How to not sabotage your transformation

Jonathan Allen
Director, Enterprise Strategy

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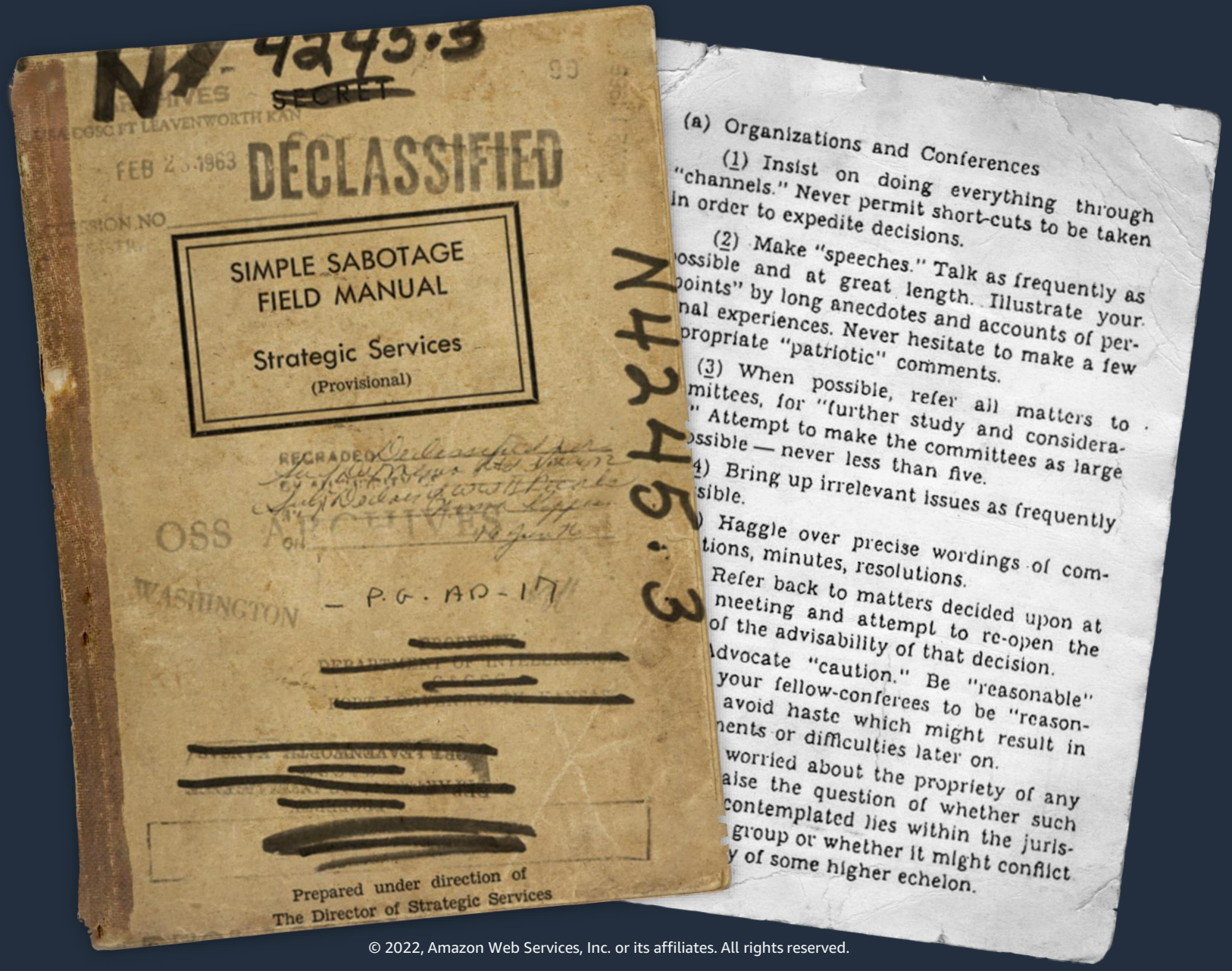

Publisher: United States, War Department, Strategic Services Unit Date: 1944
https://www.hsdl.org/?abstract&did=750070

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But we wouldn’t sabotage our own organisations …

… would we?

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1 Siloed organisations

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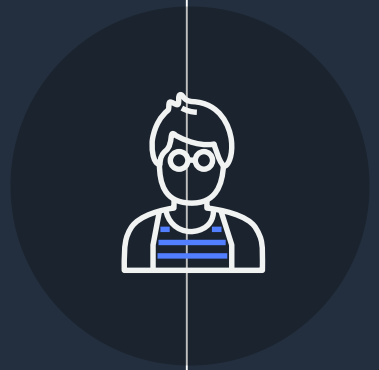
I design widgets at the ACME Widget company and have a question for the marketing team



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MARKETING DEPARTMENT

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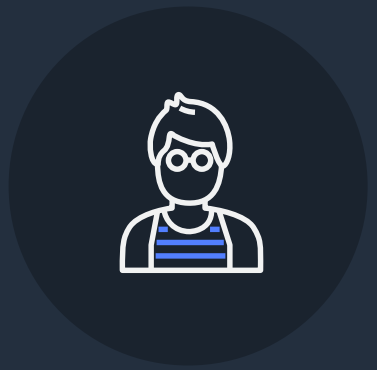

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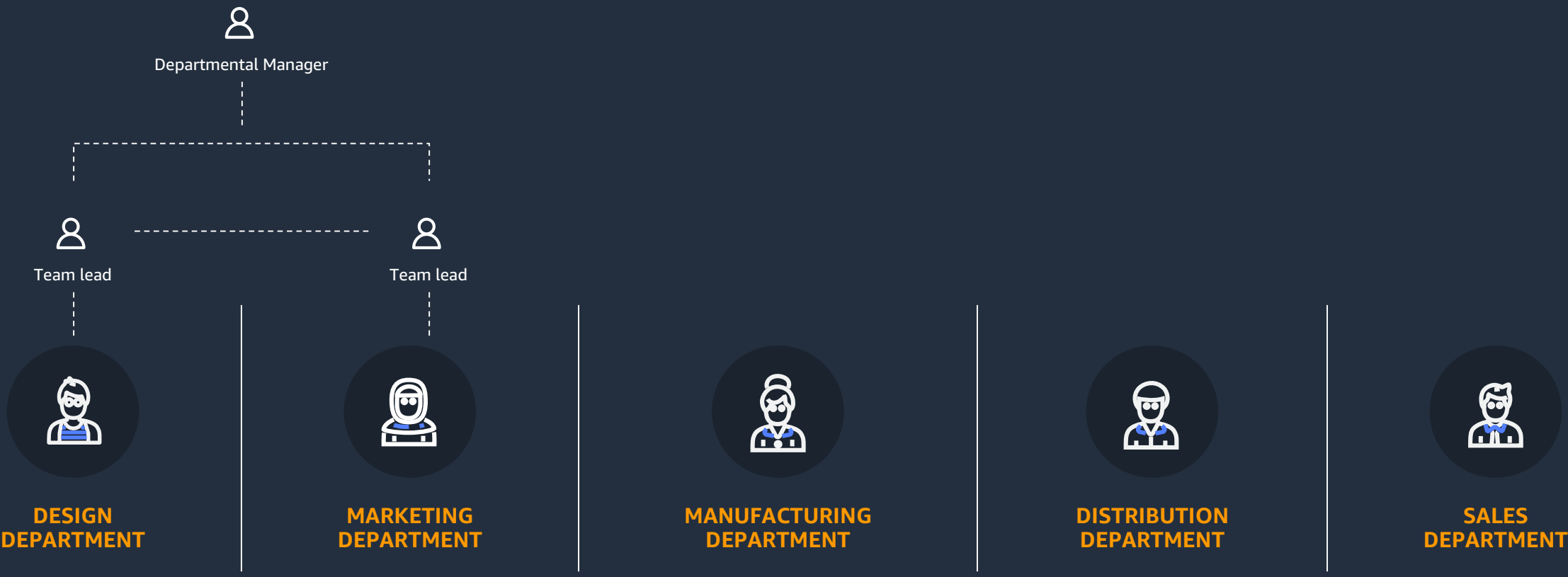

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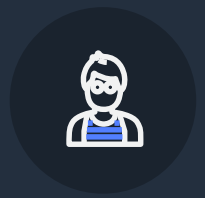

DESIGN DEPARTMENT

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And on and on and on...

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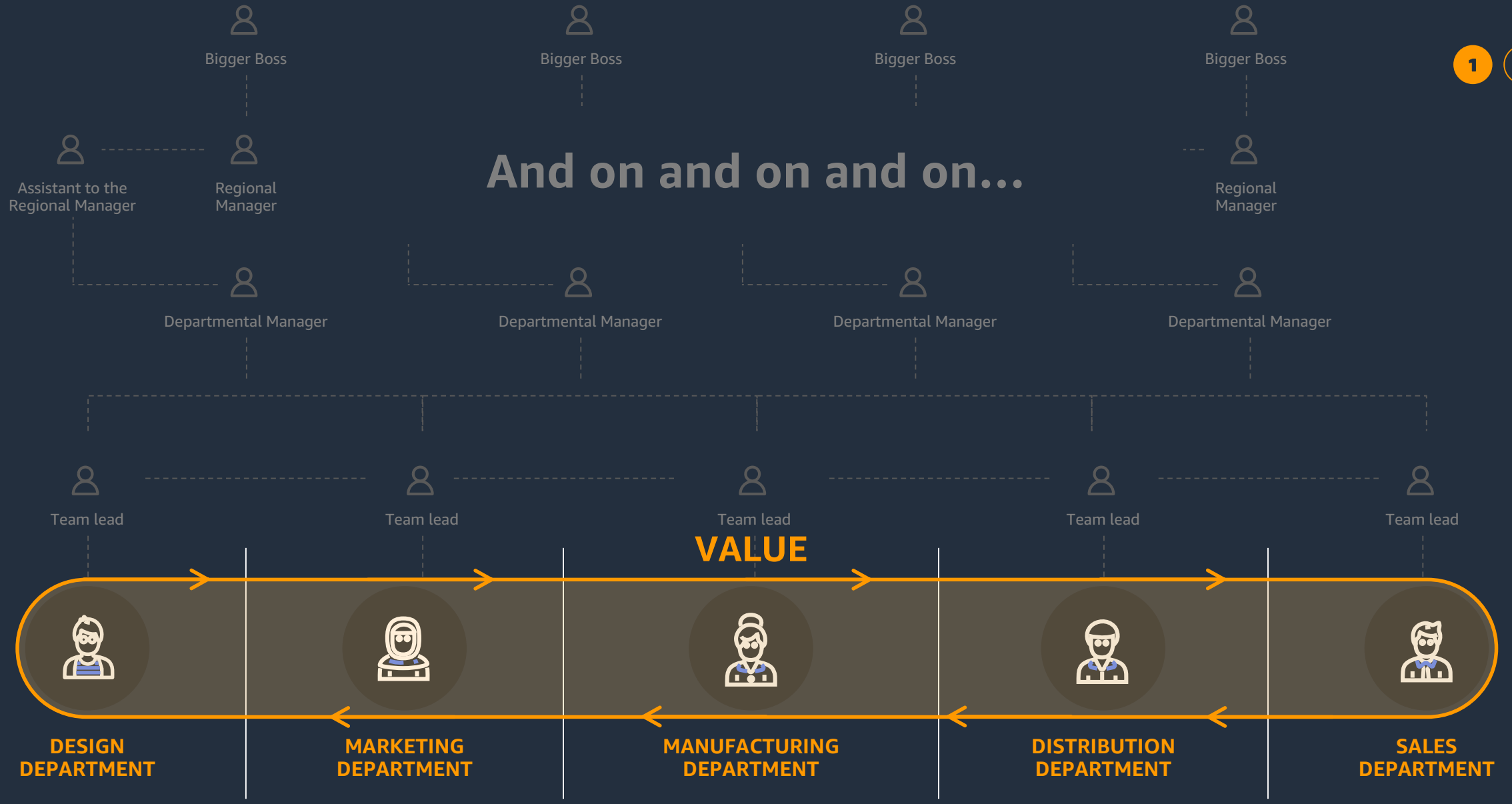
And on and on and on...



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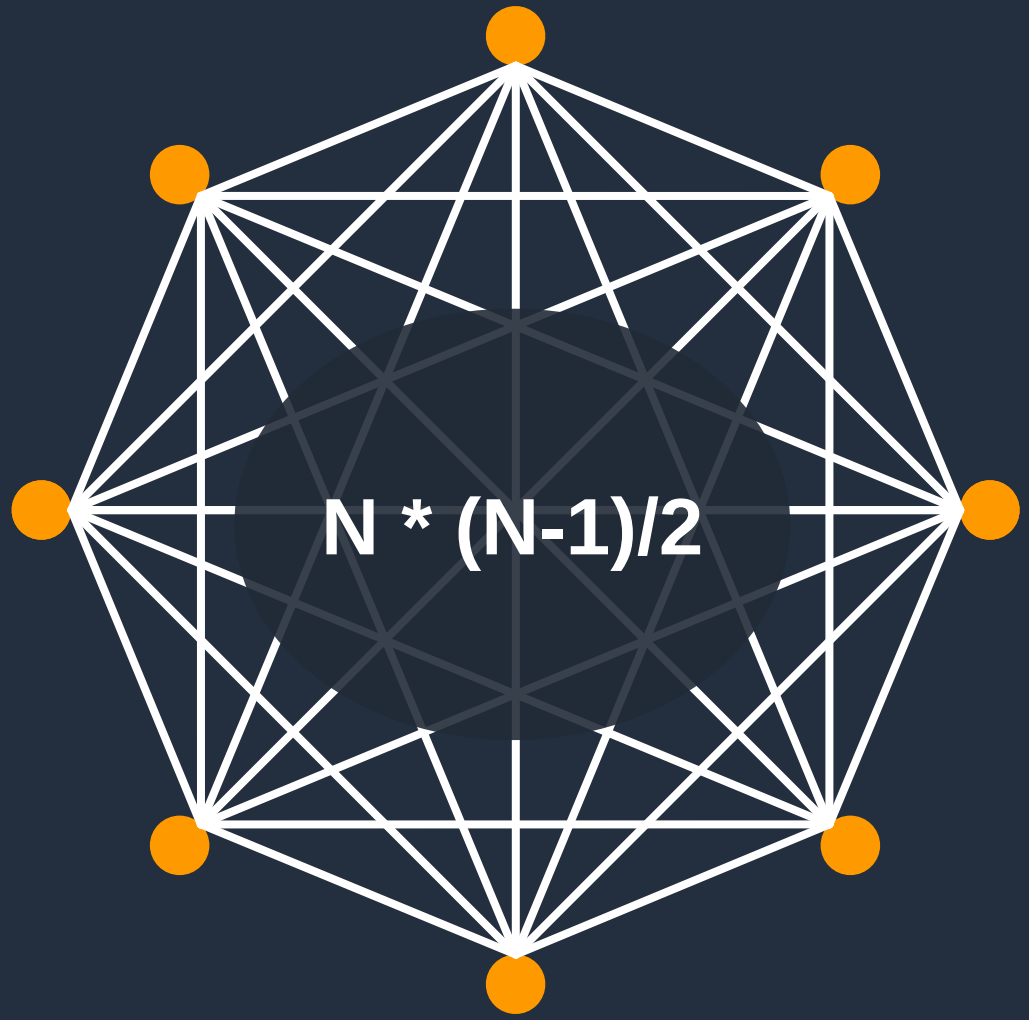

