

# How to not sabotage your transformation

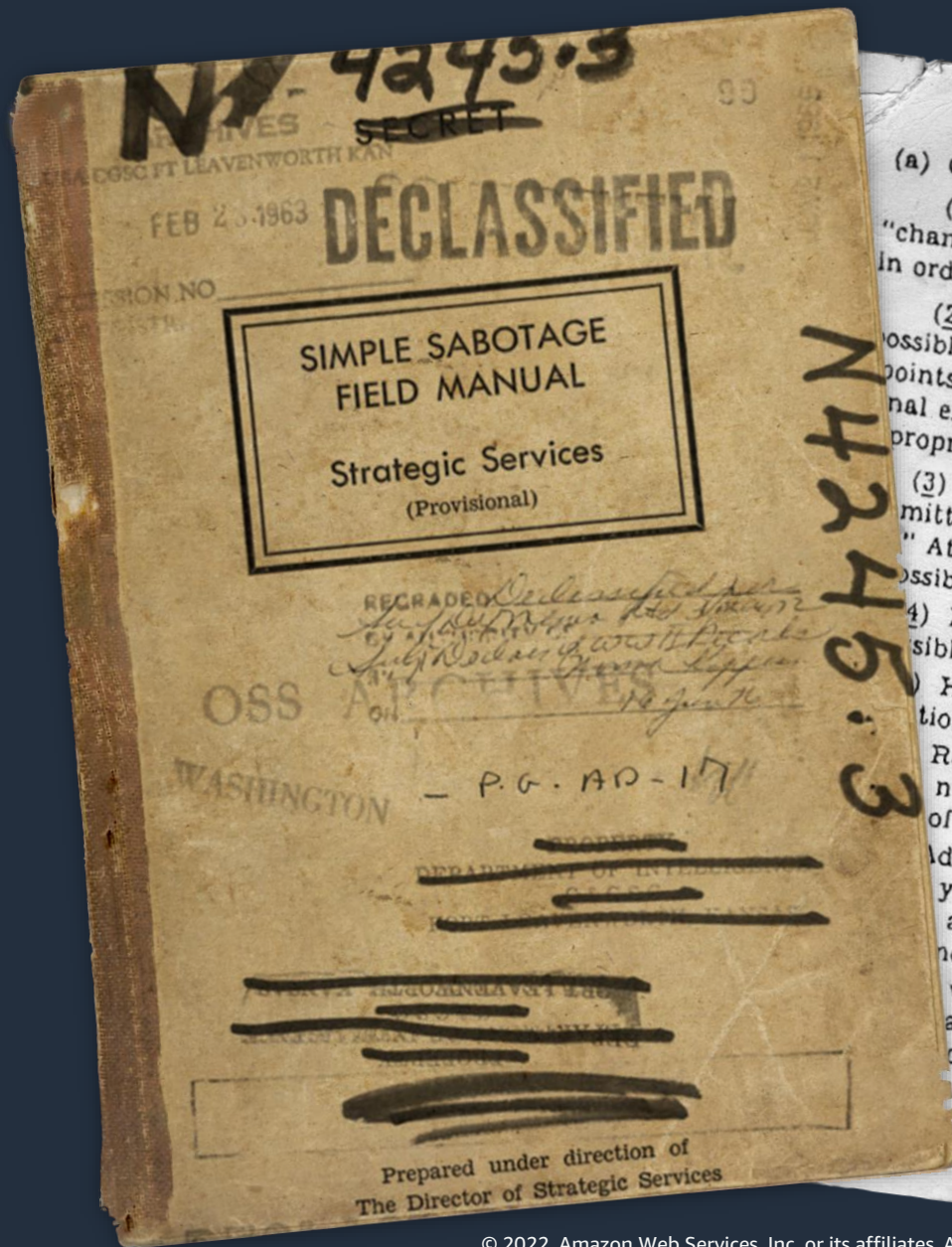
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**Jonathan Allen**  
Director, Enterprise Strategy



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- (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 communications, minutes, resolutions. Refer back to matters decided upon at meeting and attempt to re-open the question of the advisability of that decision. Advocate "caution." Be "reasonable" in your fellow-conferes to be "reasonable" and avoid haste which might result in errors or difficulties later on. Be worried about the propriety of any action. Raise the question of whether such action is contemplated lies within the jurisdiction of the group or whether it might conflict with the policy of some higher echelon.

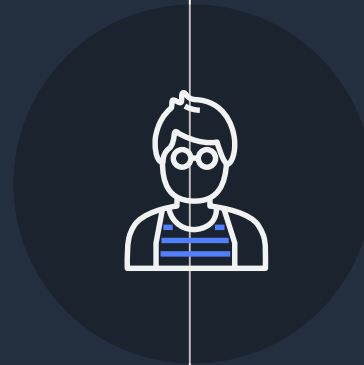
**But we wouldn't  
sabotage our own  
organisations ...**

... would we?

