way. We should be trying to figure out a way for teams to **communicate less** with each other, not more.”

Jeff Bezos
Founder and Executive Chair, Amazon, Inc.
1. Siloed organizations

2. Outdated principles
• Divide work to encourage specialization

• Authority—the right to give orders and the power to require obedience

• Unity of direction—the entire organization should be aligned and be moving towards a common goal

• Subordination of individual interests—individual needs and interests should be subordinate to the needs of the organization

• Line of authority—a hierarchy is necessary for unity of direction

• Initiative—encouraging staff to show initiative is a source of strength in an organization

• The principle of the specialization—one group, one function

• The principle of definition—jobs, duties and relationships should be clearly defined

• The principle of the objectives—the overall purpose of an organization is its raison d’etre

• The principle of coordination—the purpose of organizing is to facilitate coordination or unity of effort
towards a common goal

• The principle of span of control—no person should supervise more than 5-6 line reports whose work is interlocked

• The principle of continuity—reorganization is a continuous process and provision should be made for it
“The **Industrial Revolution** has powered most of the world’s successful economies for the past 300 years … management paradigms from high-volume, low-error manufacturing have come to dominate business organizational practices.”

Attributed to Reed Hastings
CEO of Netflix
94% CXOs said their operating model put their growth at risk as they couldn’t keep up

Source: Accenture, 2020
What road do I take?

Well where are you going?

I don’t know

Then it doesn’t matter. If you don’t know where you are going, any road will get you there.
Traditional factory
Renewable energy power plant

21st century
The diagram illustrates the evolutionary flow of technologies, measured on a scale of predictability and autonomy.

**Predictability**
- **Low**: Reimagination
- **High**: Replacement

**Autonomy**
- **Low**: Reimagination
- **High**: Replacement

**Evolutionary Flow**
- **Reimagination**: Focuses on reimagining processes and structures without significant predictability or autonomy.
- **Reconfiguration**: Involves reconfiguring existing systems, aiming for a balance between predictability and autonomy.
- **Replacement**: Indicates a phase where new technologies or methods replace existing ones, with a high level of predictability and autonomy.
Wardley Maps

Very visible to customer

Invisible to customer

VISIBILITY

HIGH

LOW

PREDICTABILITY

LOW

HIGH

GENESIS

CUSTOM BUILT

PRODUCT

UTILITY
Cloud Computing

ENABLES MORE OF THIS

VISIBILITY

LOW

HIGH

1950s Compute

CUSTOM BUILT

PRODUCT

UTILITY

USING MORE OF THIS

- © 2022, Amazon Web Services, Inc. or its affiliates. All rights reserved.
What makes you, you?
Paying bills

- Personal banking customer
- Wants to pay bill
- By branch
- By phone

GENESIS
CUSTOM BUILT
PRODUCT
UTILITY

PREDICTABILITY

© 2022, Amazon Web Services, Inc. or its affiliates. All rights reserved.
Paying bills - 1990s

- By branch: Personal banking customer, Branch agent
- By phone: Personal banking customer, Call agent
- Call center routing: Call agent, Branch agent
- Core banking software: Database, Mainframe
- Database: Low speed WAN, Green screen terminal
- Mainframe: X25 Pad, PSTN
- X25 Pad: Low speed WAN, PSTN
- Low speed WAN: Settlements, PSTN
- PSTN: Settlements

**PREDICTABILITY**

© 2022, Amazon Web Services, Inc. or its affiliates. All rights reserved.
Paying bills - 2010s

- Personal banking customer
- Wants to pay bill
- Pay by web
- By branch
- By phone
- PSTN
- Internet
- Desktop client
- ACD
- MPLS
- VDI
- Settlemens
- Core banking software
- Database
- App servers
- Db servers
- Mainframe
- API gateway
- Onshore call agent
- IVR
- Call center routing
- WWW servers
- App servers

- Apple/Android client
- By branch
- By App
- Pay by web
- By phone
- ACD
- MVP
- Internet
- Core banking software
- Database
- App servers
- Onshore call agent
- IVR
- Call center routing
- WWW servers