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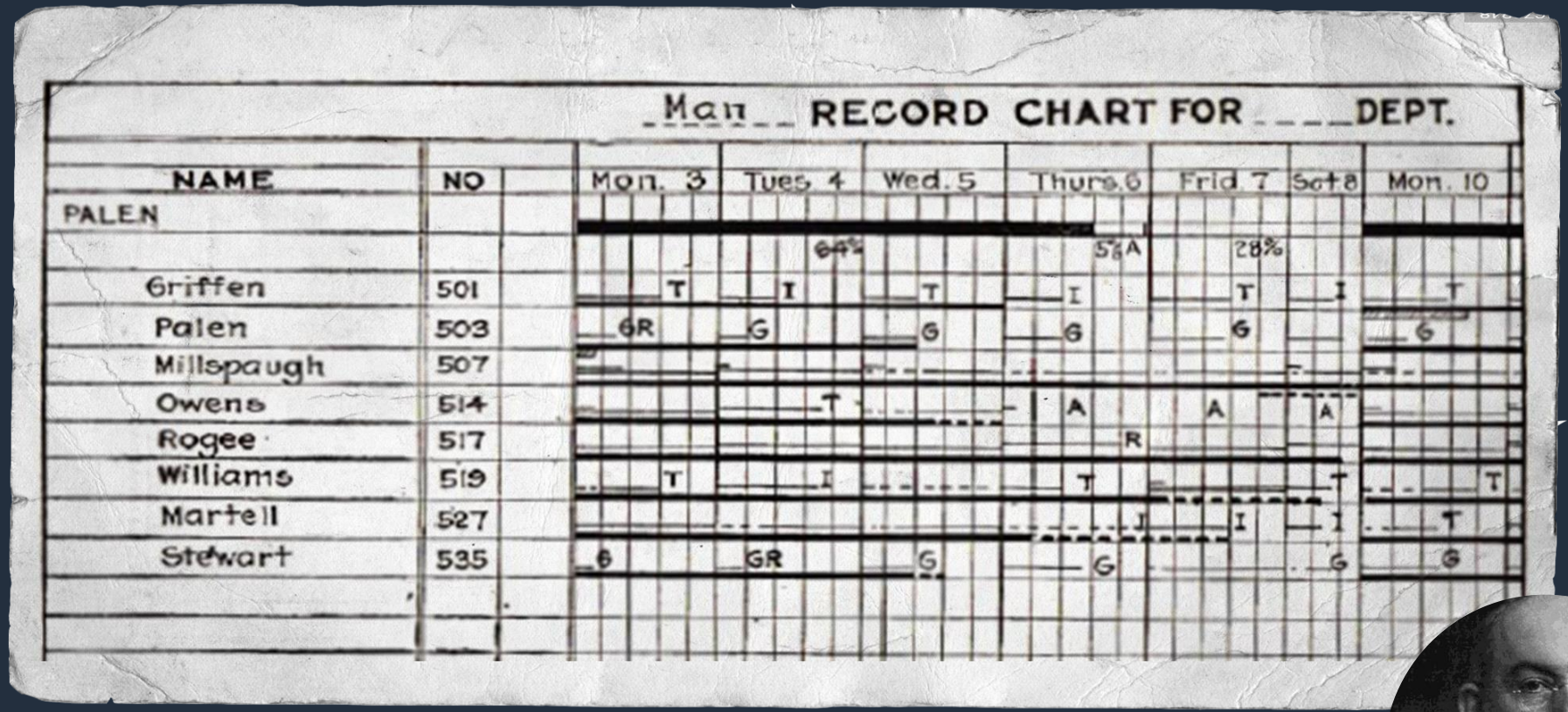

Henry L. Gantt

Inventor of the Gantt chart

Gannt chart image: https://archive.org/details/organizingforwo00gantgoog
Henry L. Gantt photo: https://en.wikipedia.org/wiki/Henry_Gantt#/media/File:Henry_L._Gantt.jpg

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"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.

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1 Siloed organizations

2 Outdated principles

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2

Henri Fayol

~1916

Lyndall Urwick

~1933

Henri Fayol photo: https://en.wikipedia.org/wiki/Henri_Fayol#/media/File:Henri_Fayol,_1900.jpg
Lyndall Urwick photo: https://commons.wikimedia.org/wiki/File:Lyndall_Urwick.jpg; Courtesy of Desmond Delaney

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- 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
- 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

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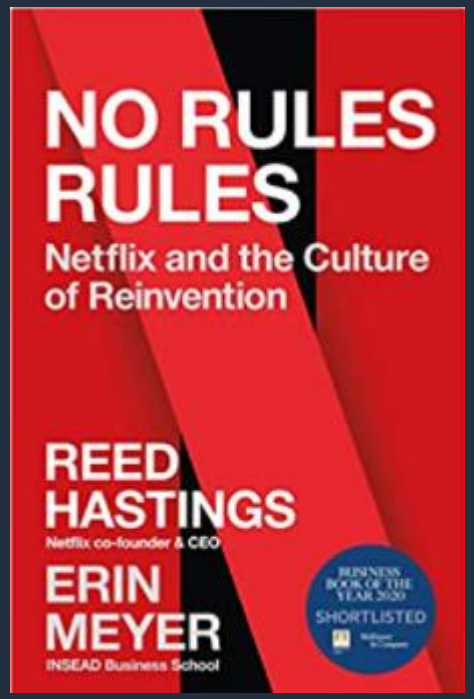

"The Industrial Revolution has powered most of the world's successful economies for the past 300 years … management paradigms from high-volume, low-error manufacturing have come to dominate business organizational practices."

Attributed to Reed Hastings
CEO of Netflix

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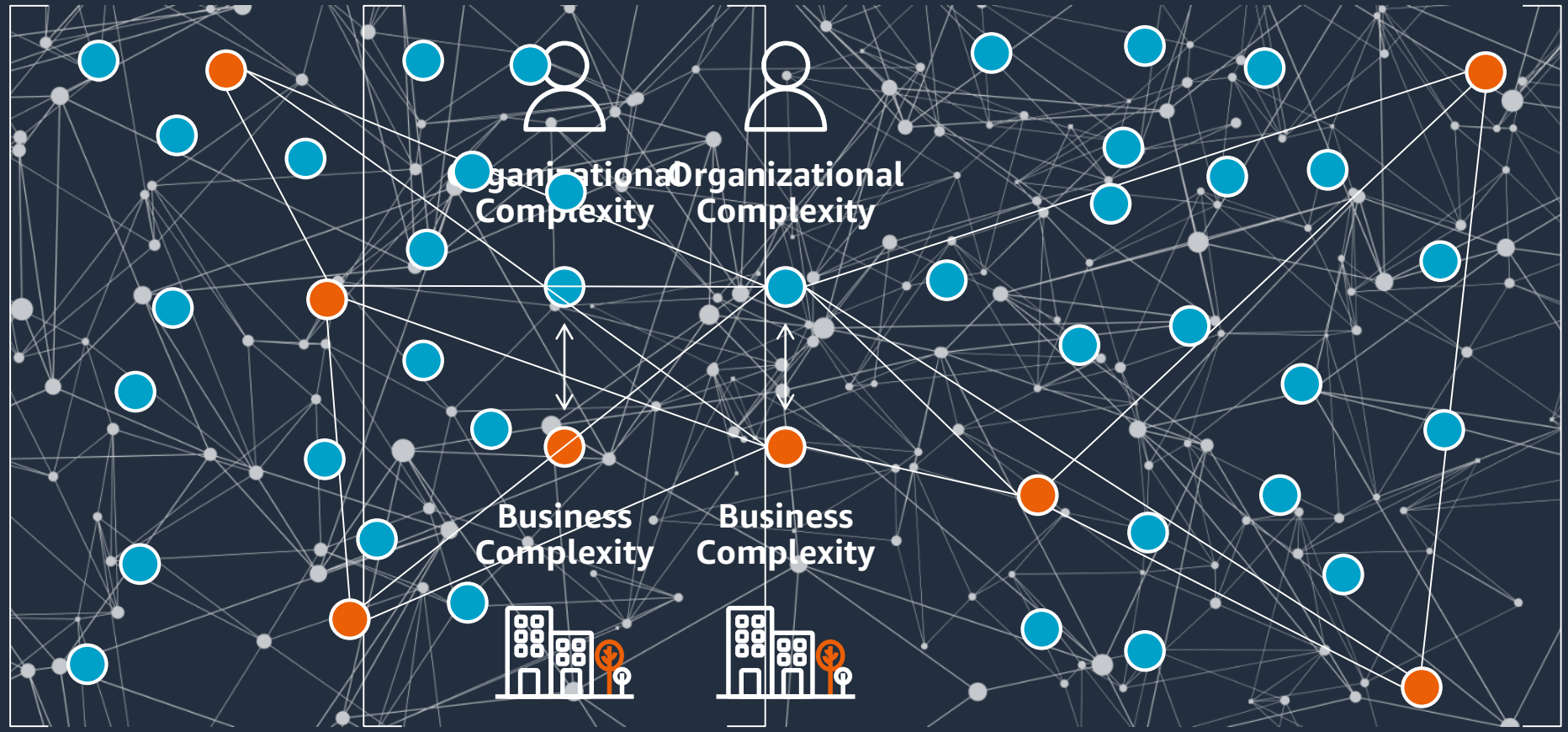
1955 2010



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94%

CXOs said their operating model put their growth at risk as they couldn’t keep up

Source: Accenture, 2020

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What road do I take?

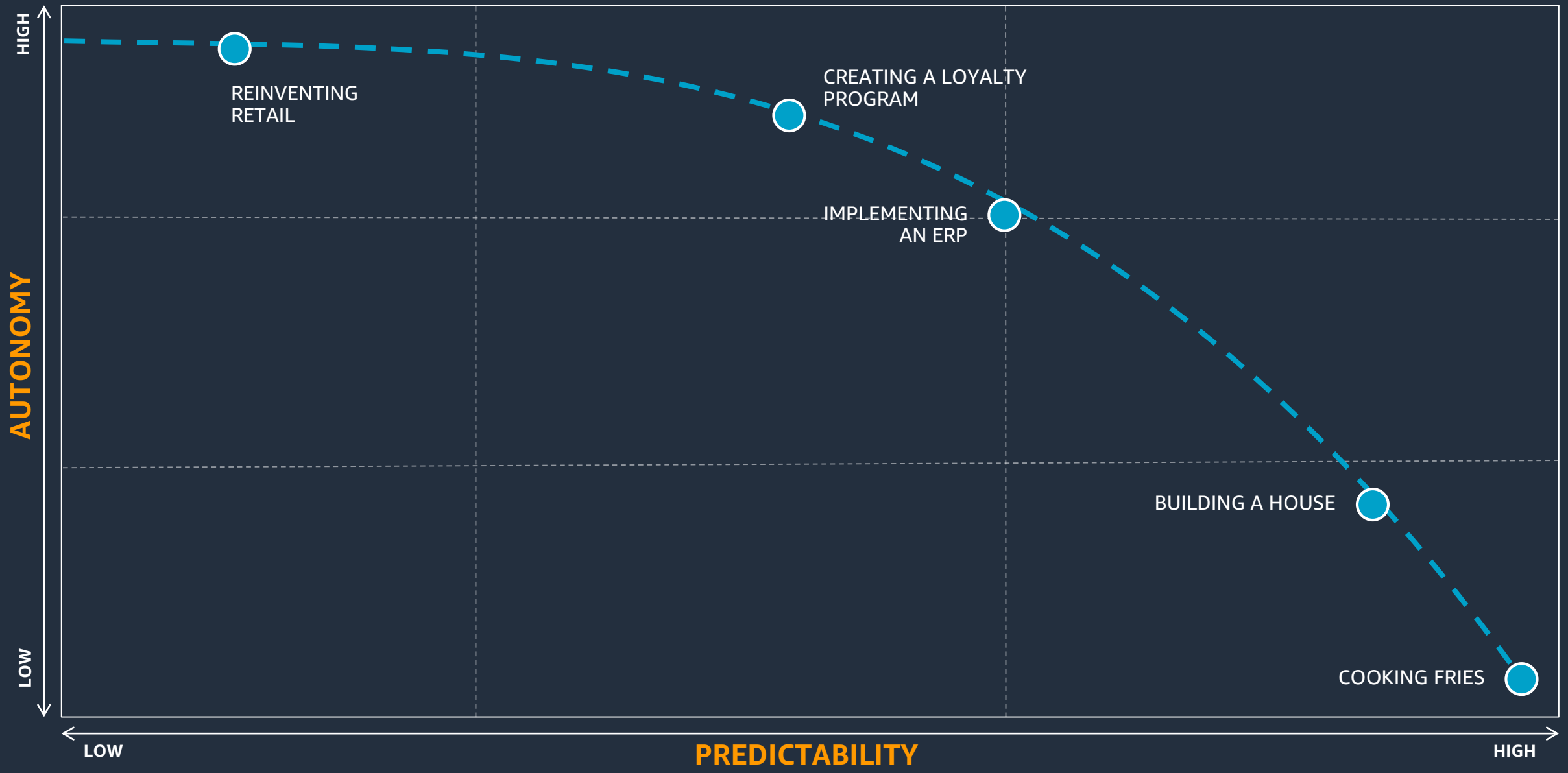
Well where are you going?

I don’t know

Then it doesn’t matter.

If you don’t know where you are going,

any road will get you there.