1

## Siloed organisations

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



**DESIGN  
DEPARTMENT**



**MARKETING  
DEPARTMENT**



**DESIGN  
DEPARTMENT**



**MARKETING  
DEPARTMENT**



**MANUFACTURING  
DEPARTMENT**



**DISTRIBUTION  
DEPARTMENT**




**SALES  
DEPARTMENT**





MANUFACTURING DEPARTMENT

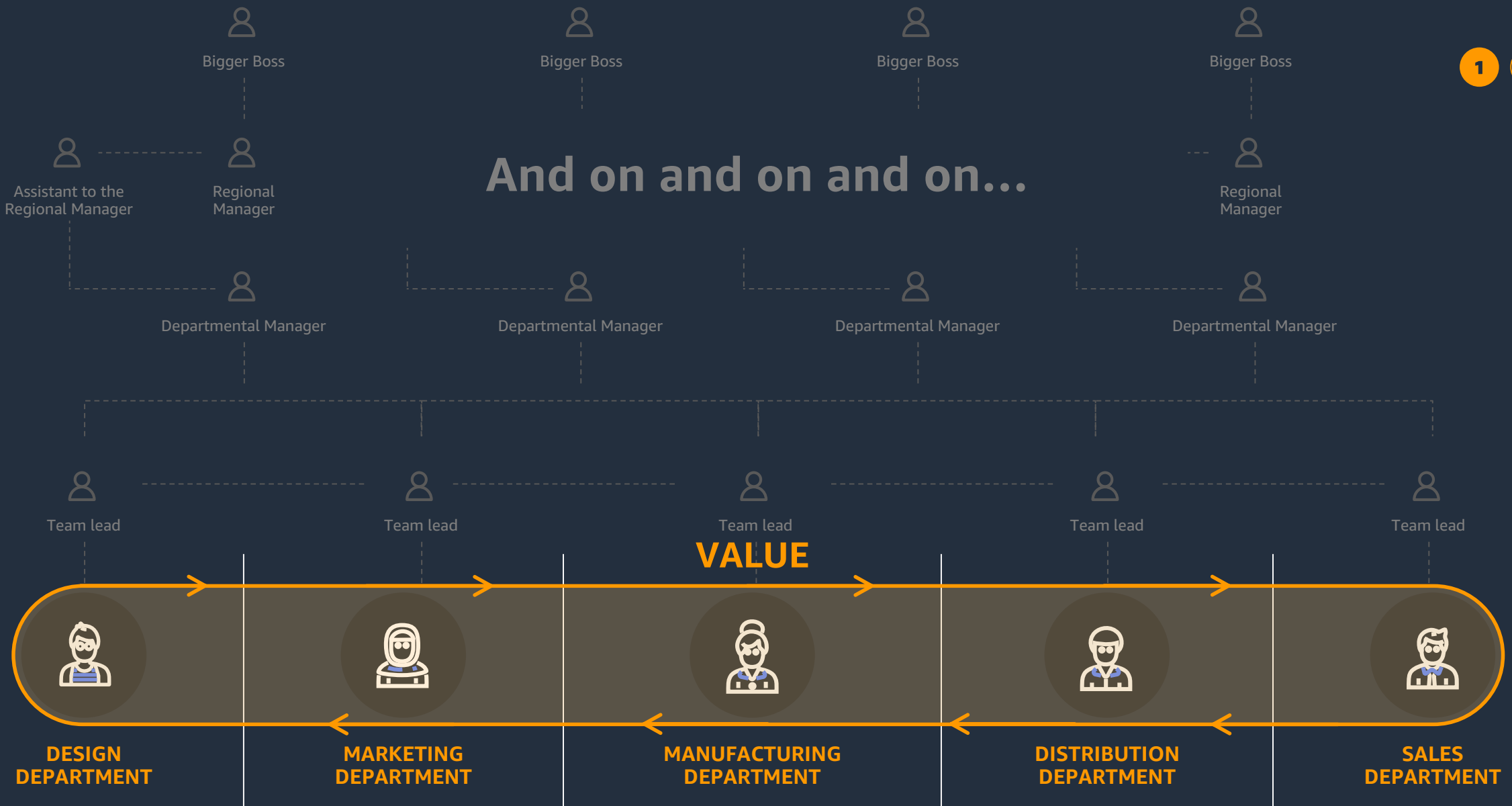


DISTRIBUTION DEPARTMENT

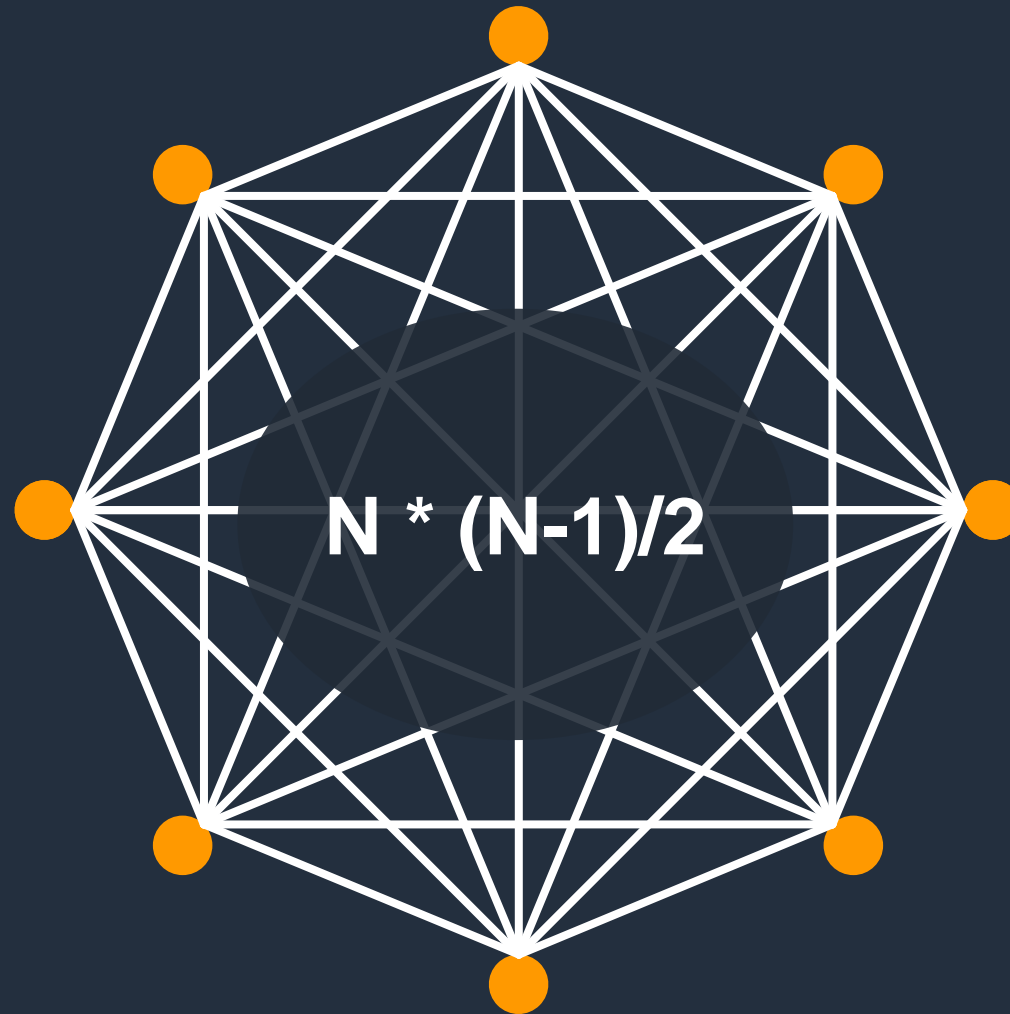


SALES DEPARTMENT

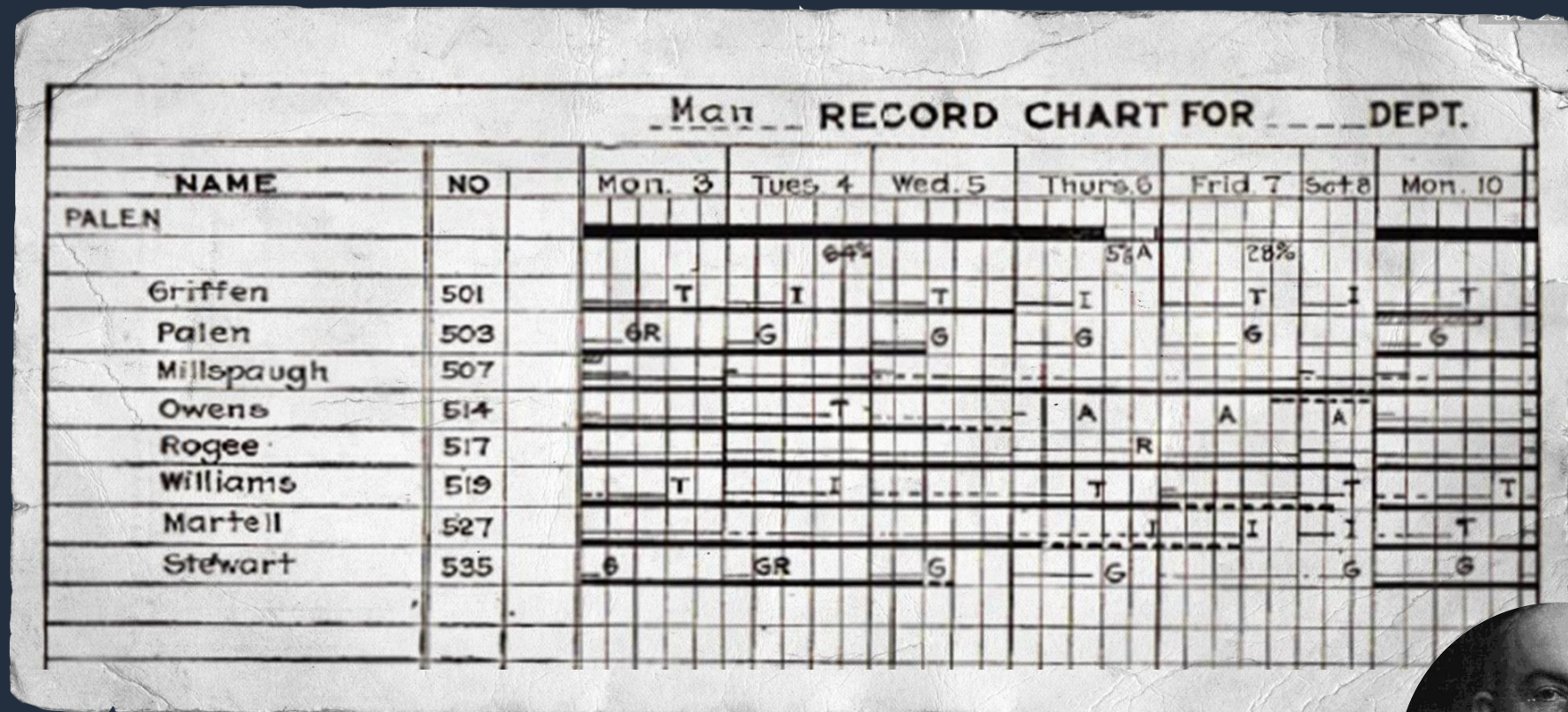




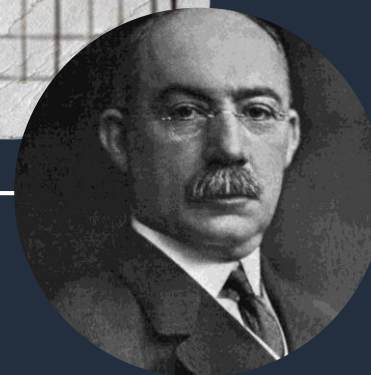








Henry L. Gantt  
Inventor of the Gantt chart



Gantt chart image: <https://archive.org/details/organizingforwo00gantgoog>  
Henry L. Gantt photo: [https://en.wikipedia.org/wiki/Henry\\_Gantt#/media/File:Henry\\_L.\\_Gantt.jpg](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."

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Jeff Bezos  
Founder and Executive Chair, Amazon, Inc.



1 Siloed organizations

2 Outdated principles

2



Henri Fayol  
~1916

Henri Fayol photo: [https://en.wikipedia.org/wiki/Henri\\_Fayol#/media/File:Henri\\_Fayol,\\_1900.jpg](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](https://commons.wikimedia.org/wiki/File:Lyndall_Urwick.jpg); Courtesy of Desmond Delaney



Lyndall Urwick  
~1933

- 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

## Direction

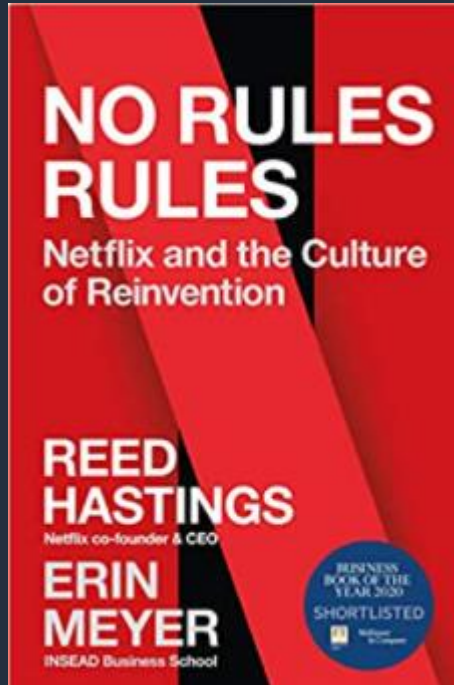
## Initiative

- 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 objectives—the overall purpose of an organization is its raison d'être
- 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

## Objectives

## Continuity

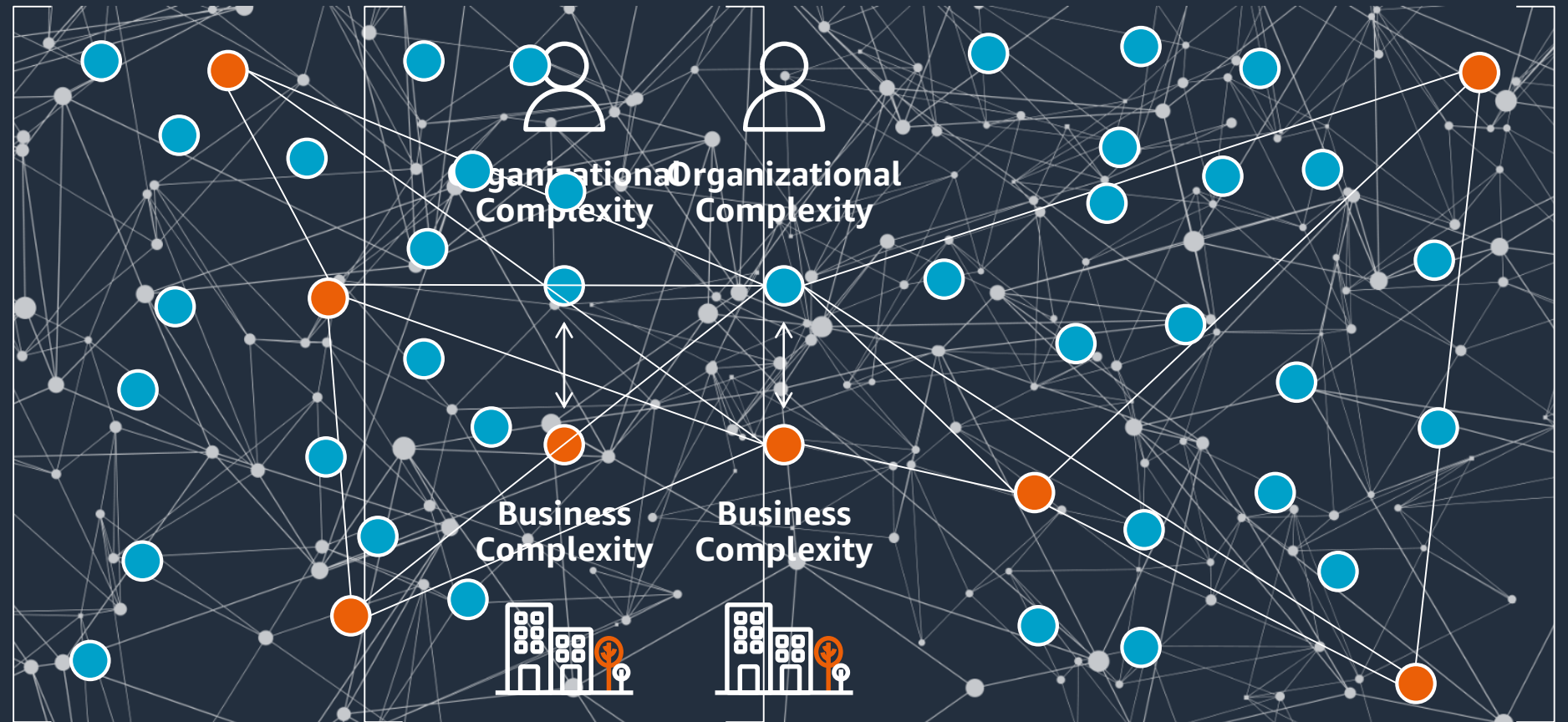


“The Industrial Revolution has powered most of the world’s successful economies for the past 300 years ... management paradigms from high-volume, low-error manufacturing have come to dominate business organizational practices.”