PREDICTABILITY

© 2022, Amazon Web Services, Inc. or its affiliates. All rights reserved.
Paying bills - Digital native bank in the 2020s

THE SWEETSPOT

Adjust your processes before your software products

**GENESIS**
- Escalation Onshore Call Agent
- Front End App Logic/UI
- Core Banking Logic

**CUSTOM BUILT**
- Apple Swift
- Backend Payment Logic

**PRODUCT**
- Amazon Connect
- Amazon API Gateway
- Amazon Cognito
- AWS Lambda/Step Functions
- Amazon Aurora database
- Amazon Store/Internet

**UTILITY**
- Amazon Connect
- App Store
- Settlements

**PREDICTABILITY**
- LOW
- HIGH

© 2022, Amazon Web Services, Inc. or its affiliates. All rights reserved.
Predictability vs. Spend/Investment

- **Ideal Investments**
  - Often
  - 55–80% in orgs

- **Typical Investments**
  - Low
  - High
Are you optimised for **speed** or **efficiency**?
Reduce cost of change & learning
Reduce variation

More competitive
More utility

REMAGNED
RECONFIGURE
KPI = CORE
REPLACE

VISIBILITY
HIGH

PREDICTABILITY
HIGH

GENESIS
CUSTOM BUILT
PRODUCT
UTILITY
LOW
Reduce cost of change & learning

Reduce variation

More in-house

More outsourced

GENESIS

CUSTOM BUILT

PRODUCT

UTILITY

© 2022, Amazon Web Services, Inc. or its affiliates. All rights reserved.
Reduce cost of change & learning

- Novel/creative
- Product
- Autonomy
- Change

Reduce variation

- Repetitive
- Process
- Controls and Standards
- Stability

Effectiveness

GENESIS
CUSTOM BUILT
PRODUCT
UTILITY

Efficiency
Tomorrow?

Budget
- Run the engine
- Innovation

Leaders’ Time
- Operations
- Talent
- Strategy

Sources: Hamel & Zanini, 2016; Beauchene & Cunningham, 2020 BCG; Rigby, Elk & Berez, HBR 2020
A team of leaders or a leadership team?

- Cut costs!
- Build a new product!
- Reduce the number of products we sell!
- Open more stores!

Our goal is to become customer centric.
A team of leaders or a leadership team?
So what does leadership do?
Define your organisational principles
1. Integrity: We work with customers and prospects openly, honestly and sincerely (Enron)
2. We value our employees
3. We expect to be customers’ preferred choice
4. We operate within the letter of the law (!)
5. No person should supervise more than 5-6 reports whose work is interlocked
Principles-based organisation design

1. Small multi-skilled teams (Two-Pizza)
2. You build it, you run it
3. The team we have is the team you need
4. Teams choose
5. One size doesn’t fit all
6. Get out of the way
Shift tech right, people left
Bureaucratic Mass Index

\[
\text{Non-customer value generating work + Waiting time} \div \text{Total work} \times 100 \%
\]
Don’t complexify the organisation
ORGANISATION

Small distributed teams

Large, complex organisations

SOFTWARE

Modular

Monolithic

Reduce complexity
Clarity of Accountabilities

<table>
<thead>
<tr>
<th>Role</th>
<th>Owns all resources for initiative</th>
<th>Long-term ownership</th>
<th>Removes barriers and dependencies</th>
<th>Motivates team against an outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single threaded owner</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Single threaded leader</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>
Right resources in right roles
### Resourcing your operating model

<table>
<thead>
<tr>
<th>Employees</th>
<th>Out tasking</th>
<th>Commercial Software/SaaS</th>
<th>Systems Integrators</th>
<th>Cloud Service Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Niche suppliers</td>
<td></td>
<td>Business Process Outsourcing</td>
<td></td>
</tr>
</tbody>
</table>
Reduce cost of change & learning

Optimise for creative output

Reduce variation

More competitive

More utility

GENESIS
CUSTOM BUILT
PRODUCT
UTILITY
Raise the cultural bar
Why hire learners?