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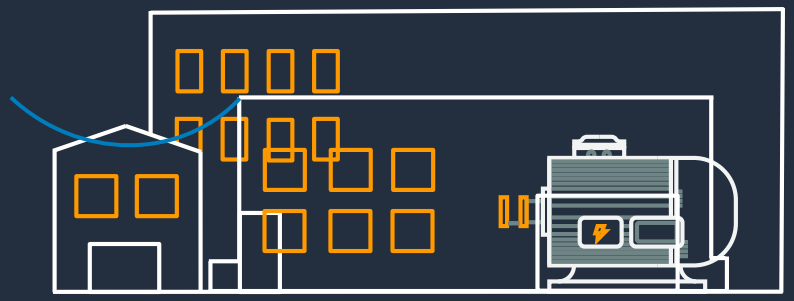
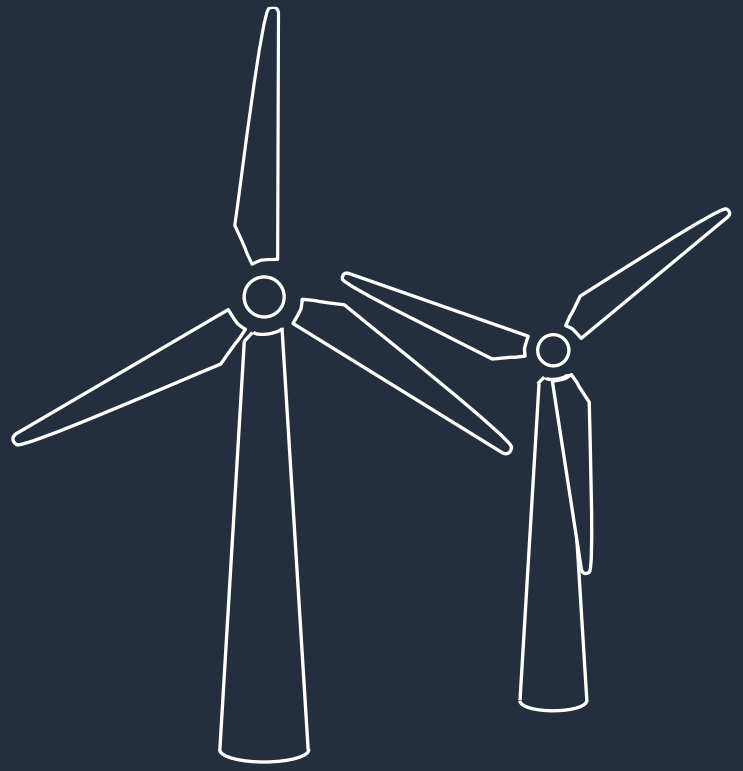
21st century





Traditional factory

Renewable er

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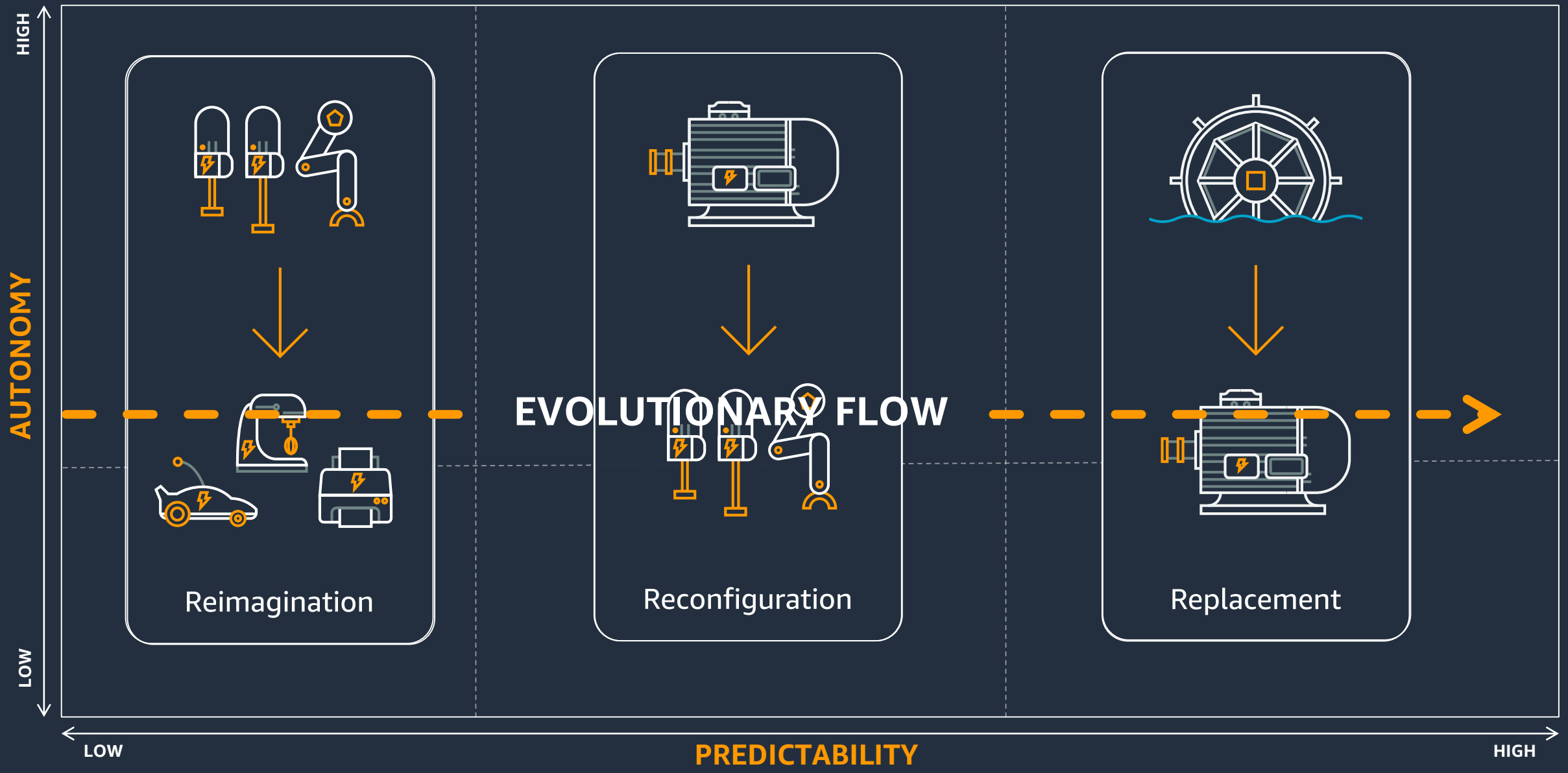

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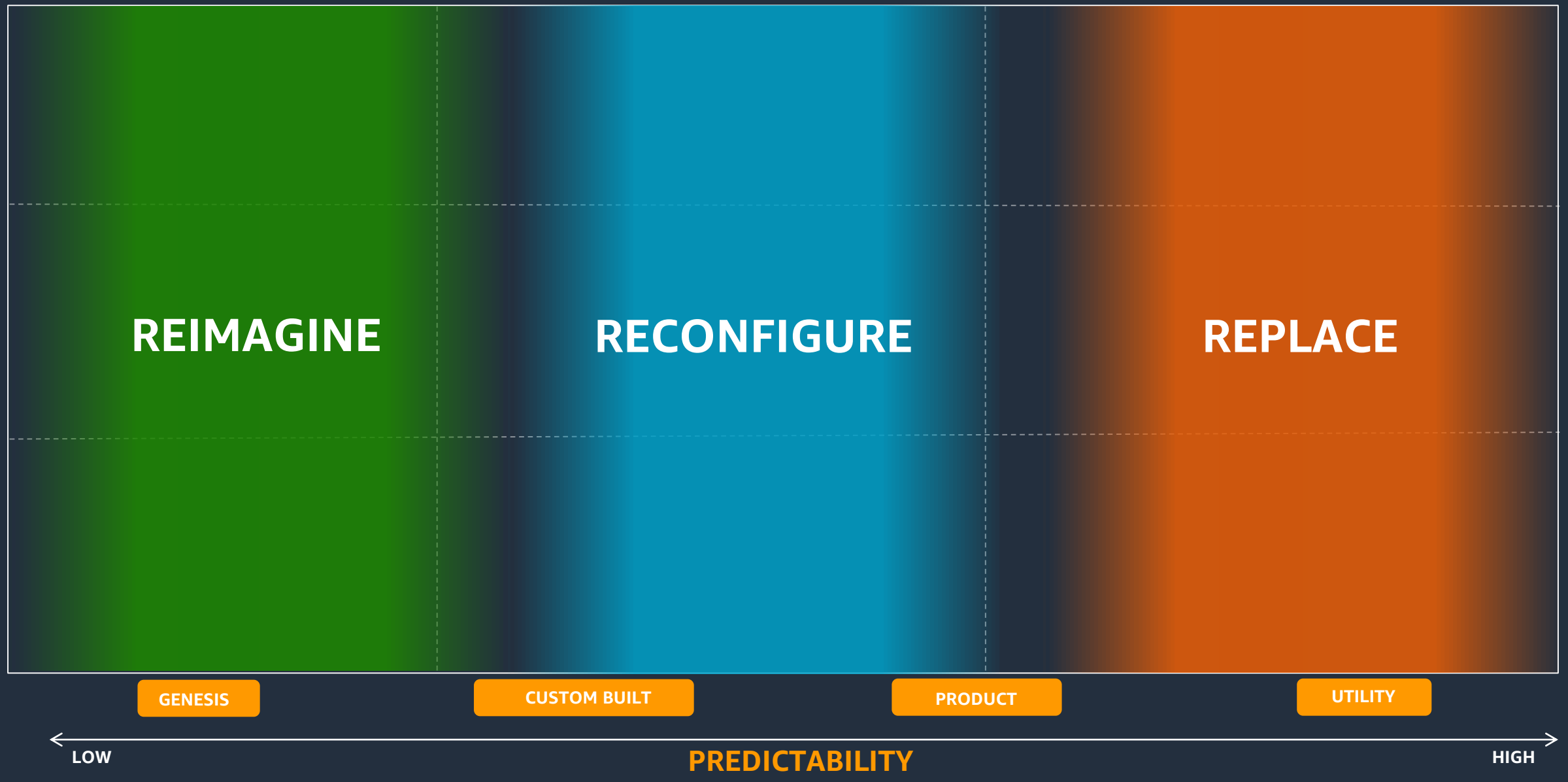

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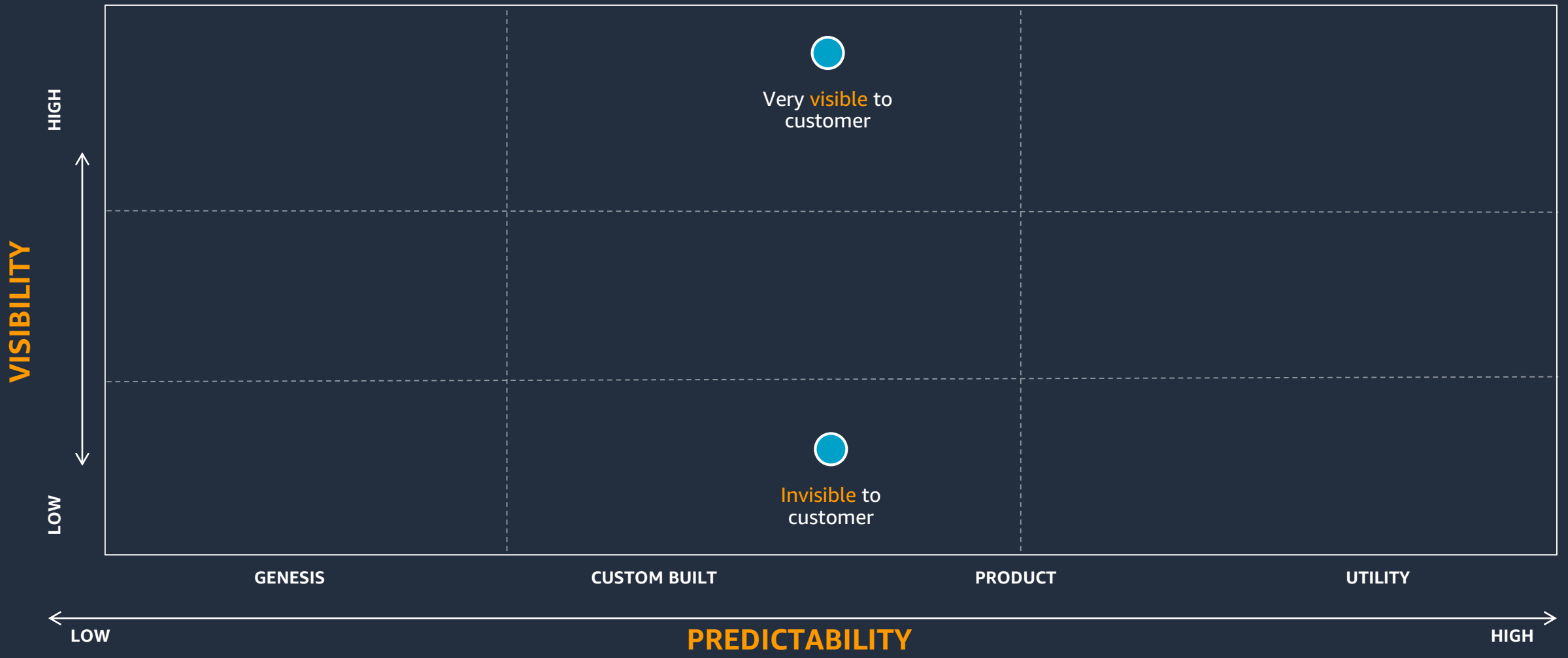
Wardley Maps



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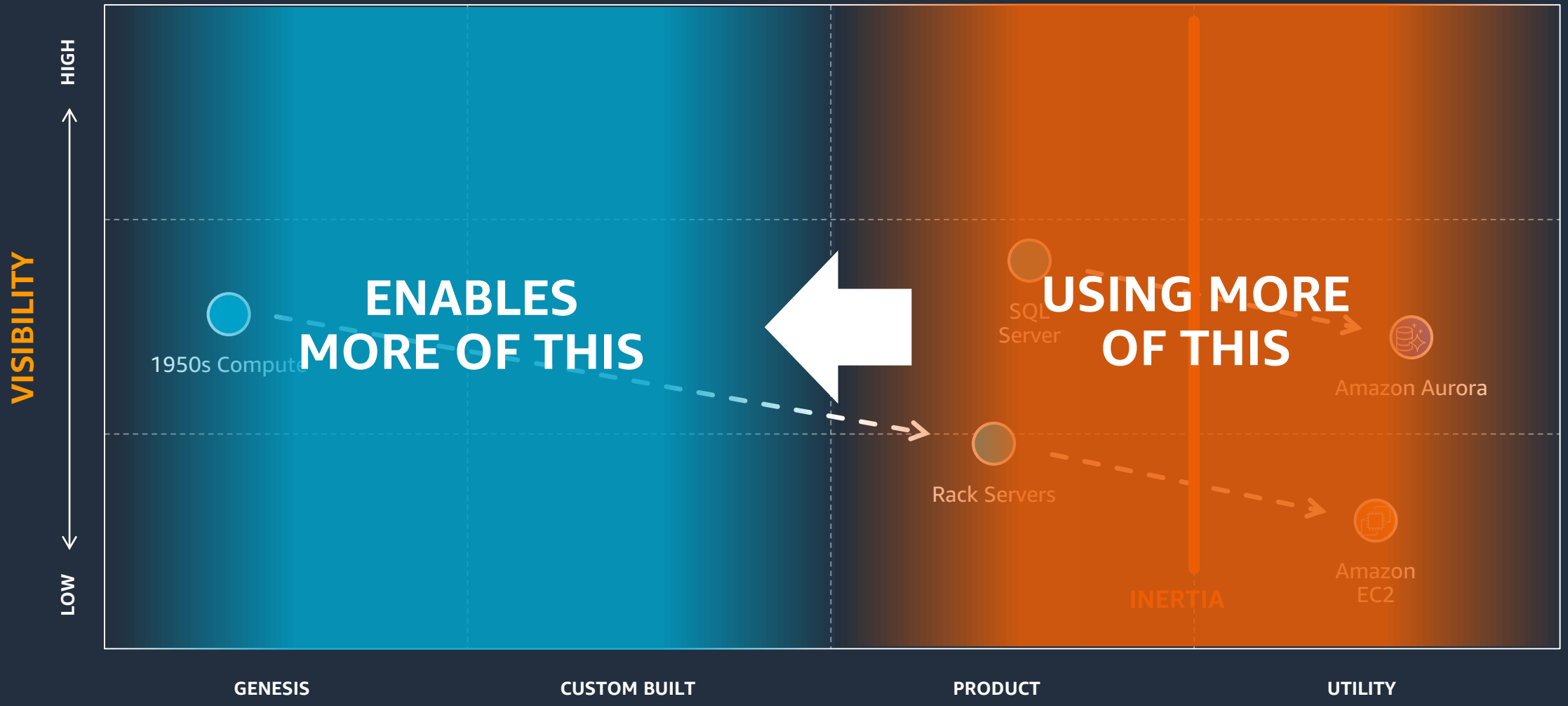
Cloud Computing