Attributed to Reed Hastings  
CEO of Netflix



1955 2010



# 94%

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

Source: [Accenture, 2020](#)



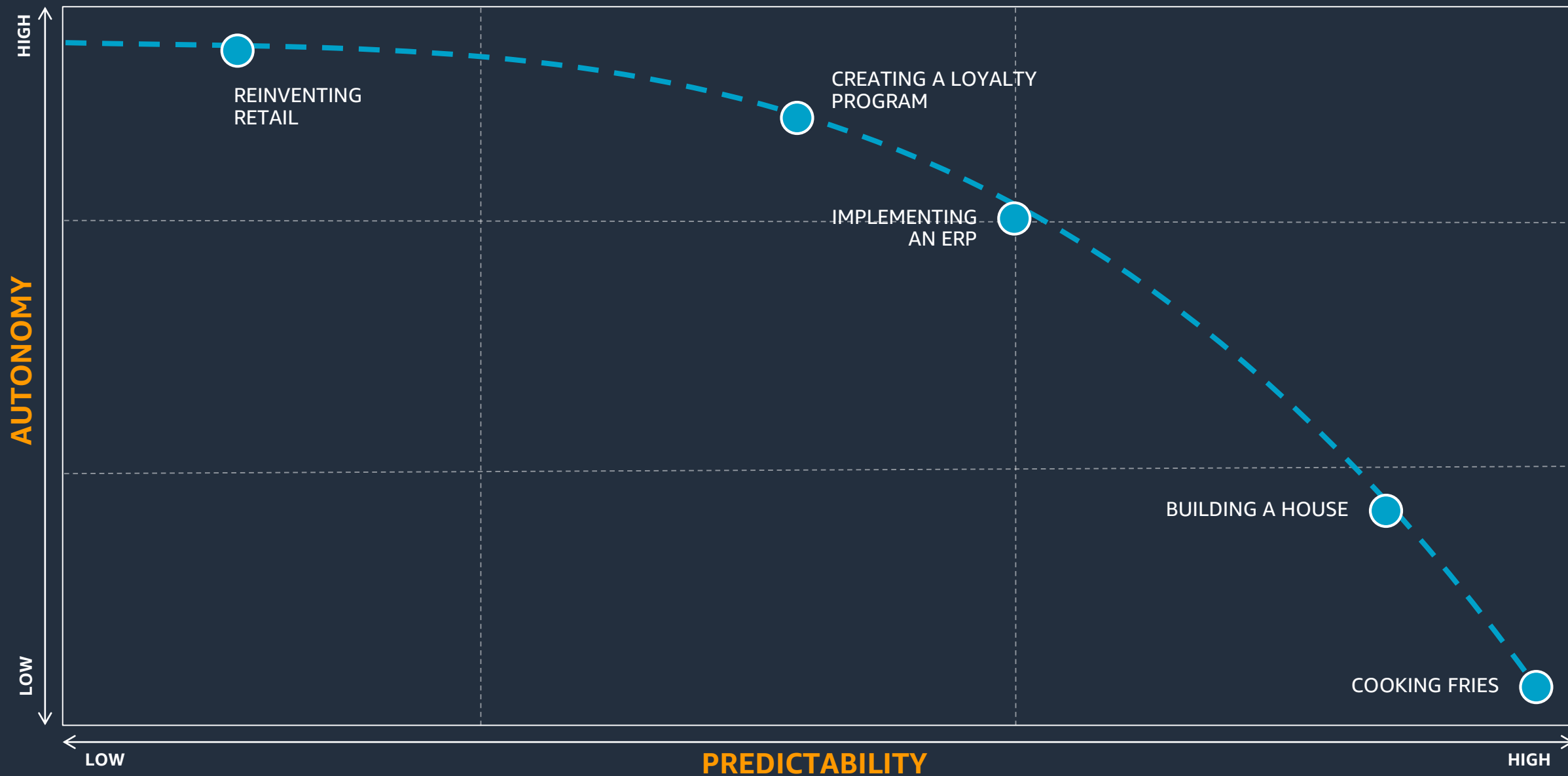
What road do I take?

Well where are you going?

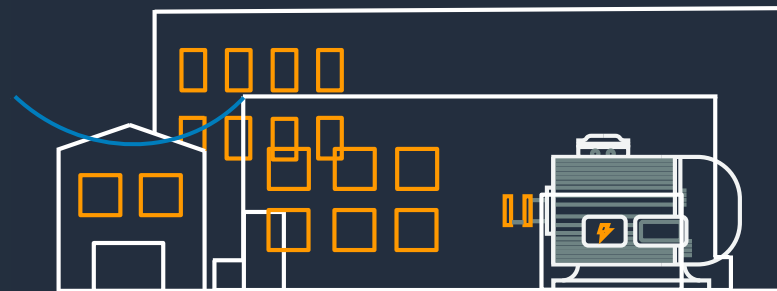
I don't know

Then it doesn't matter.

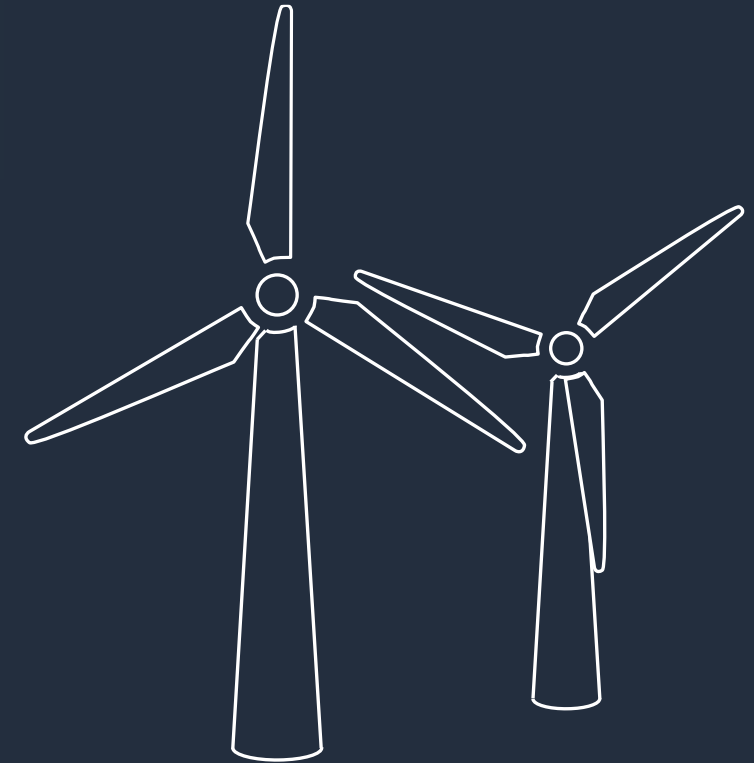
If you don't know where you are going,  
any road will get you there.