65% of children in preschool today will work in jobs that don’t exist yet

10% of what is learned in a classroom is retained after 3 months

100% of what is learned in a classroom and is immediately applied is retained after 3 months

Sources: The Digital Helix, Gale & Aarons; Beyond Performance 2.0, Keller & Schaninger
### Recruitment

#### Organisation’s desires
- FTE $\leq 60\%$ of market
- Modest bonus; no equity
- Specific skills
- Fit for manager
- Takes direction
- Flexible based on tasks

#### Employee’s desires
- Salary $\geq 100\%$ of market
- Equity
- Ability to learn
- Great tech stack and tooling
- Feels ownership
- Inspired by purpose and outcomes
We can’t copy Netflix because it has all those superstar engineers, we don’t have the people.

We hired them from you, and got out of their way…
Engage to retain
Retention

Organisation’s desires

- Stay in role
- Takes direction
- Doesn't ask for raises
- Comfortable performance monologue
- Reskill in own time

Employee’s desires

- Clarity of career path and progression
- Given autonomy to work on great things
- Proactively re-level pay to the market
- Fairness of evaluation
- Continuous learning environment
“To motivate employees … [they need] Autonomy, Mastery, and Purpose”

Daniel Pink
Author, “Drive: The Surprising Truth About What Motivates Us”
31% of employees feel fully engaged at work.

“We will become a data-enabled organisation leveraging our global synergies to achieve a world-class customer-centricity unmatched by our omni-channel competitors.”

Source: Historic Drop in Employee Engagement Follows Record Rise, Harter, Gallup, 2020
The opposite of **demotivators** are not **motivators**

- **Compensation**
- **Performance**
- **Supervision**
95% of managers dissatisfied with performance management systems

Source: The $3 Trillion Prize for Busting Bureaucracy, Hamel & Zanini, 2016
Nurture and recognise expertise
What about managers?

Priorities they can’t cope with or don’t agree with

Questions they can’t answer
Reduce cost of change & learning

Reduce variation

More competitive

More utility

GENESIS
CUSTOM BUILT
PRODUCT
UTILITY

© 2022, Amazon Web Services, Inc. or its affiliates. All rights reserved.
You cannot outsource the whole
Bridging the Gap

**Enterprise’s desires**

- Achieve outcomes
- Co-lo, agile, experimental
- Reduce costs through automation
- High skilled, mixed tech experts
- Pay for results, shared risk

**Integrator’s Desire**

- Generate revenue
- Predictable, contractual, documented requirements
- Preserve margins and revenue
- Mixed skills, specified technologies
- Pay for time, no/low risk

---

© 2022, Amazon Web Services, Inc. or its affiliates. All rights reserved.
Don’t generate your own electricity
“Friends don’t let friends build data centres”

Charles Phillips
CEO - Infor, 2014 AWS Summit
SET BOLD GOALS
The principles

1. Define your organisational principles
2. Shift tech right, people left
3. Don’t complexify the organisation
4. Right resources in right roles
5. Raise the cultural bar
6. Engage to retain
7. Nurture and recognise expertise
8. You cannot outsource the whole
9. Don’t generate your own electricity
## The Journey

<table>
<thead>
<tr>
<th><strong>Don’t</strong></th>
<th><strong>Do</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Photocopy someone else’s culture</td>
<td>Patiently experiment as a leadership priority</td>
</tr>
<tr>
<td>Over plan or over estimate the pace of change</td>
<td>Be stubborn about the vision, flexible on the execution</td>
</tr>
<tr>
<td>Just rebrand roles and processes</td>
<td>Instigate genuine outcome-focused changes</td>
</tr>
<tr>
<td>Ignore “resistance”</td>
<td>Double down on change management</td>
</tr>
<tr>
<td>Delegate the change</td>
<td>Lead and role model the change</td>
</tr>
</tbody>
</table>
Thank you

Please scan my LinkedIn QR code below and connect with me for these slides