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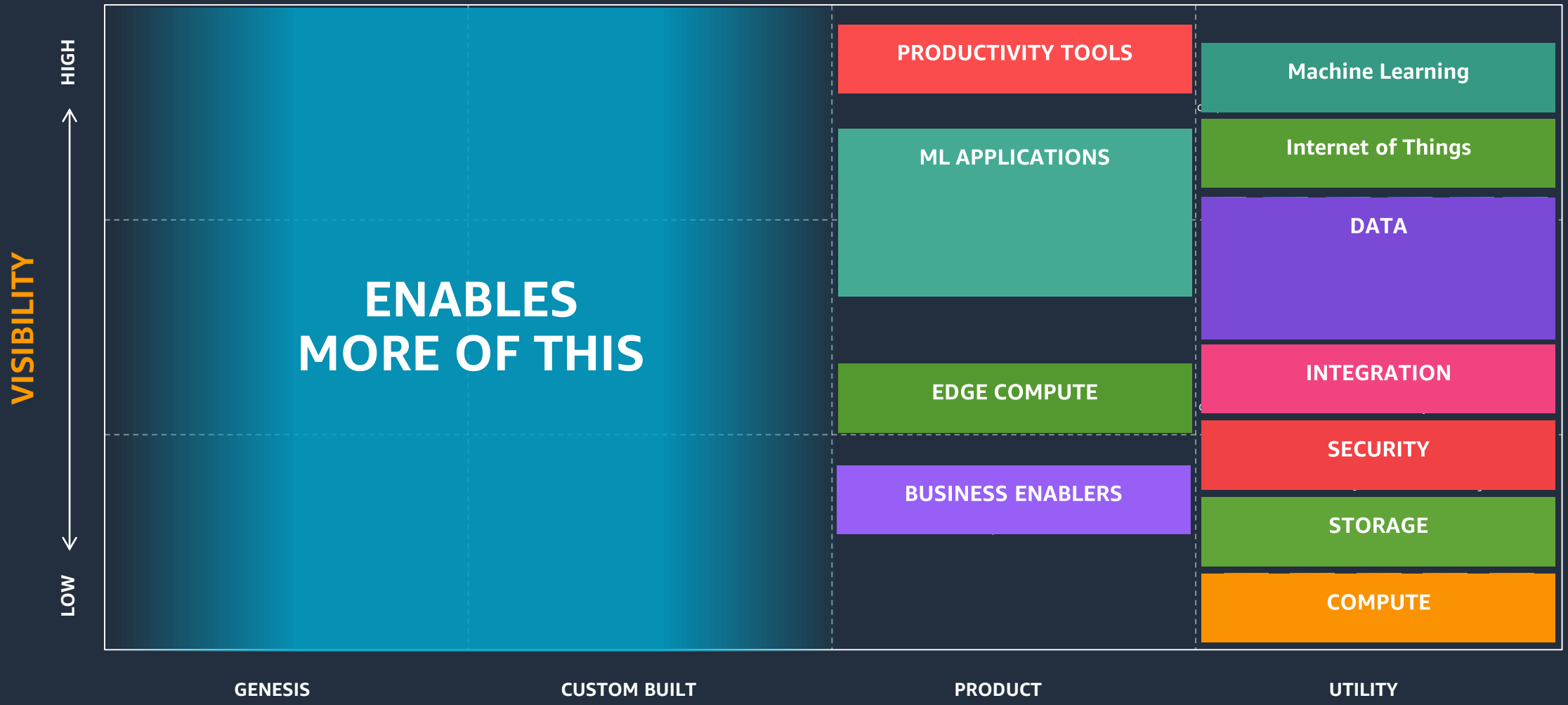
Cloud Computing



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What makes you, you?

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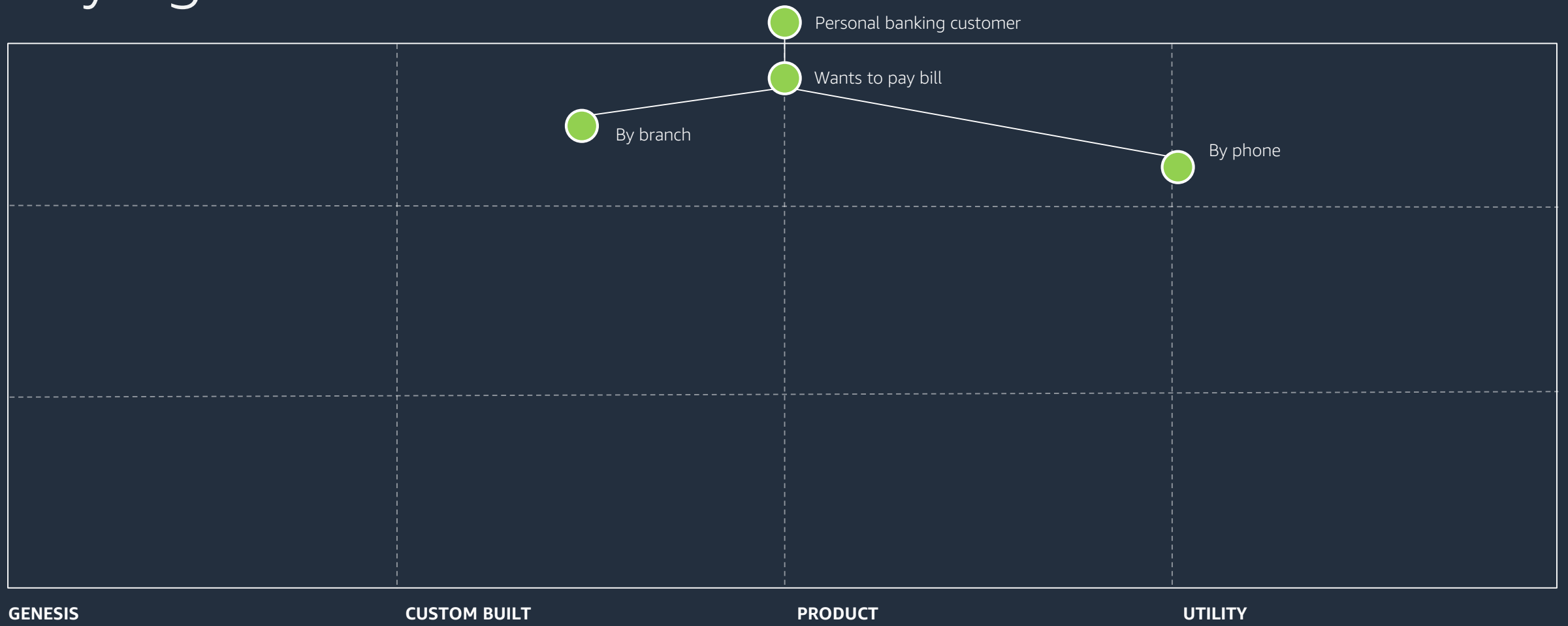
Paying bills



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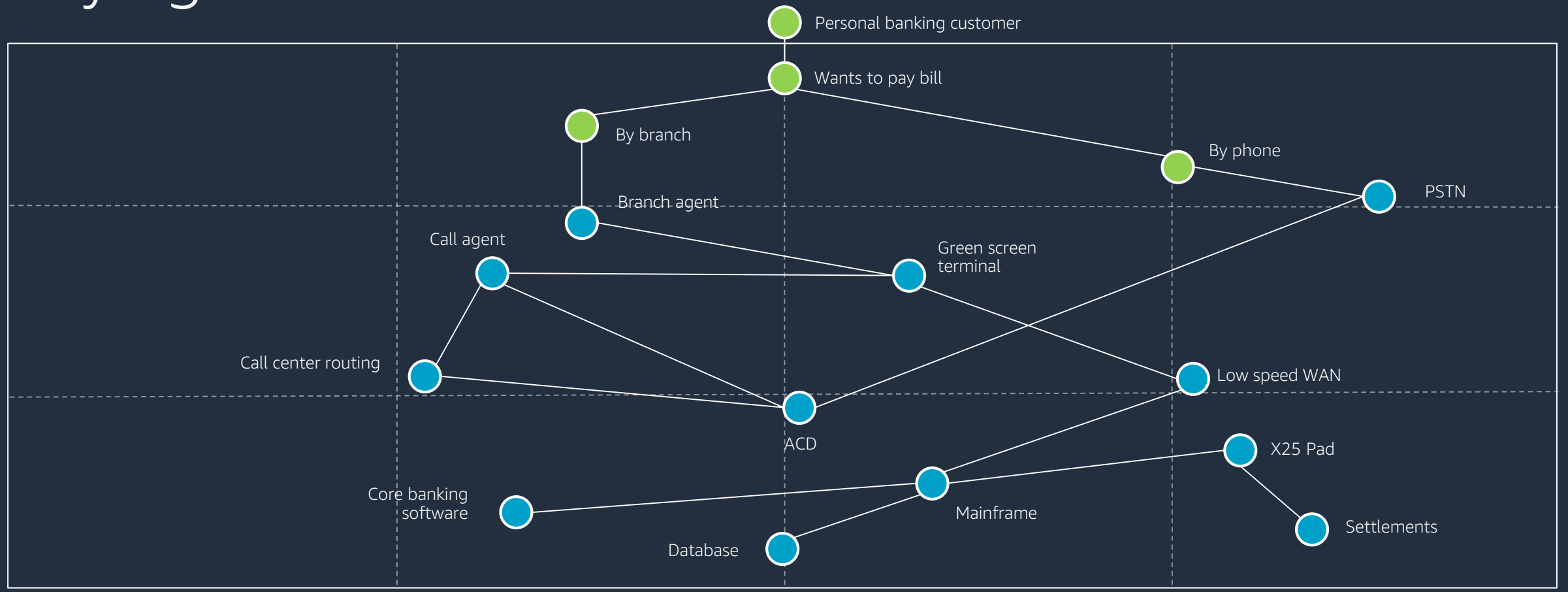
Paying bills - 1990s



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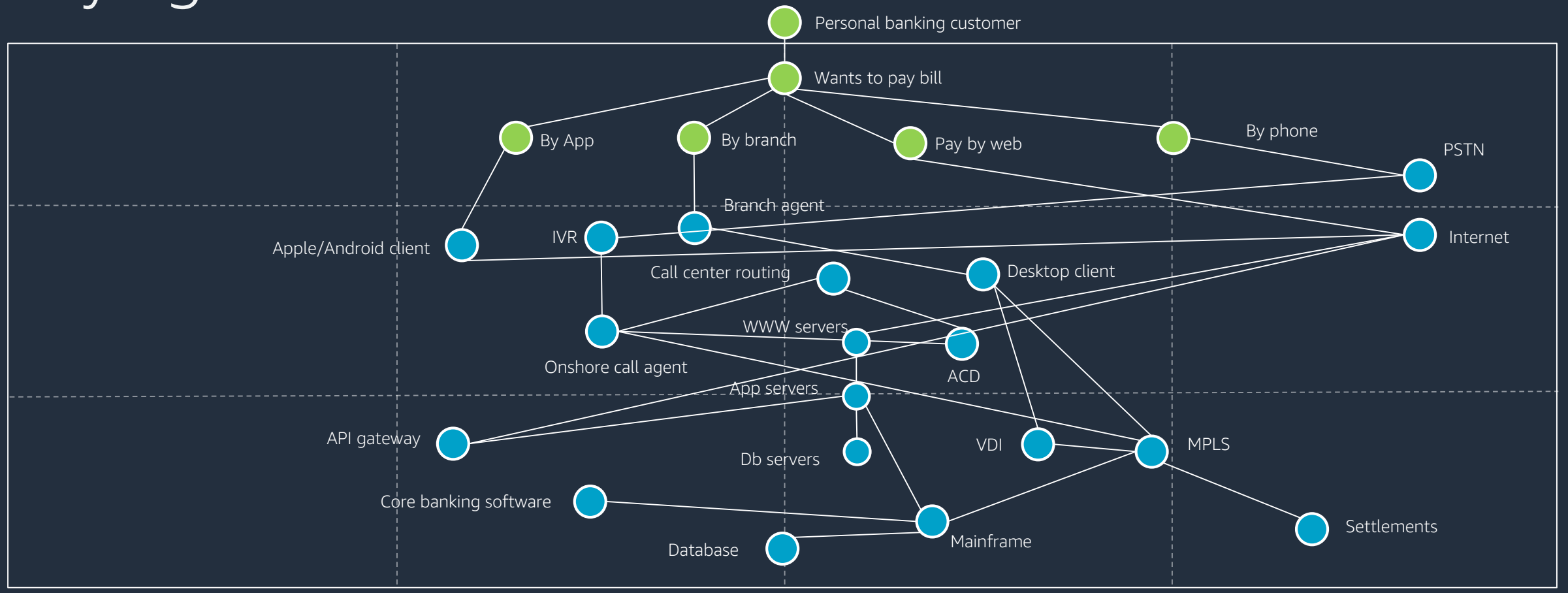
Paying bills - 2010s



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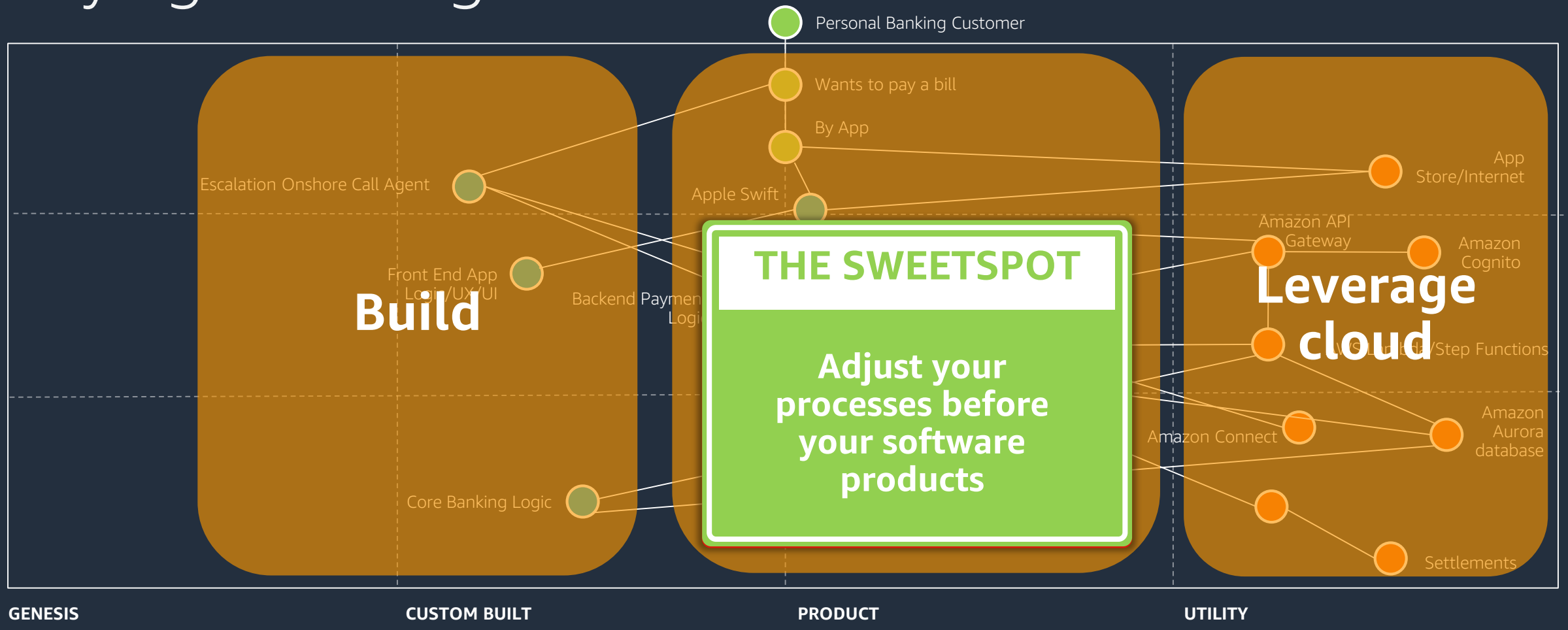
Paying bills - Digital native bank in the 2020s