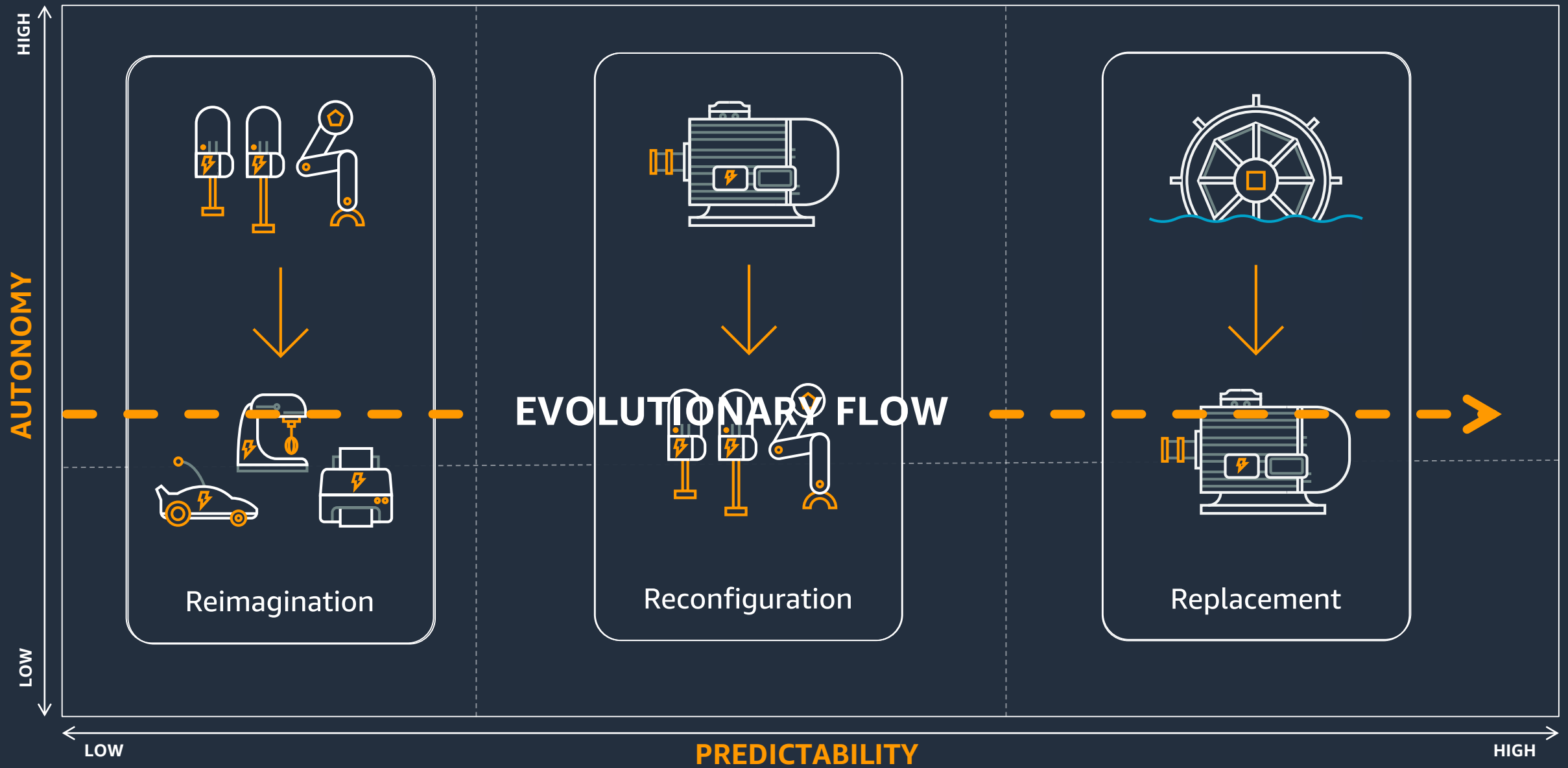


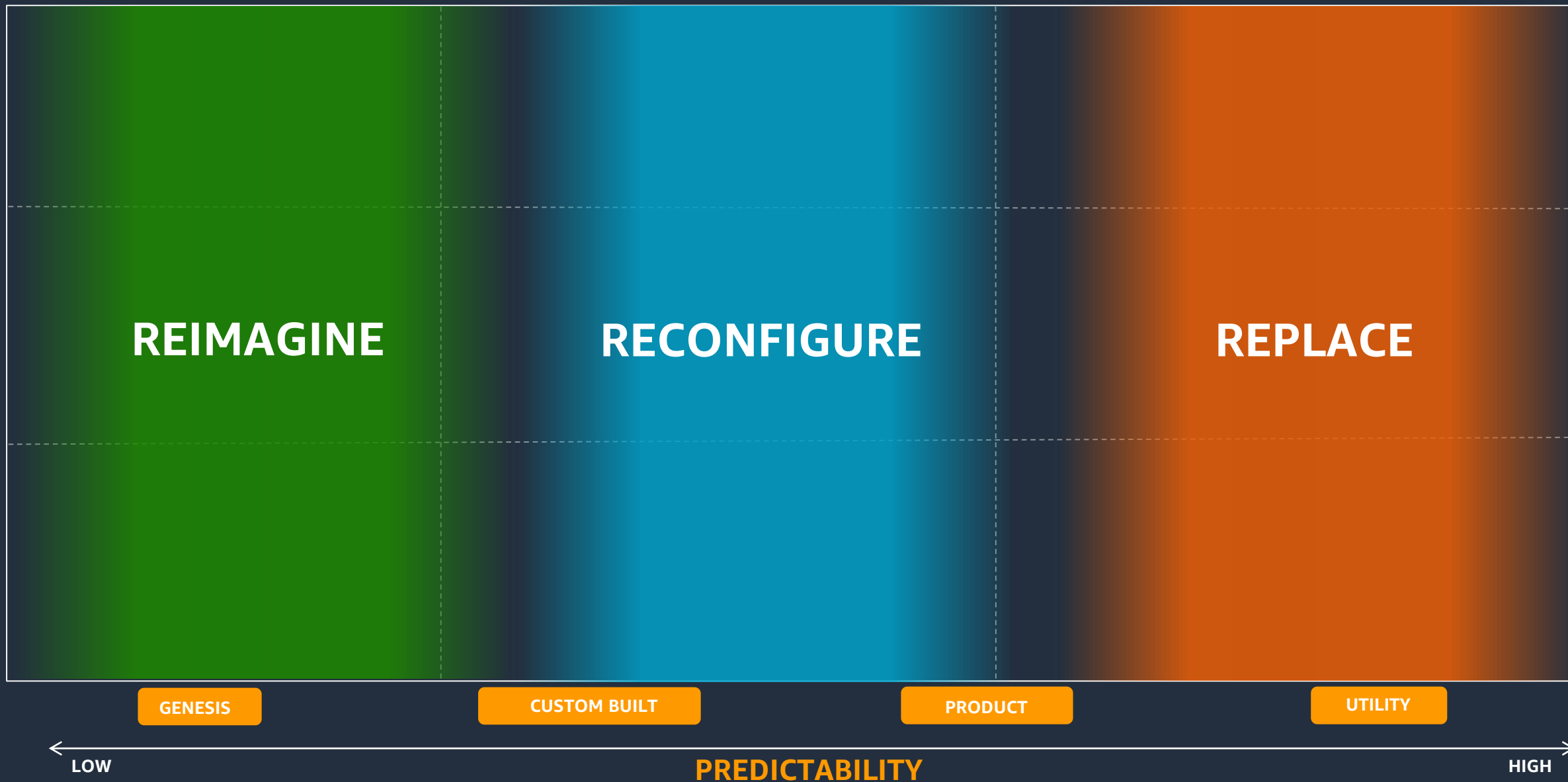
21<sup>st</sup> century



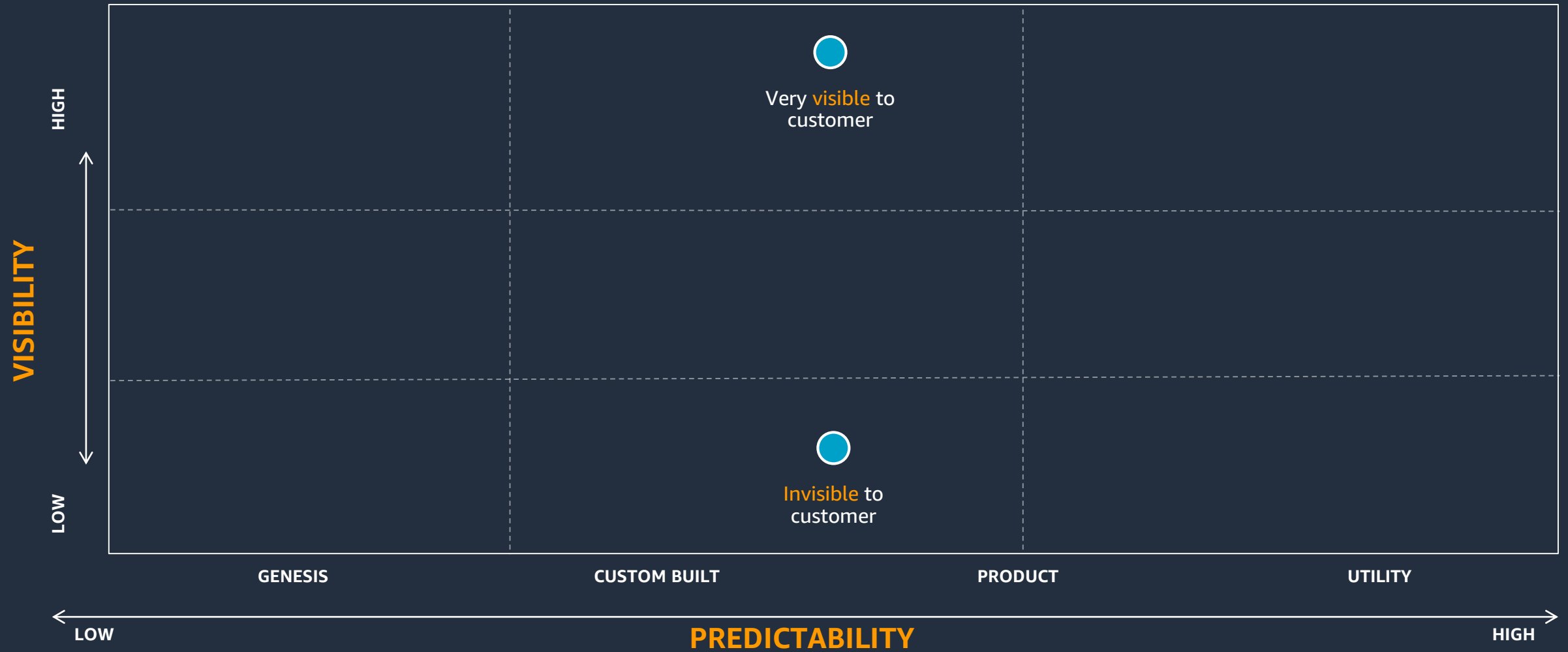
Traditional factory  
Renewable energy



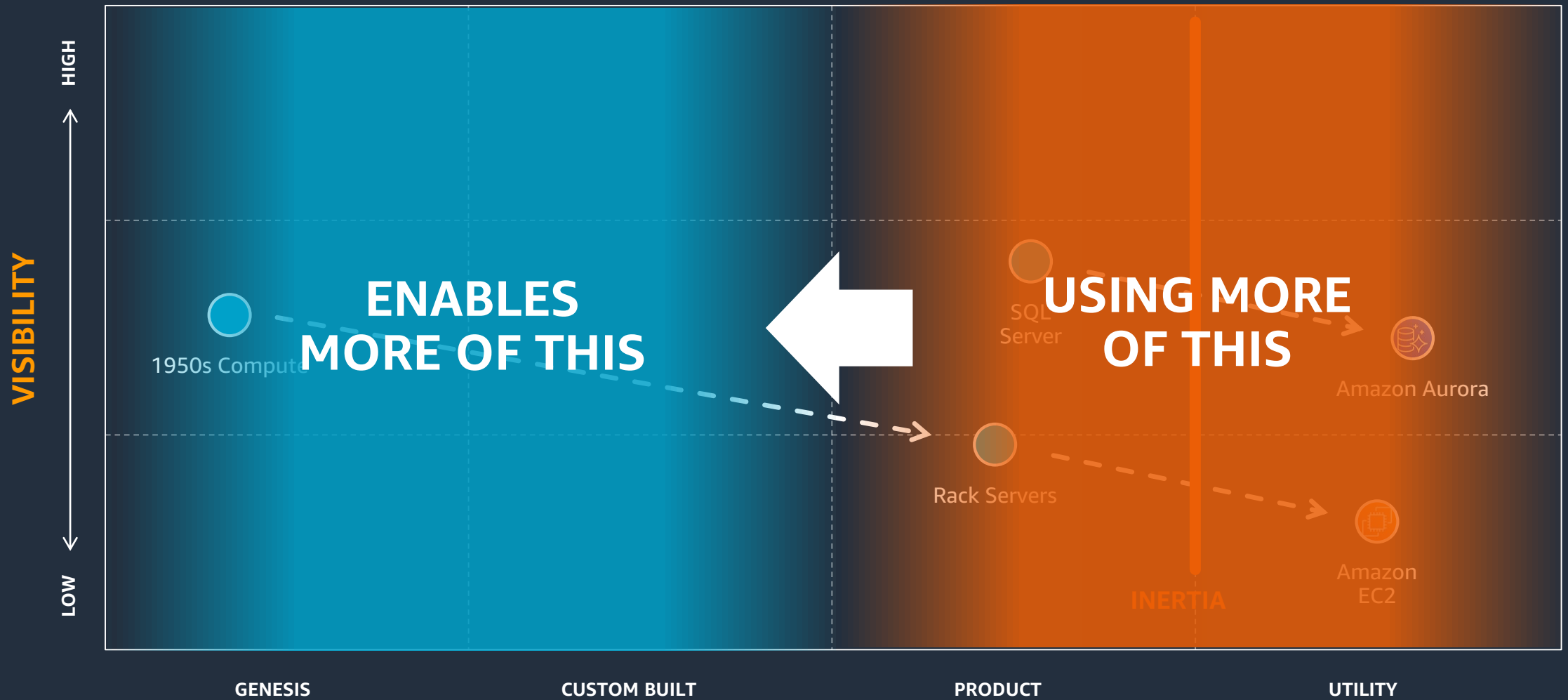