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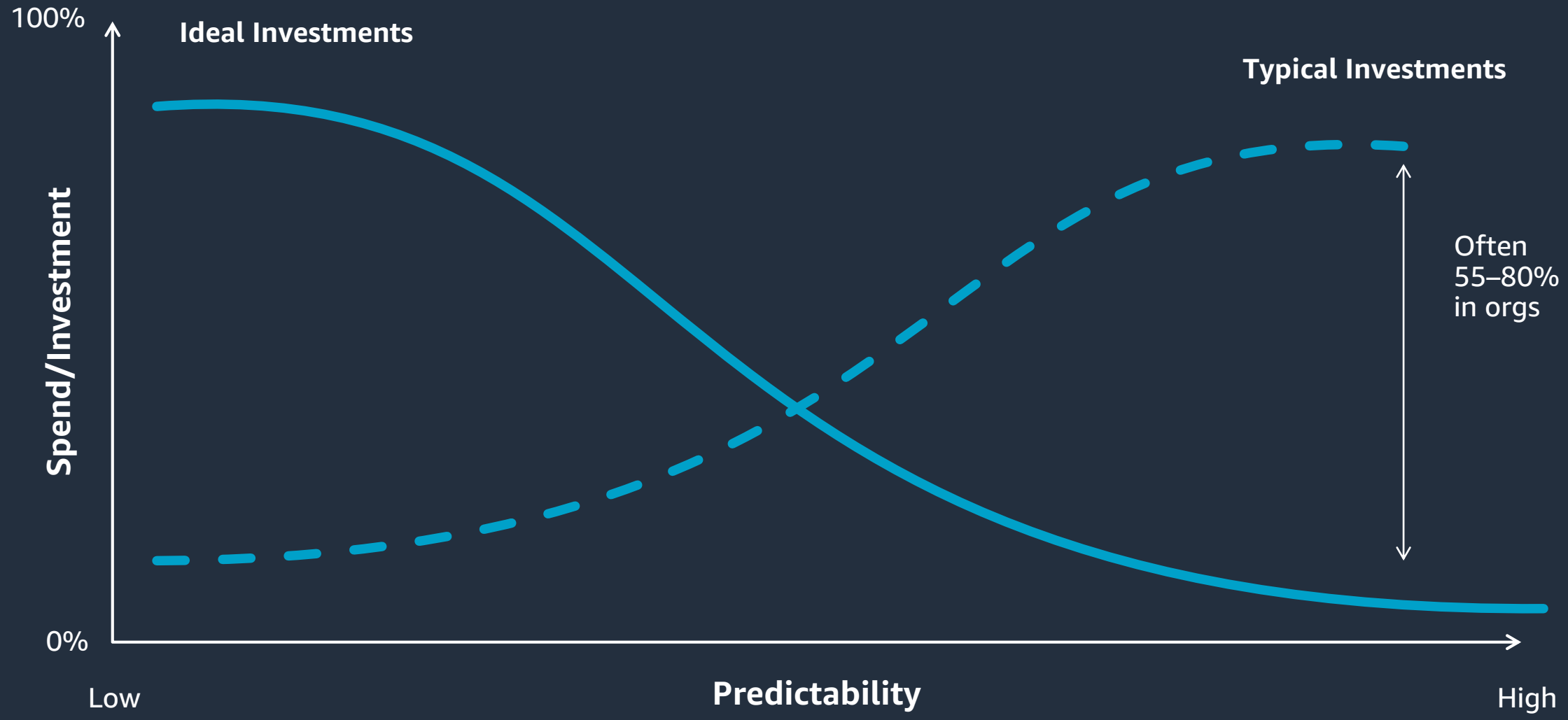

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Are you optimised for speed or efficiency?

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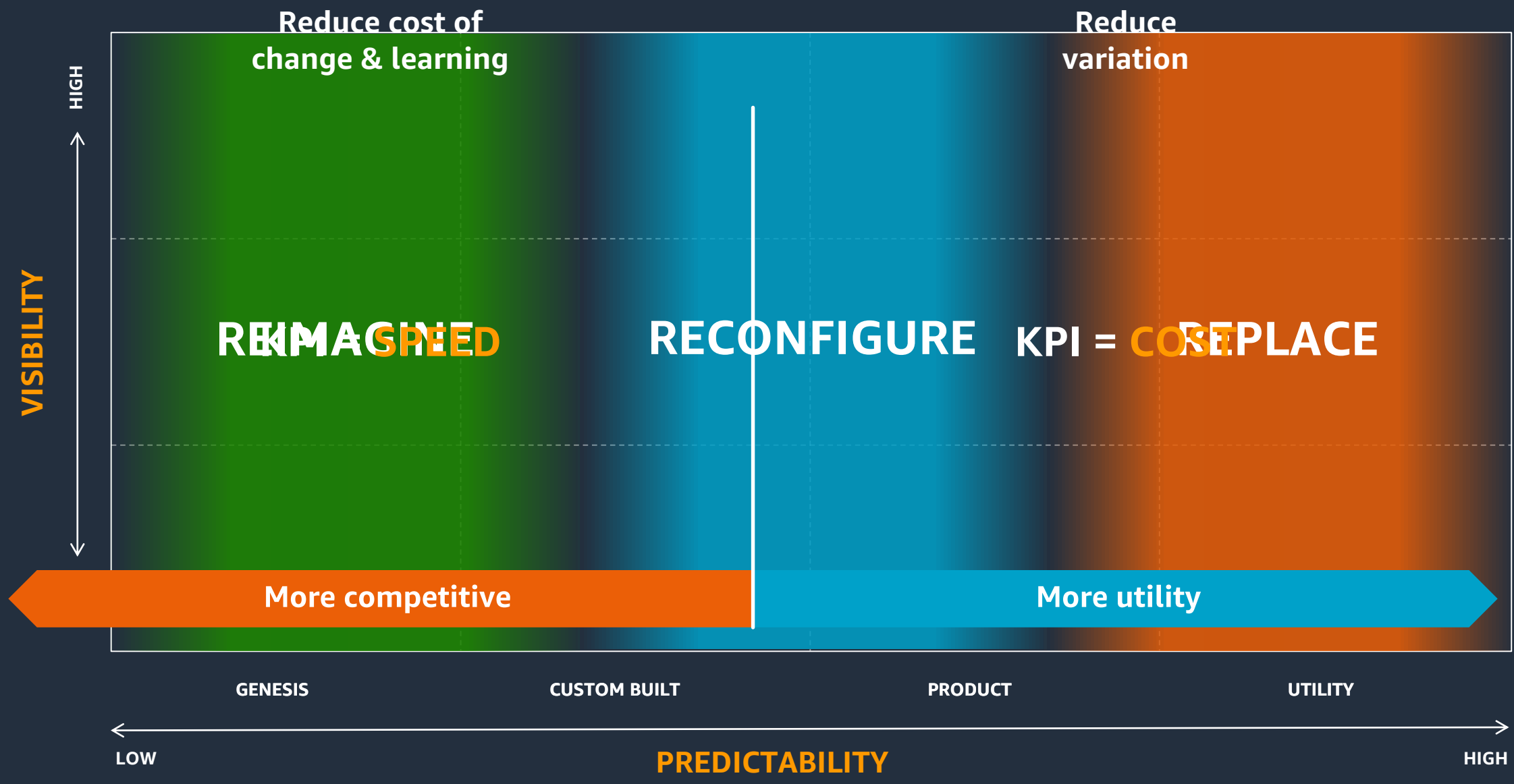

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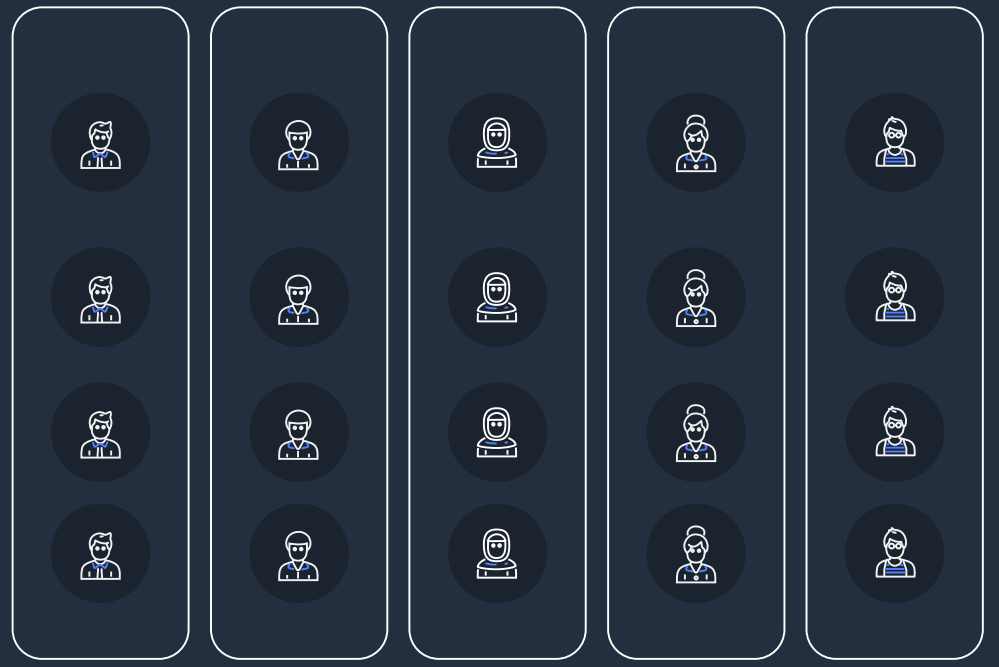
Reduce cost of change & learning

Reduce variation



More in-house | **More outsourced**

GENESIS | CUSTOM BUILT | PRODUCT | UTILITY

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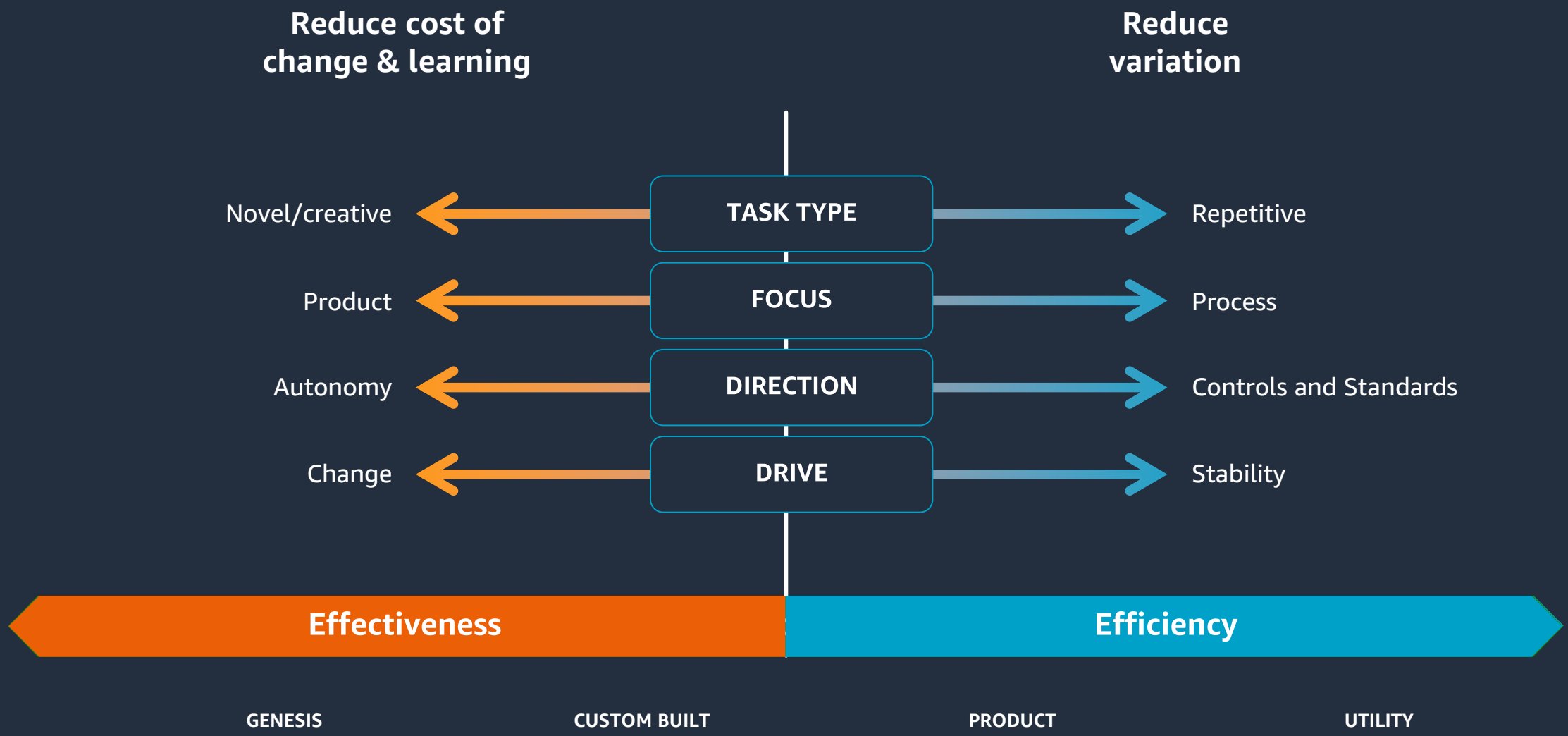