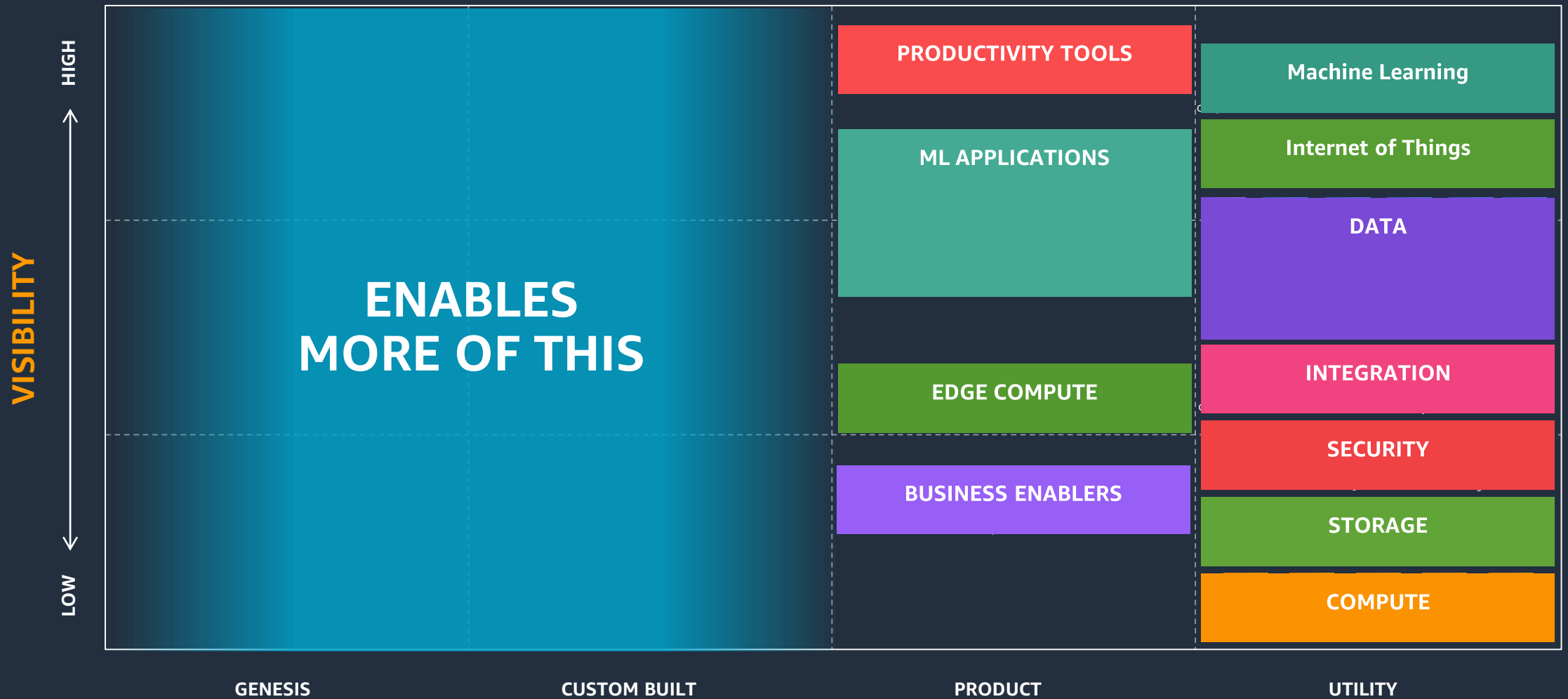
# Wardley Maps



# Cloud Computing



# Cloud Computing

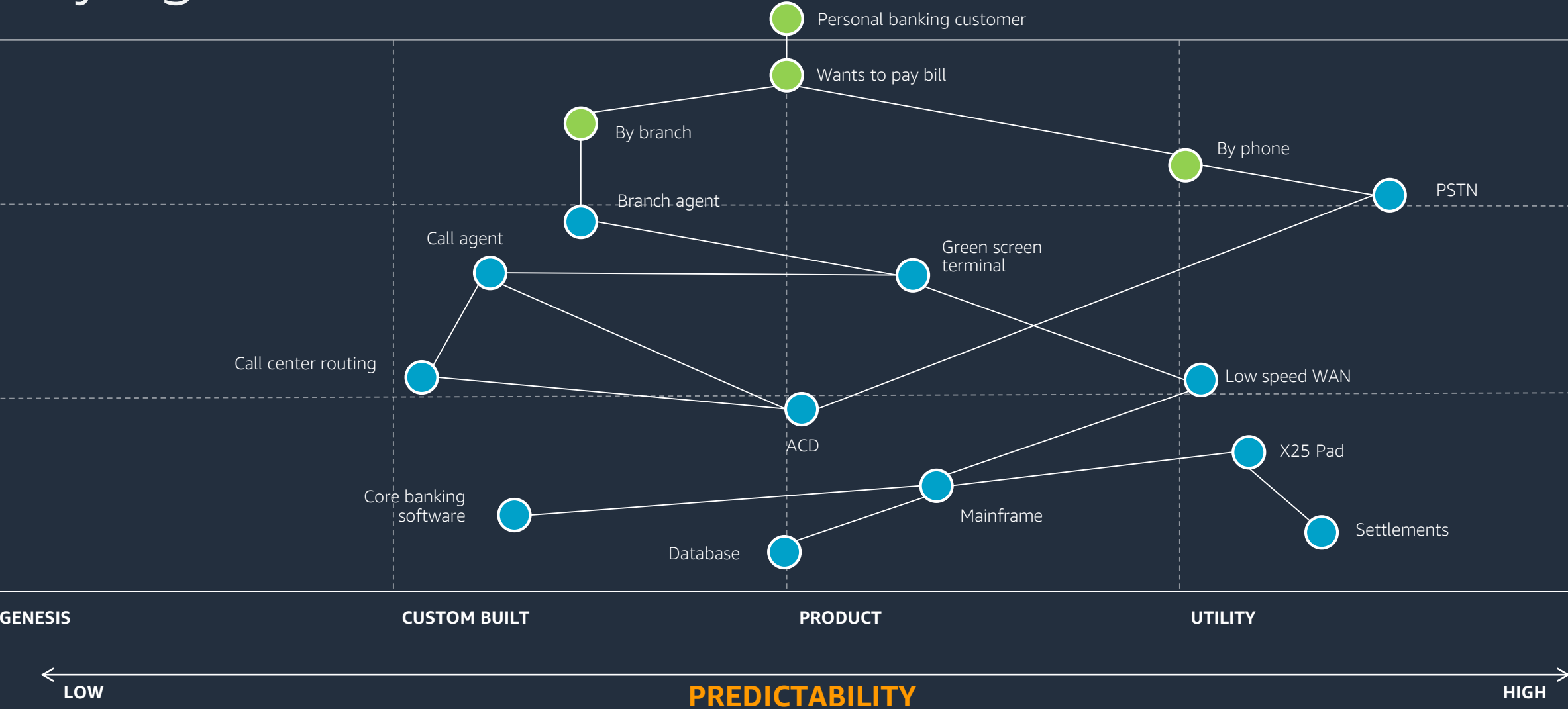


# What makes you, **you**?

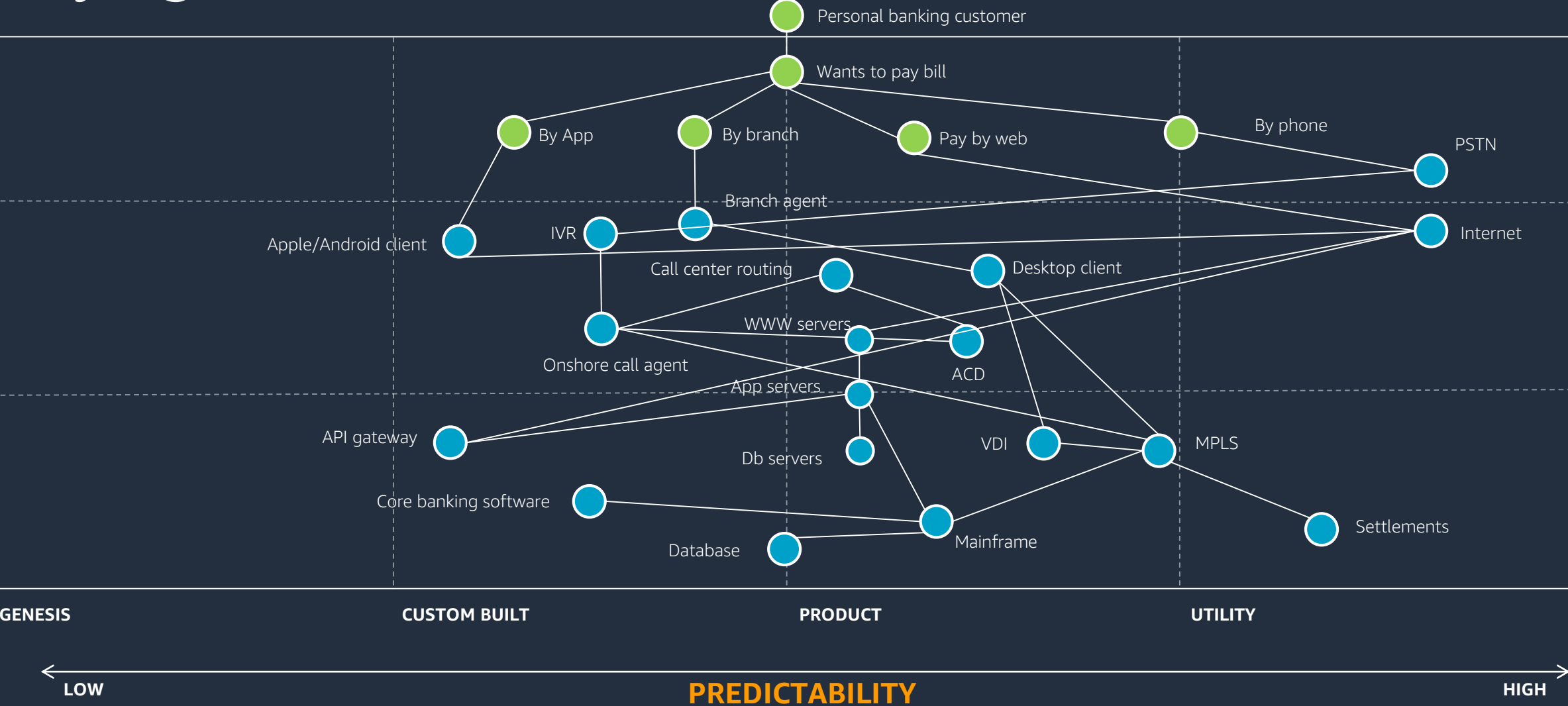
# Paying bills



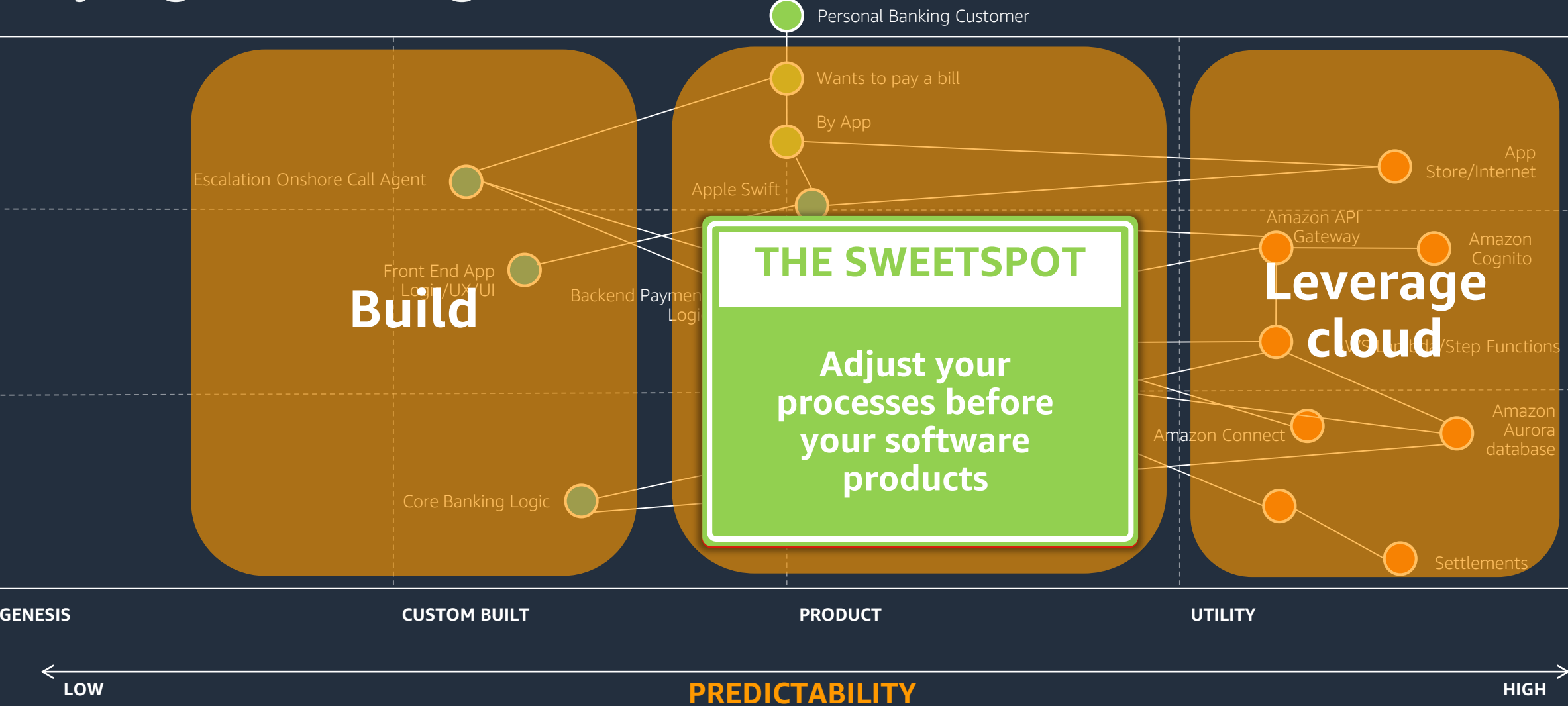