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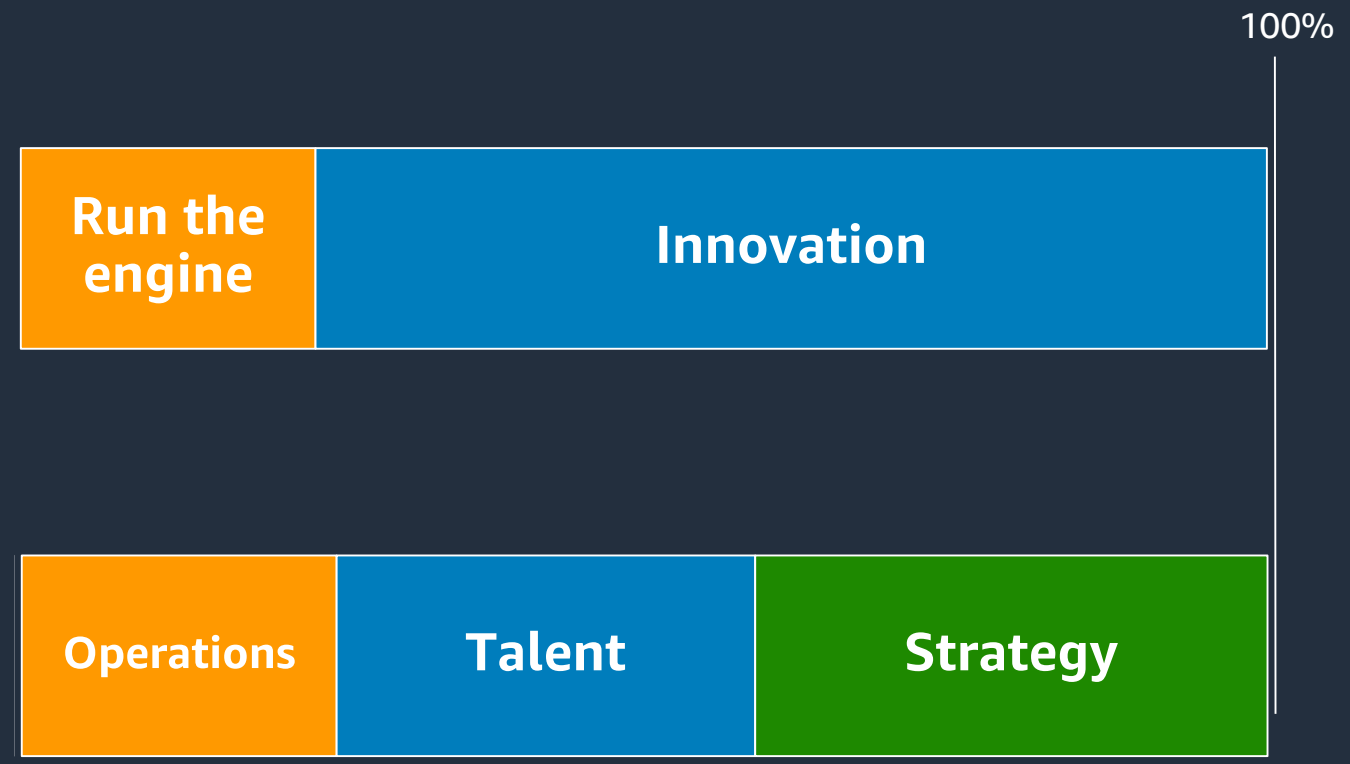
Tomorrow?



Sources: Hamel & Zanini, 2016: Beauchene & Cunningham, 2020 BCG:; Rigby, Elk & Berez, HBR 2020

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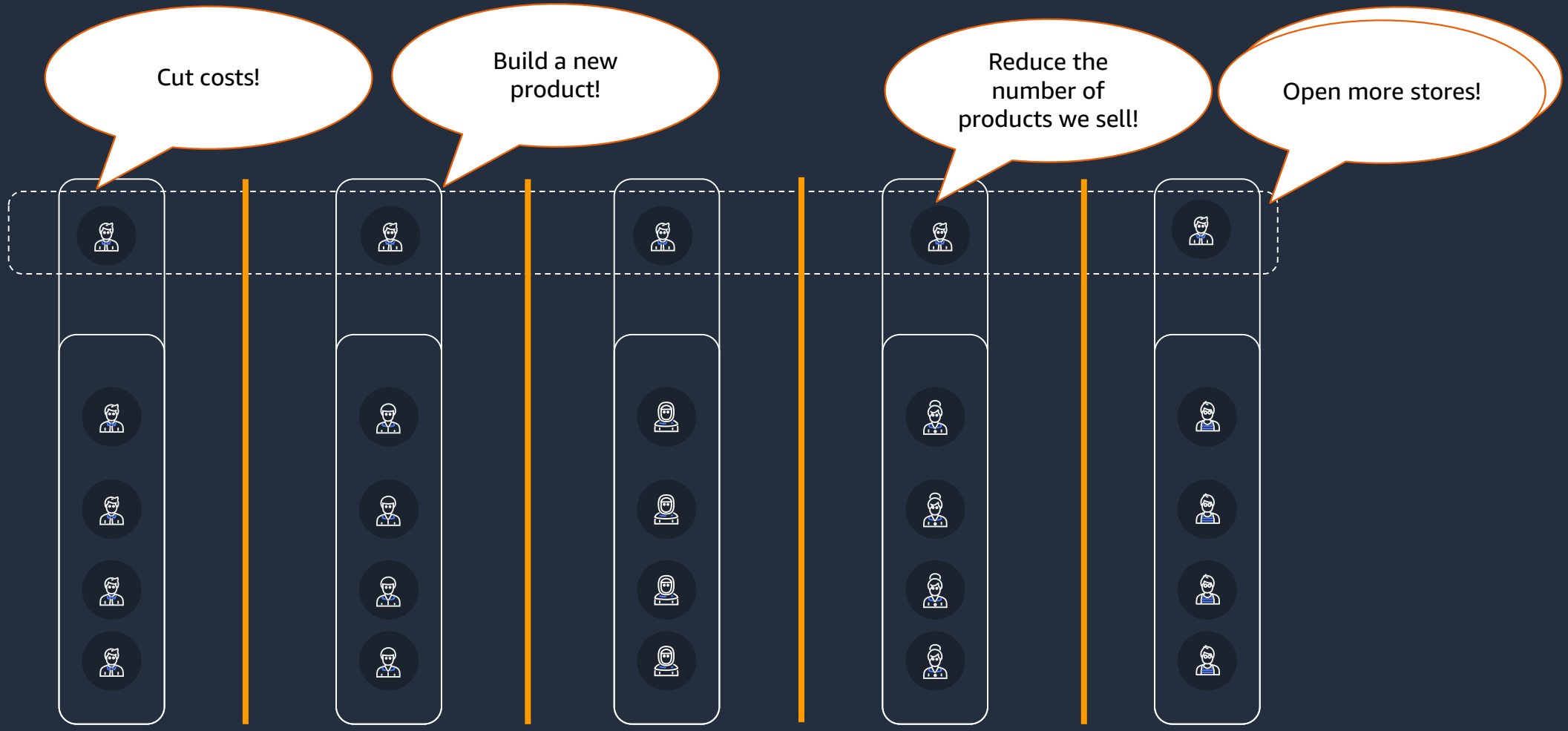
A team of leaders or a leadership team?



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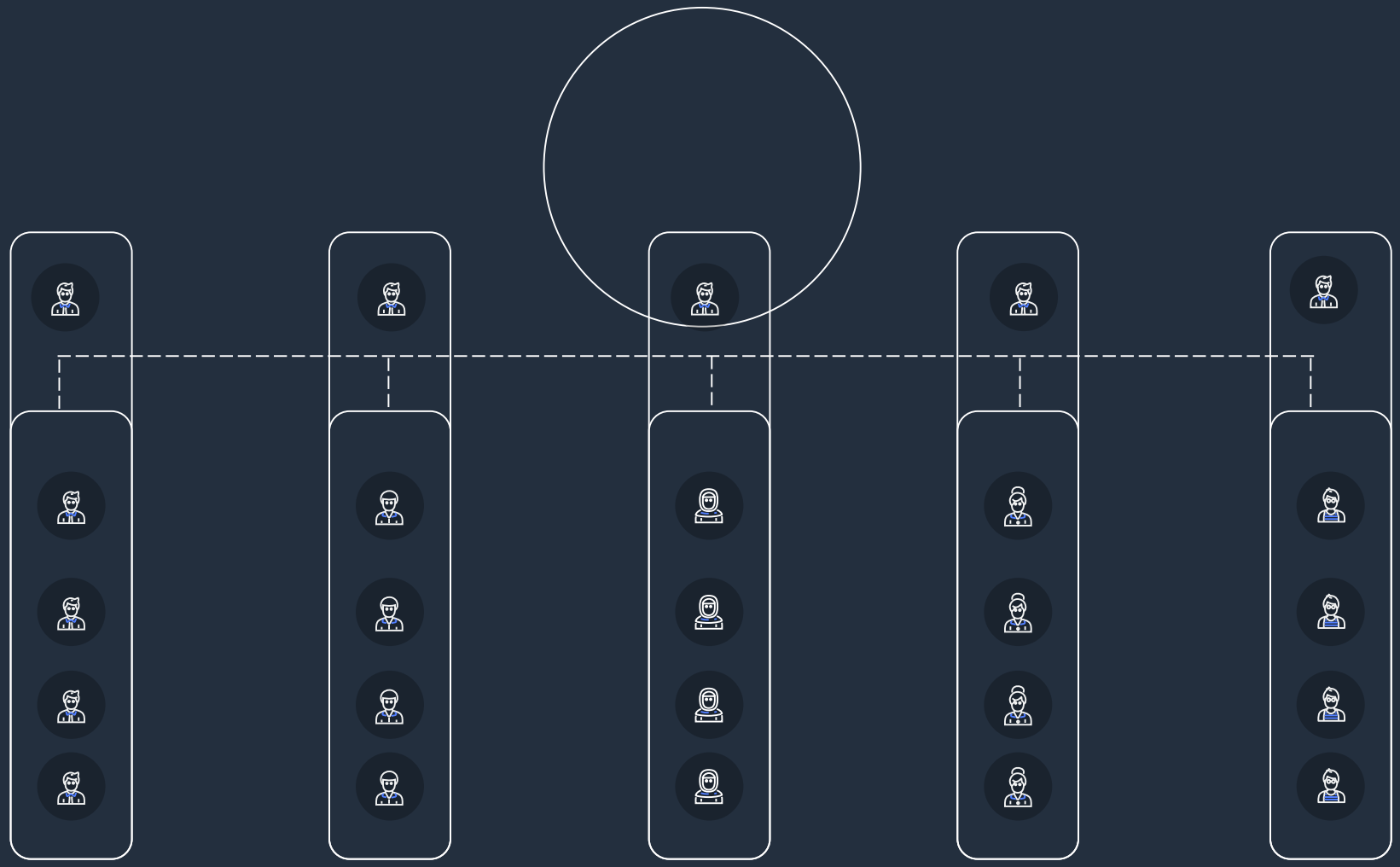
A team of leaders or a leadership team?



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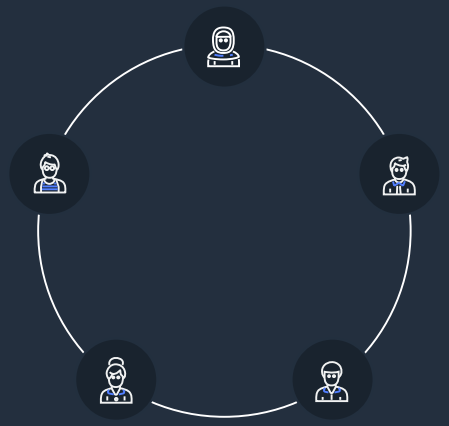
So what does leadership do?

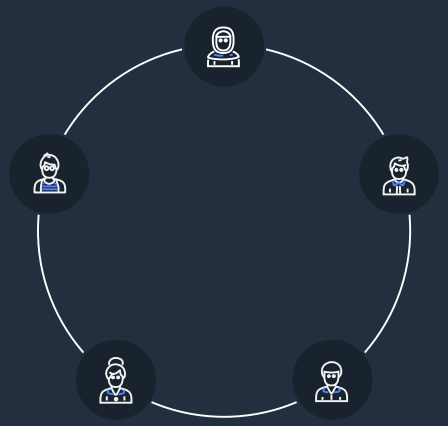
MISSION

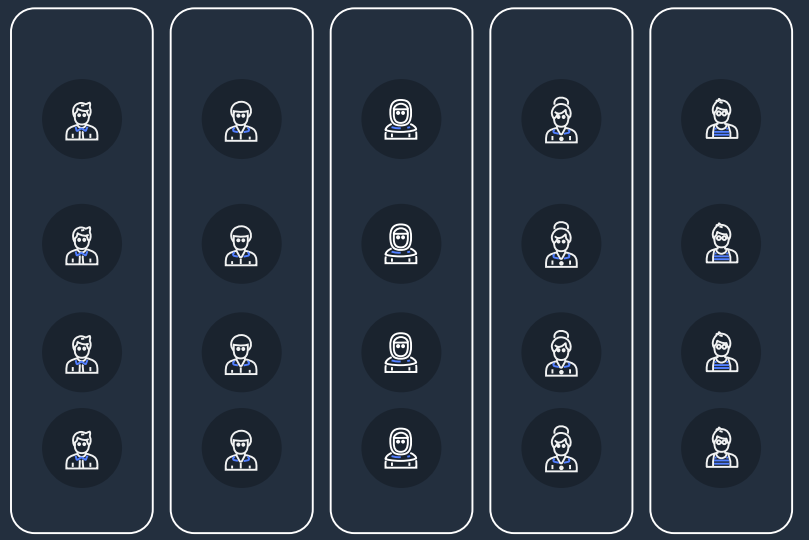
LEADERSHIP PRINCIPLES

MECHANISMS

GUARDRAILS







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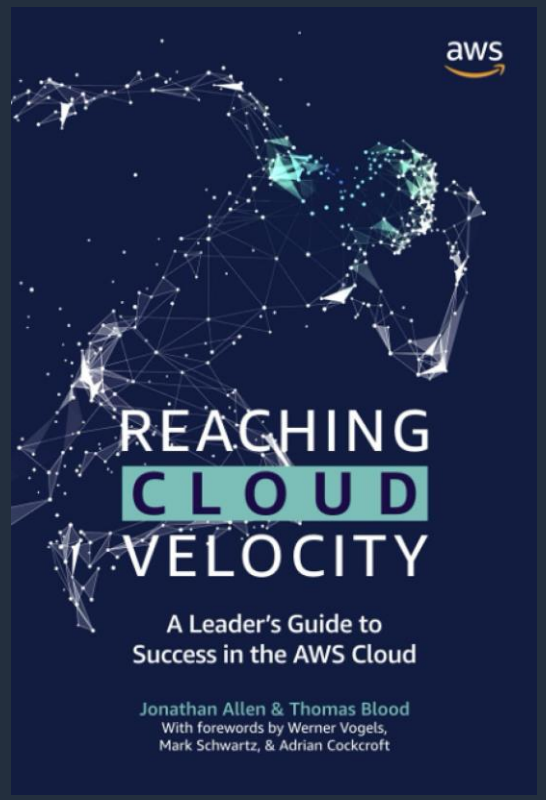
Define your organisational principles

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



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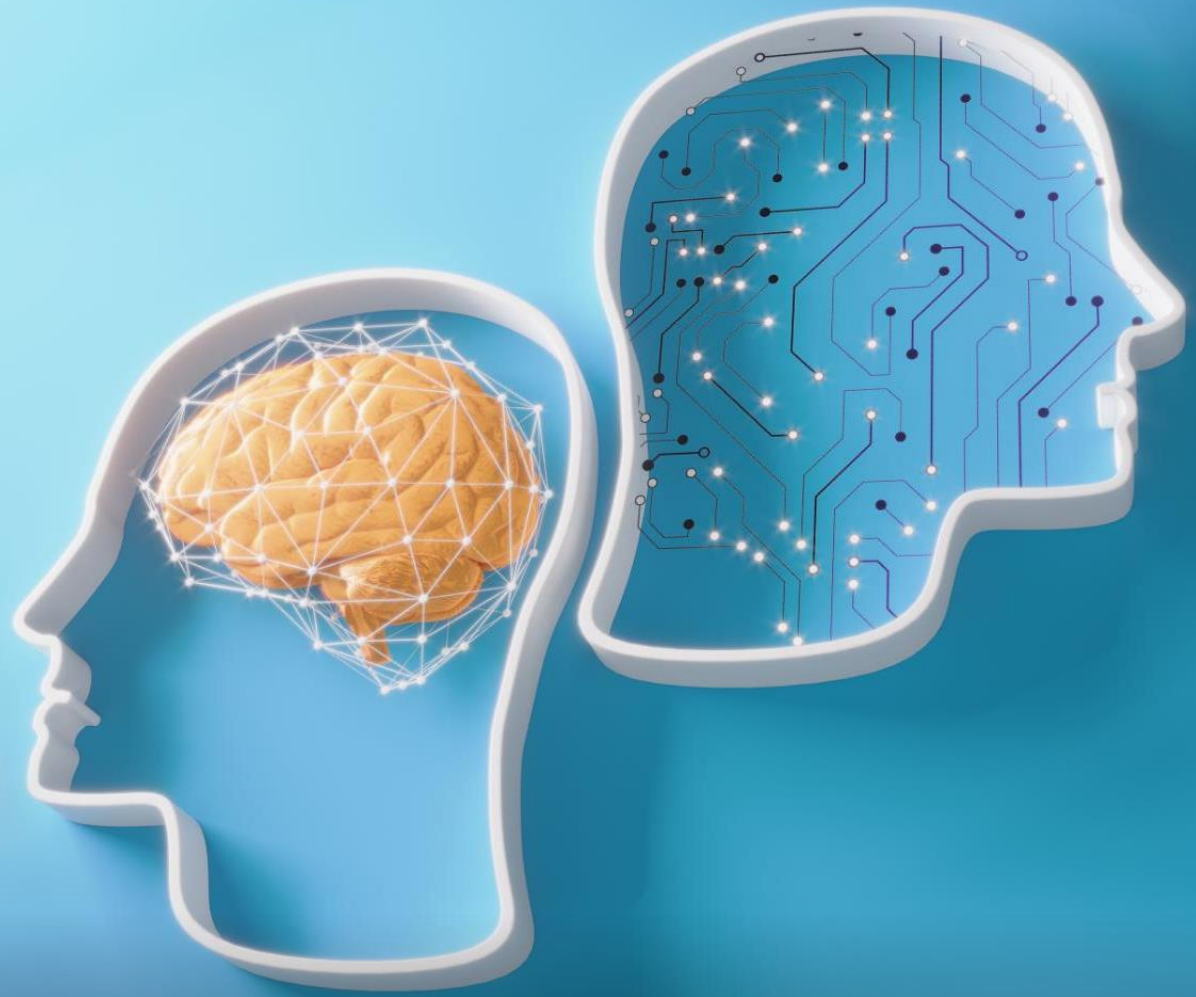
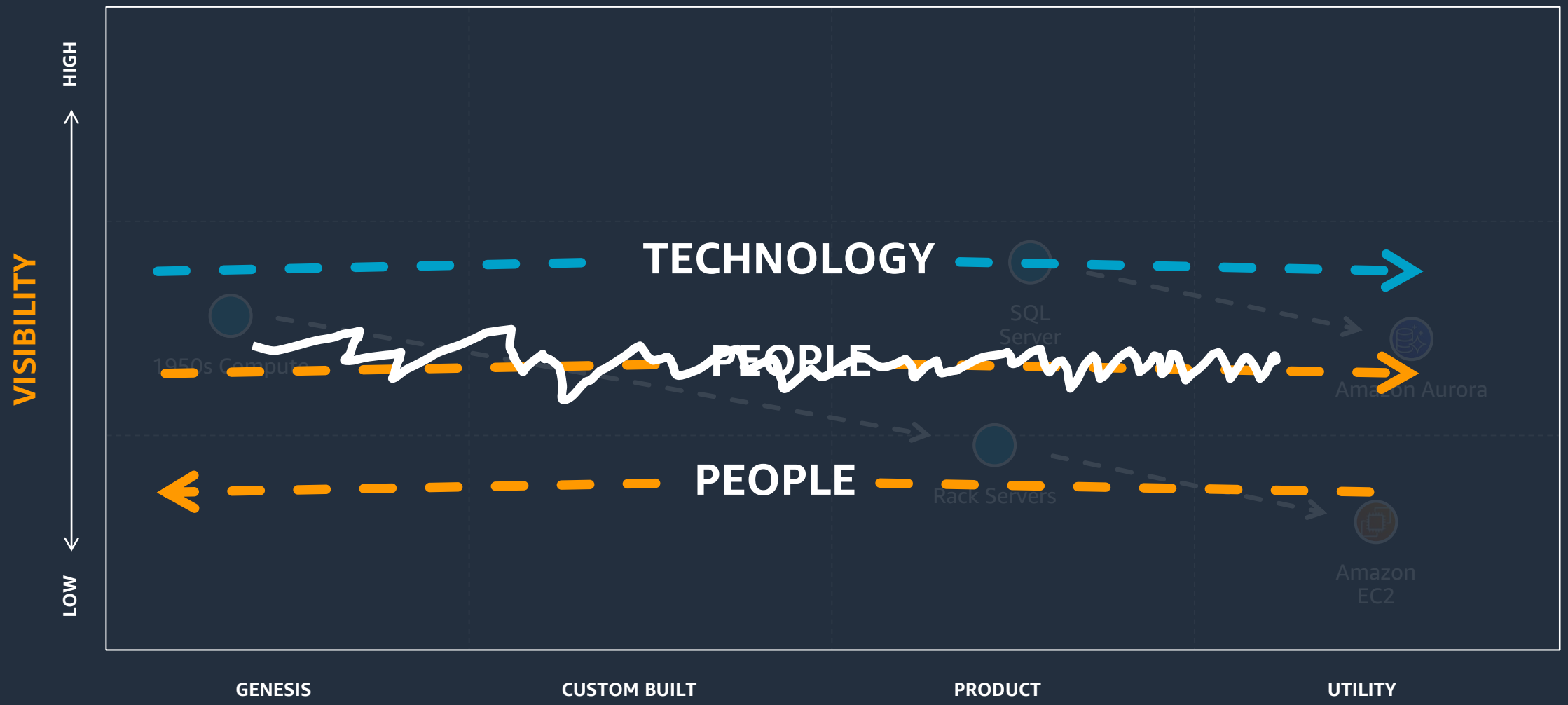


Shift tech right, people left



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Bureaucratic Mass Index

$$\frac{\text{Non-customer value generating work + Waiting time}}{\text{Total work}} \%$$

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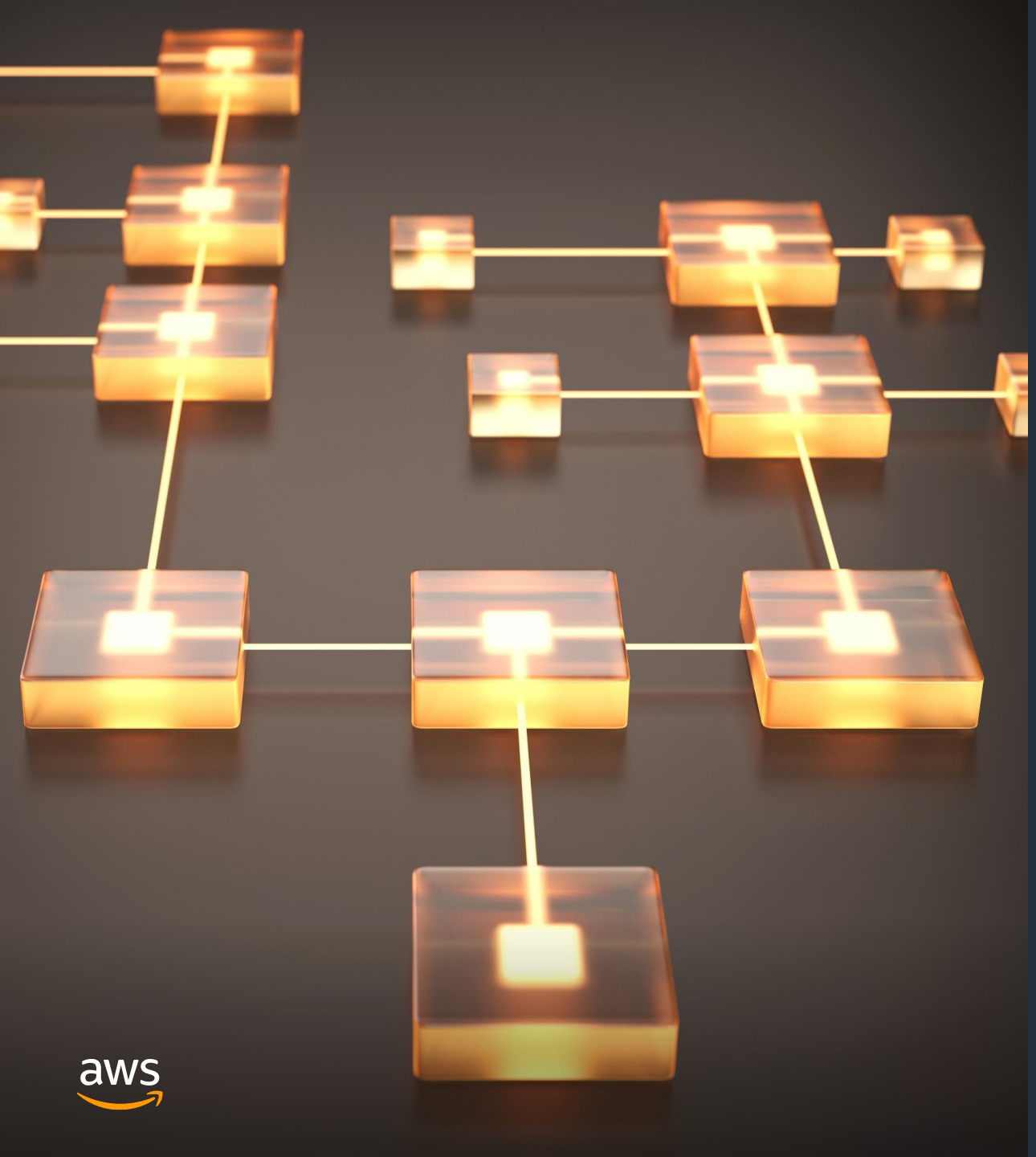
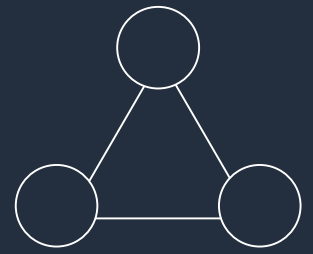


Don’t complexify the organisation

Small distributed teams

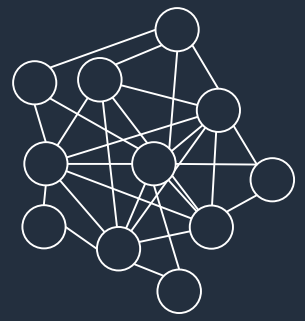
ORGANISATION

Large, complex organisations



Modular

SOFTWARE



Monolithic

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Clarity of Accountabilities

	Single threaded owner	Single threaded leader
Owns all resources for initiative		
Long-term ownership		
Removes barriers and dependencies		
Motivates team against an outcome		

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Right resources in right roles

Resourcing your operating model

Employees	Out tasking Niche suppliers	Commercial Software/ SaaS	Systems Integrators Business Process Outsourcing	Cloud Service Provider

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Reduce cost of change & learning

Reduce variation

Optimise for creative output

GENESIS

CUSTOM BUILT

PRODUCT

UTILITY

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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

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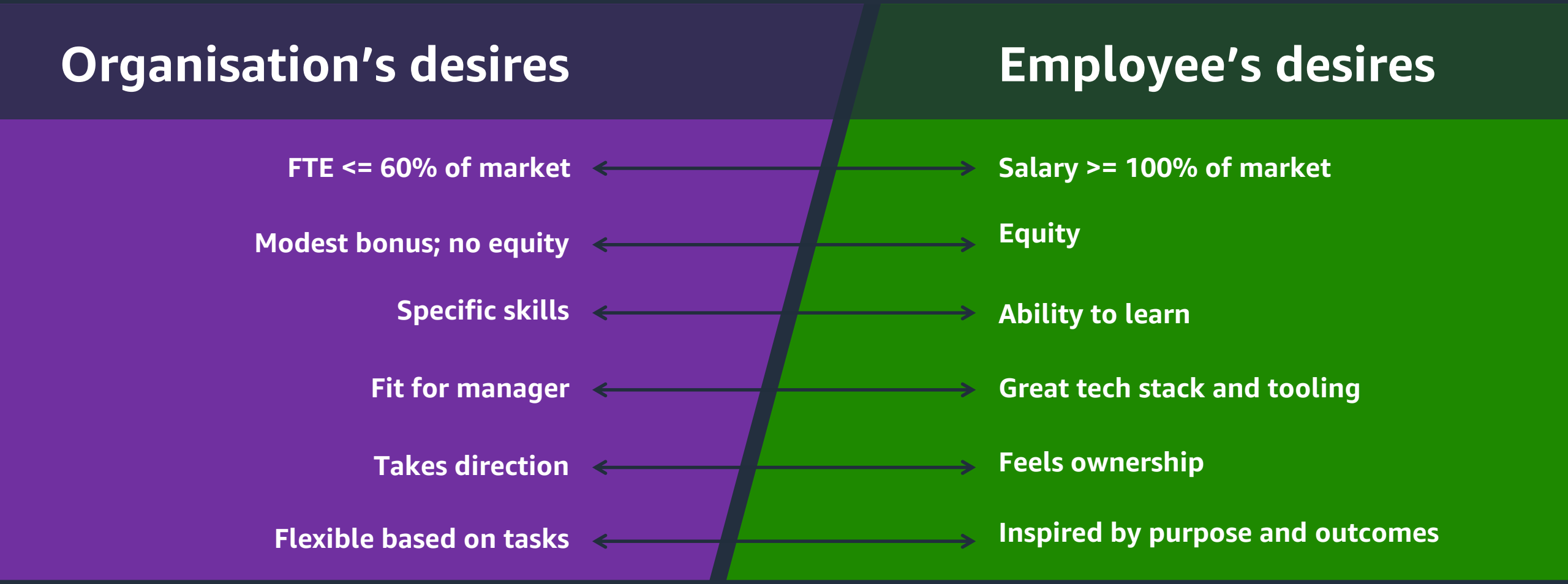
Recruitment