# Paying bills - 1990s

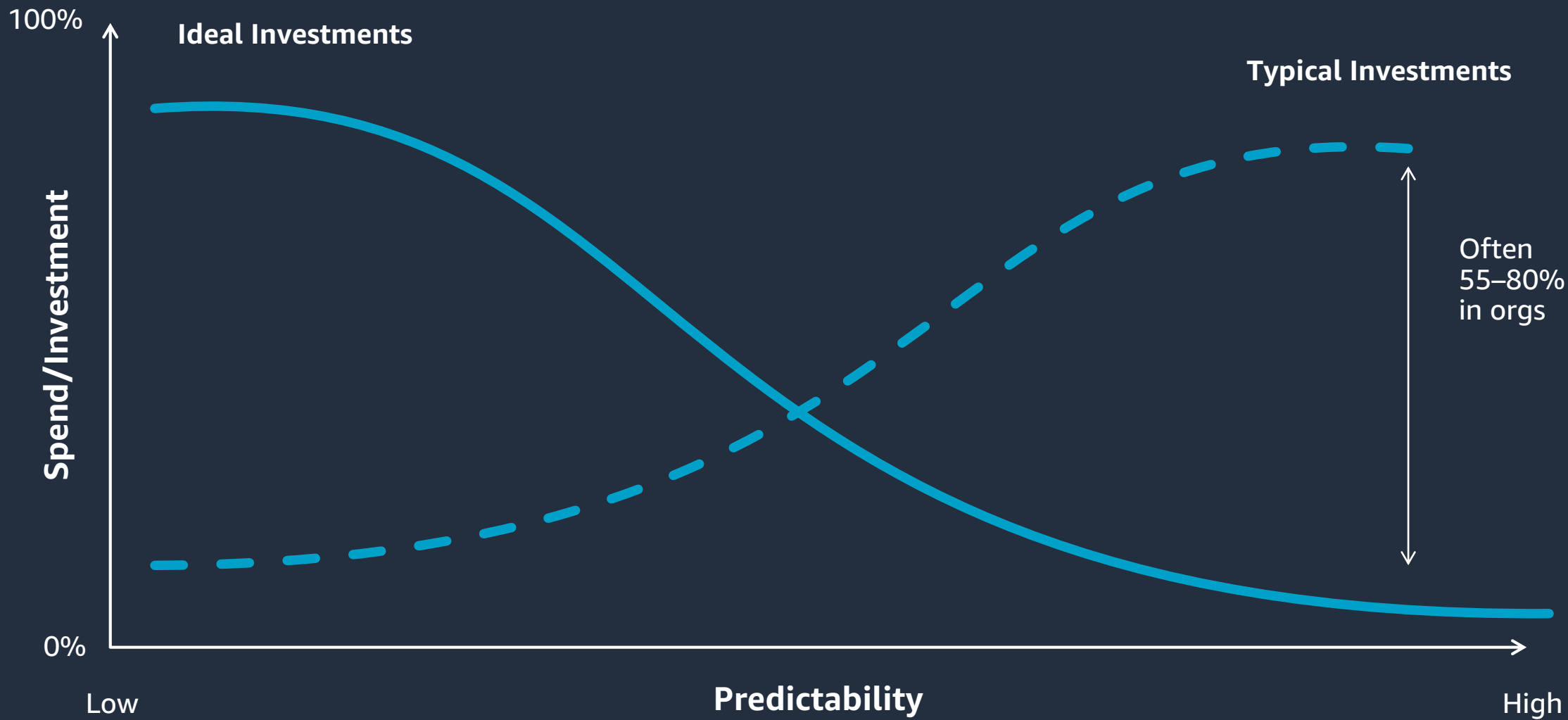


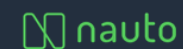
# Paying bills - 2010s



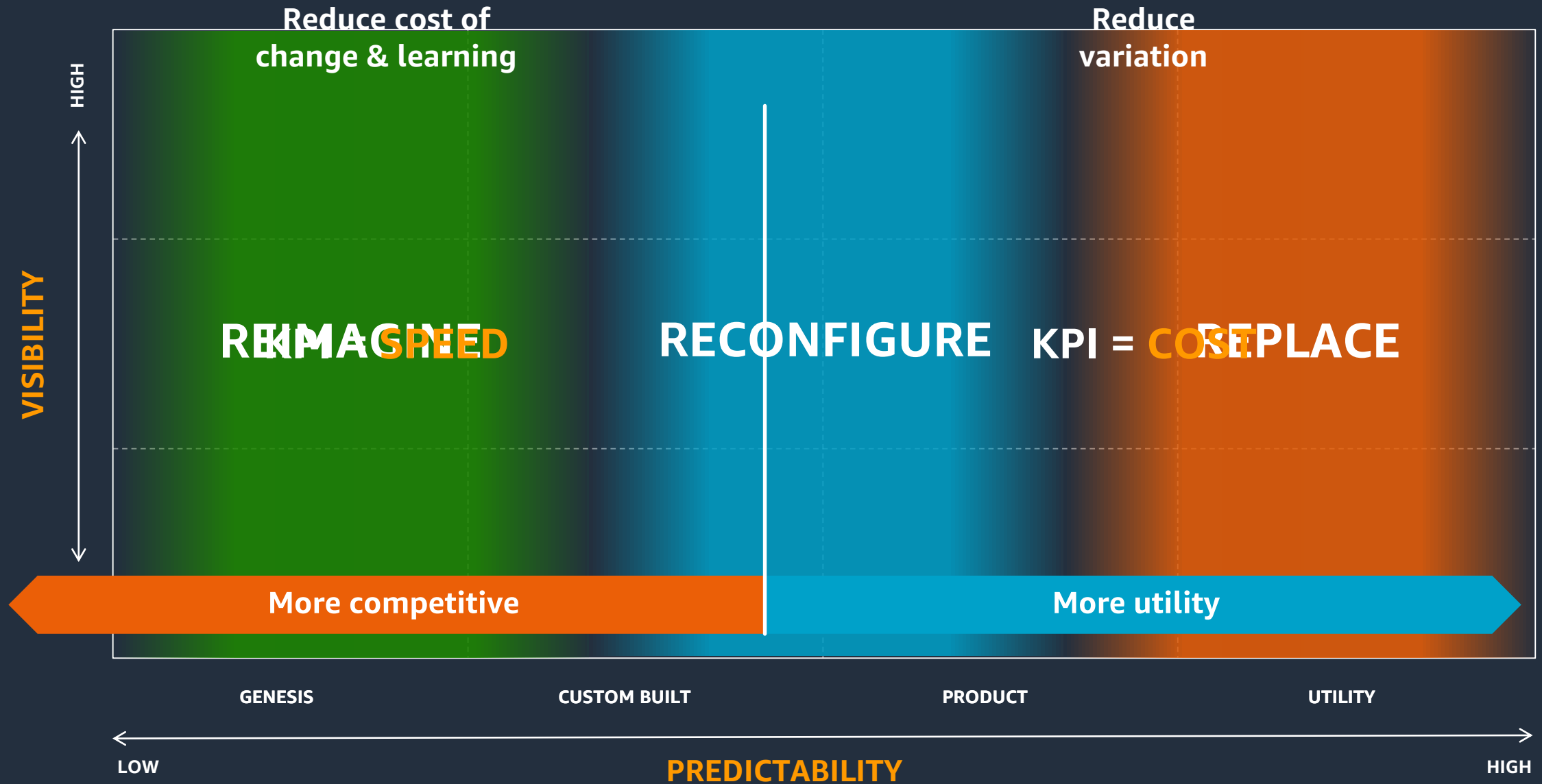
# Paying bills - Digital native bank in the 2020s







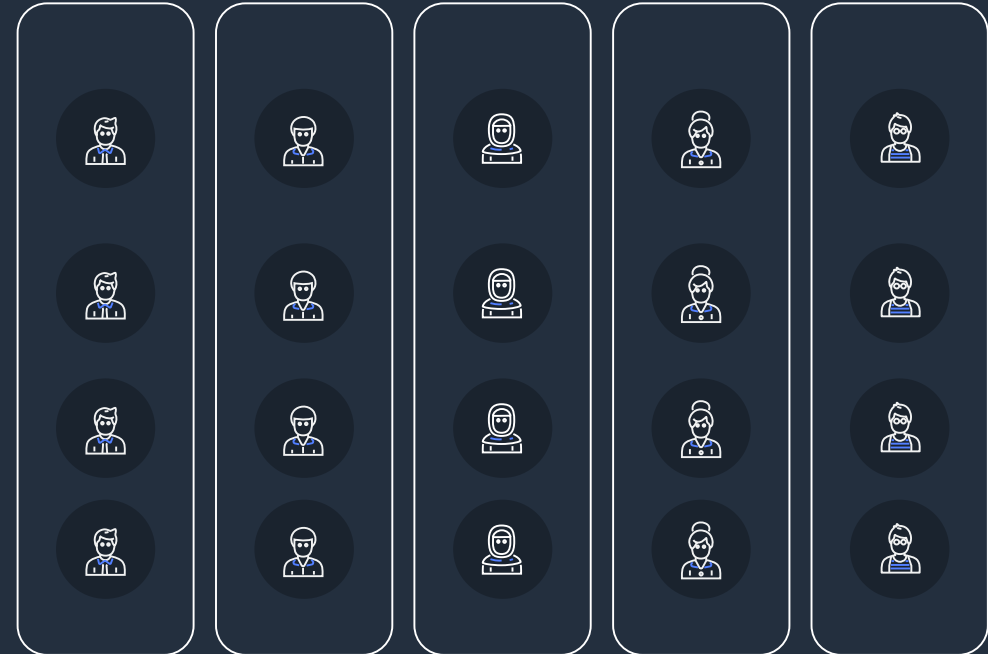
**Are you optimised for  
speed or efficiency?**