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AWS IoT
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Amazon SNS
Amazon SQS
Amazon API Gateway
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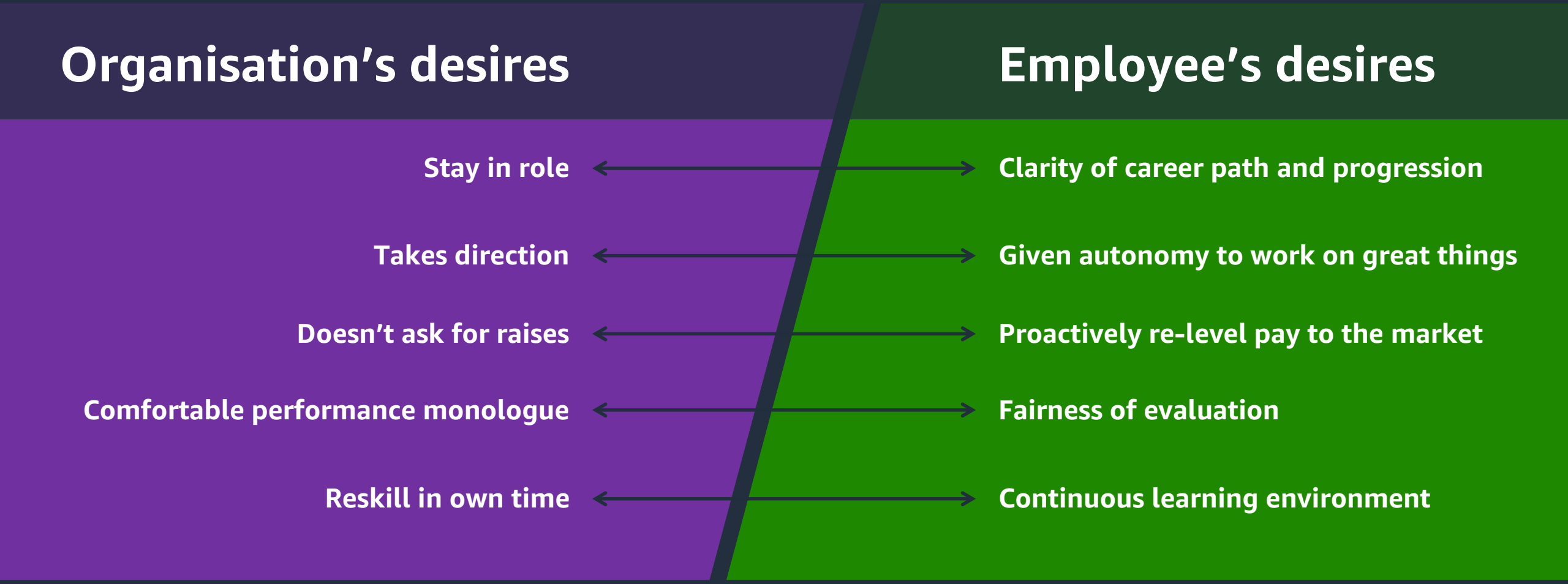
Amazon Kinesis
Amazon VPC
Amazon DynamoDB
Amazon Redshift
Amazon Route 53
A Fortune 100 CTO after a Netflix presentation
We can’t copy Netflix because it has all those superstar engineers, we don’t have the people.
Adrian Cockcroft in response
We hired them from you, and got out of their way…

Engage to retain

Retention



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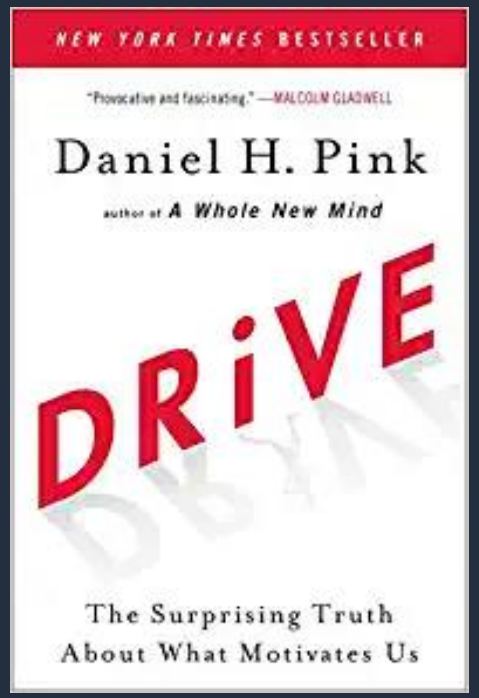

"To motivate employees … [they need] Autonomy, Mastery, and Purpose"

Daniel Pink

Author, "Drive: The Surprising Truth About What Motivates Us"

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

31% of employees fe fully engaged at w

Source: Historic Drop in Employee Engagement Follows Record Rise, Harter, Gallup, 2020

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The opposite of demotivators are not motivators

COMPENSATION

PERFORMANCE

SUPERVISION

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95%

of managers dissatisfied with performance management systems

Source: The $3 Trillion Prize for Busting Bureaucracy', Hamel & Zanini., 2016

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Nurture and recognise expertise

What about managers?

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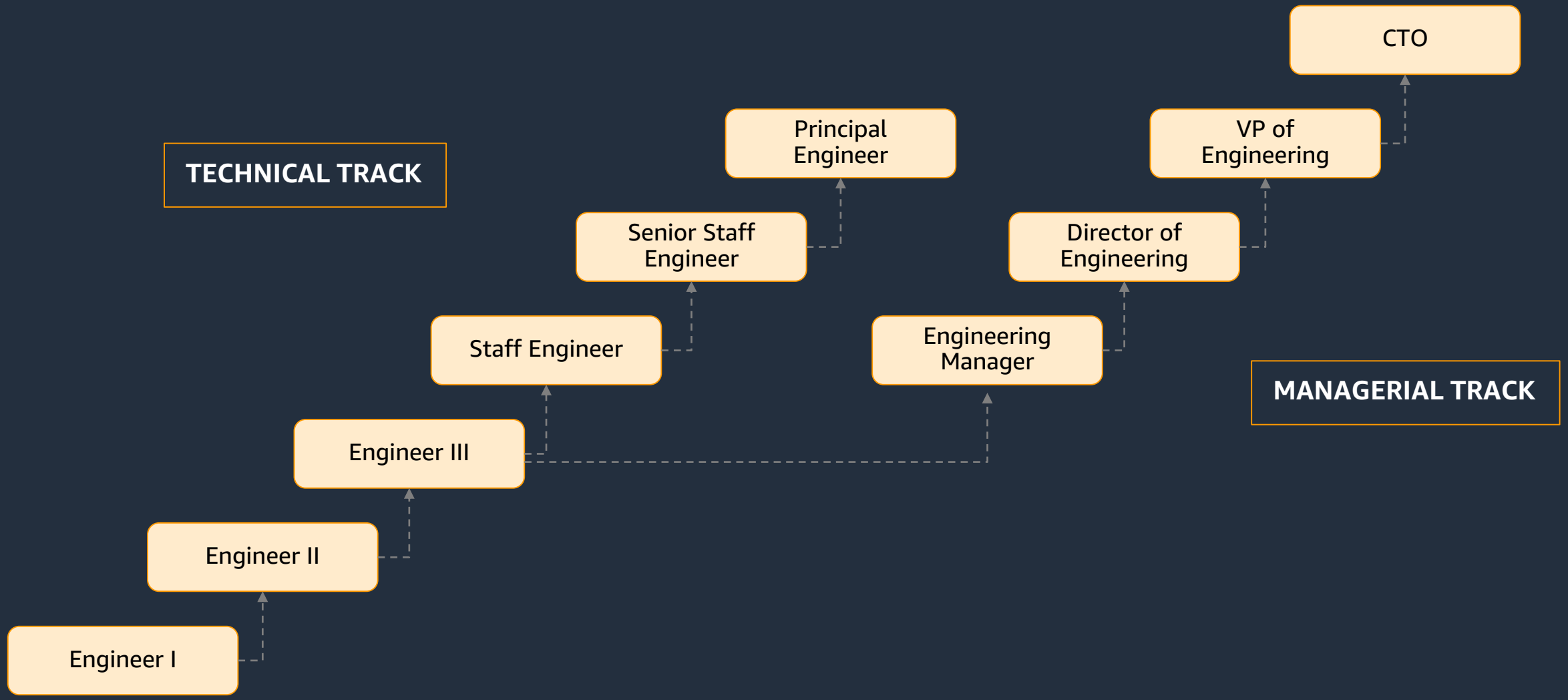

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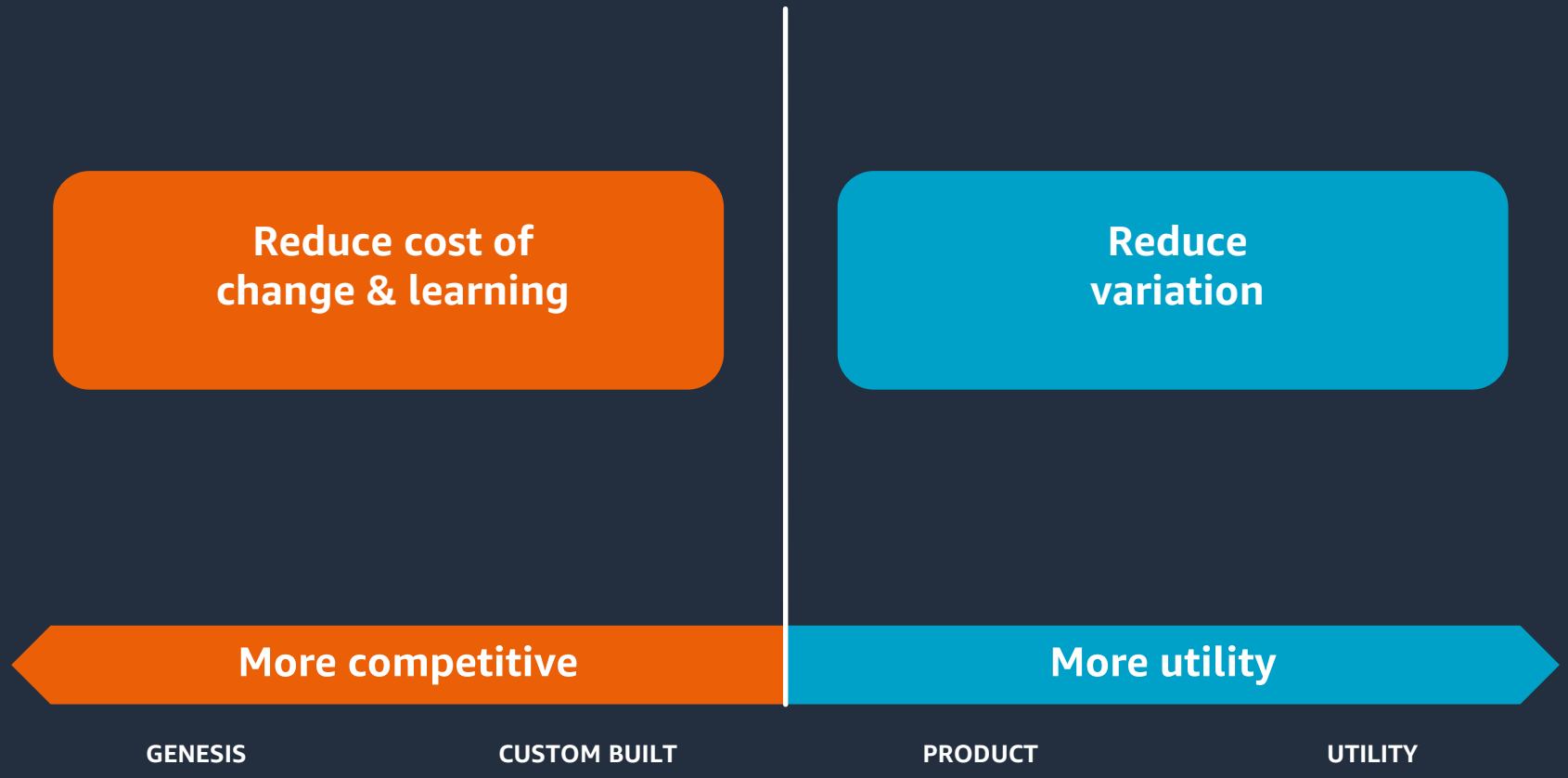

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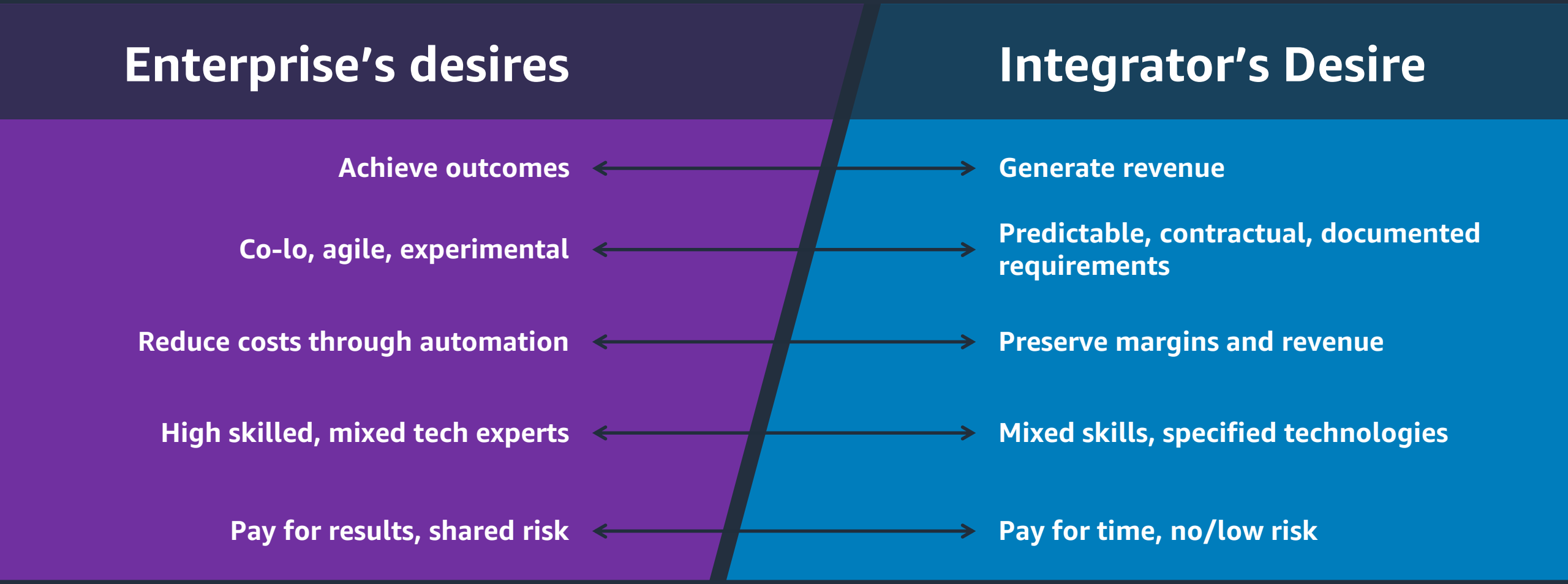
You cannot outsource the whole

Bridging the Gap



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Don’t generate your own electricity

“Friends don’t let friends build data centres“

Charles Phillips
CEO - Infor, 2014 AWS Summit

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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

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The Journey

Don't		Do
Photocopy someone else's culture	⟷	Patiently experiment as a leadership priority
Over plan or over estimate the pace of change	⟷	Be stubborn about the vision, flexible on the execution
Just rebrand roles and processes	⟷	Instigate genuine outcome-focused changes
Ignore "resistance"	⟷	Double down on change management
Delegate the change	⟷	Lead and role model the change

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Thank you

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