Reduce cost of  
change & learning



Reduce  
variation



More in-house

More outsourced

GENESIS

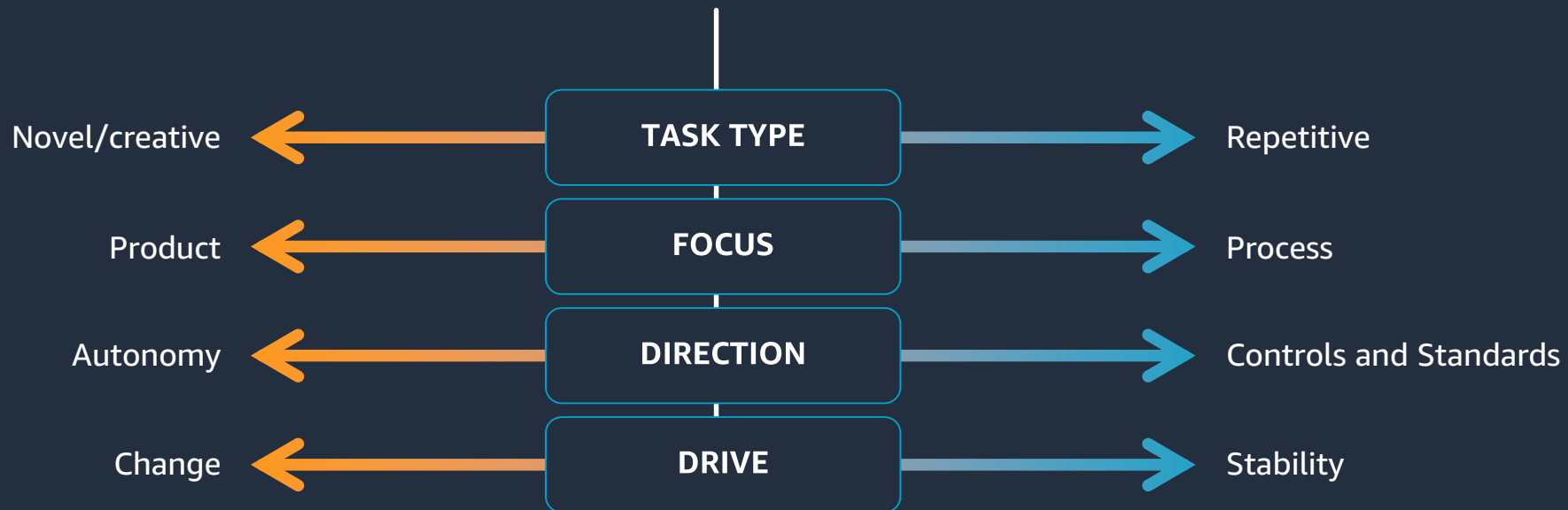
CUSTOM BUILT

PRODUCT

UTILITY

**Reduce cost of  
change & learning**

**Reduce  
variation**



GENESIS

CUSTOM BUILT

PRODUCT

UTILITY

# Tomorrow?

**Budget**



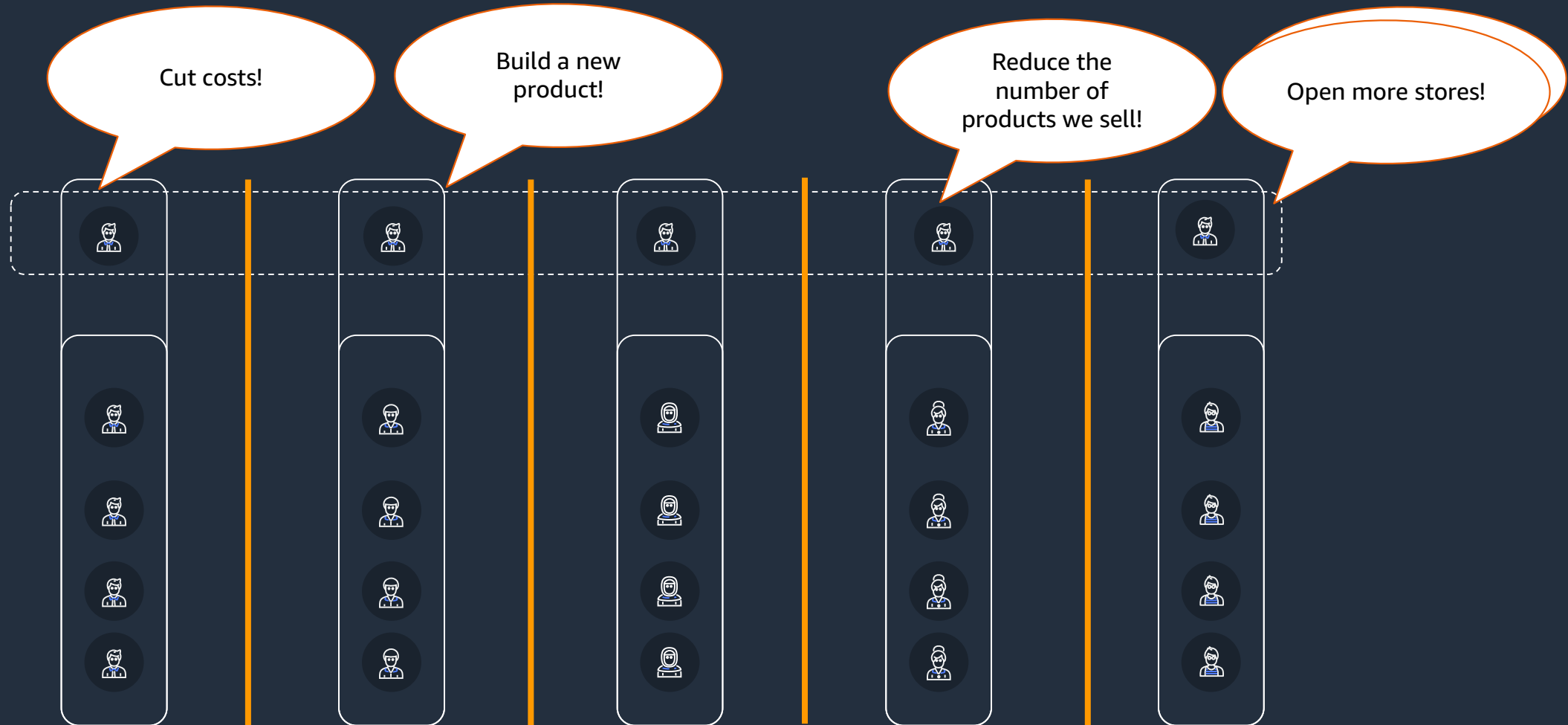
**Leaders' Time**



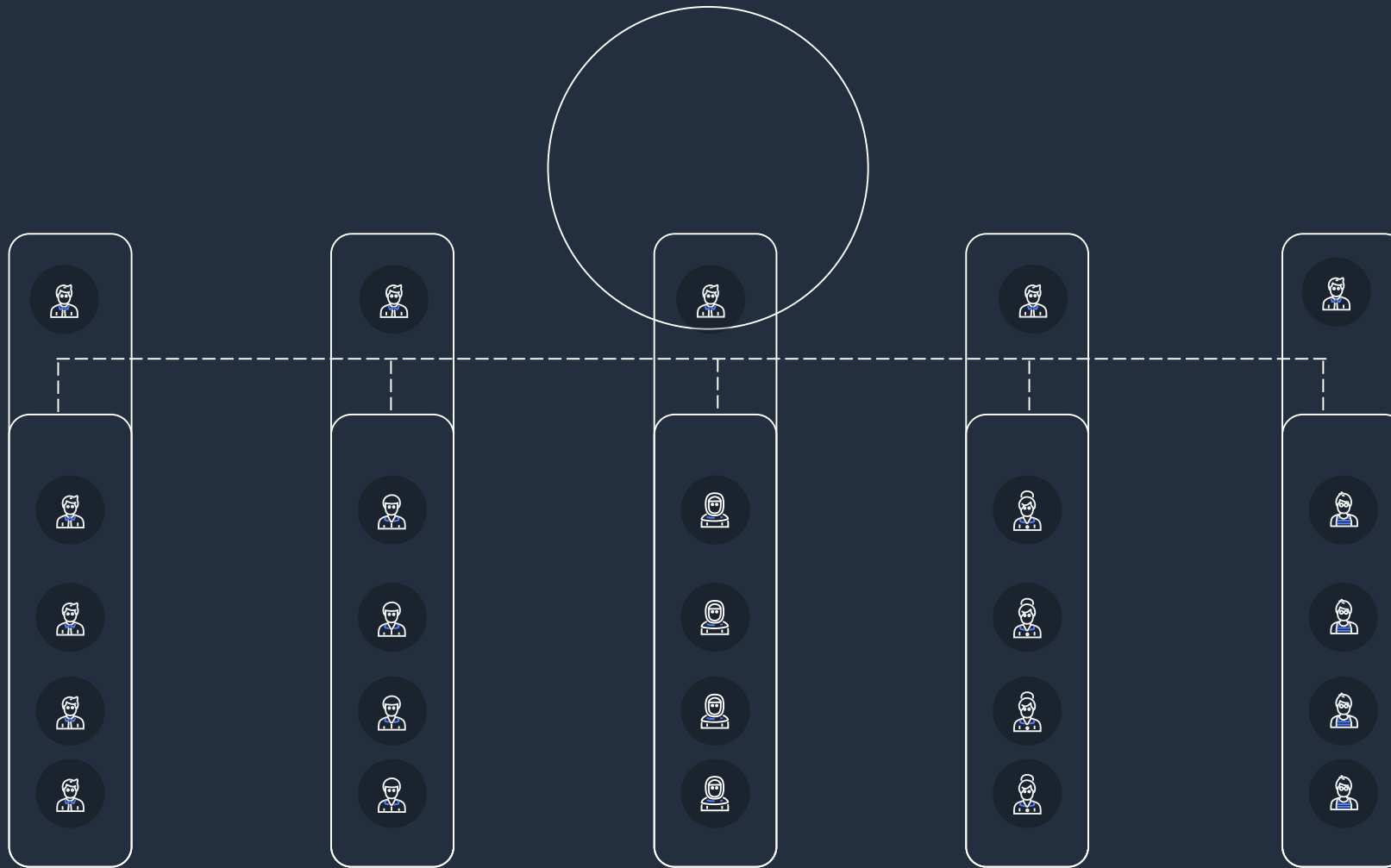
Sources: [Hamel & Zanini, 2016](#); [Beauchene & Cunningham, 2020](#) BCG; [Rigby, Elk & Berez, HBR 2020](#)



# A team of leaders or a leadership team?



# A team of leaders or a leadership team?



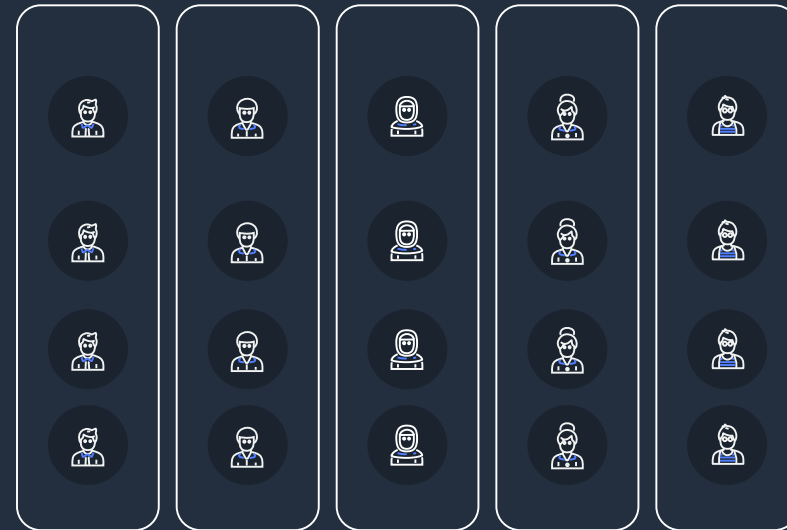
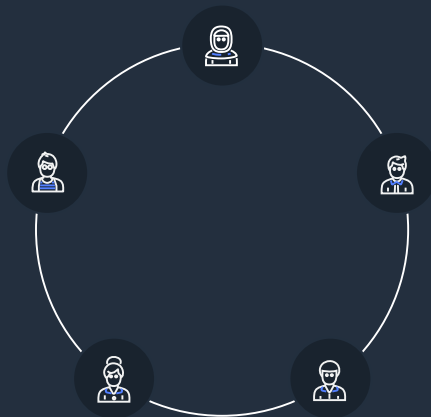
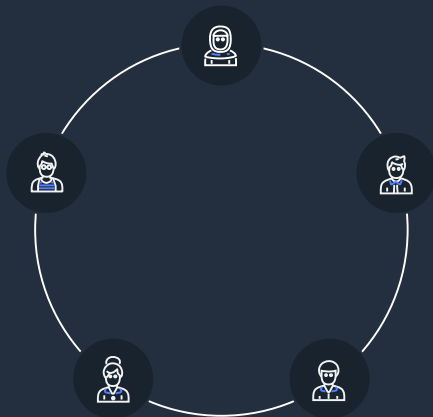
# So what does leadership do?

MISSION

LEADERSHIP PRINCIPLES

MECHANISMS

GUARDRAILS



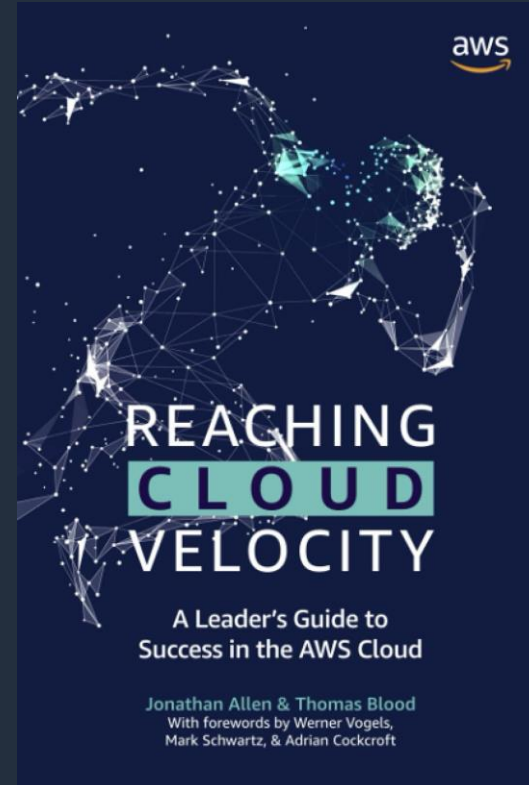
# Define your organisational principles

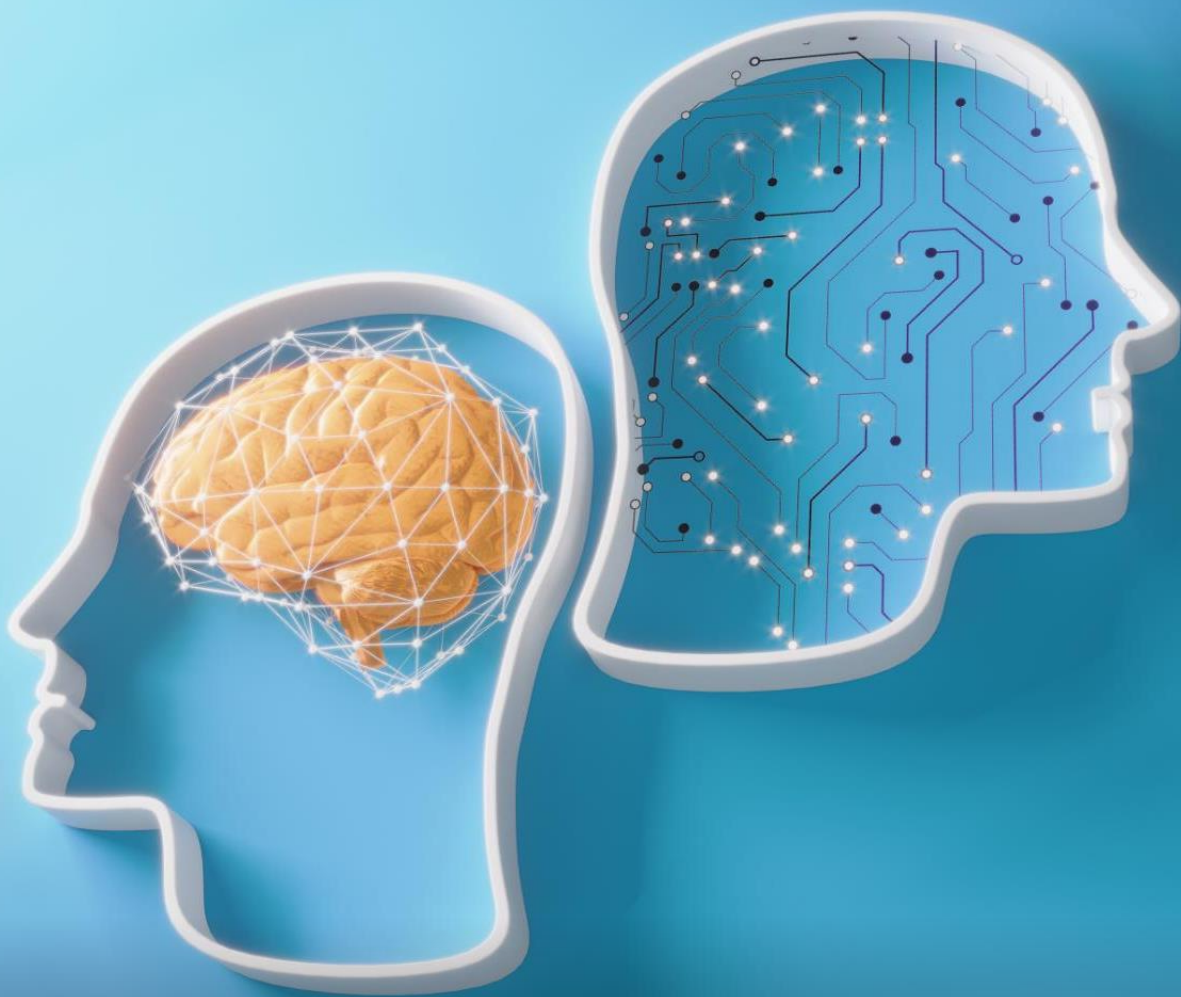


- 1 Integrity: We work with customers and prospects openly, honestly and sincerely (Enron)
- 2 We value our employees
- 3 We *expect* to be customers' preferred choice
- 4 We operate within the letter of the law (!)
- 5 No person should supervise more than 5-6 reports whose work is interlocked

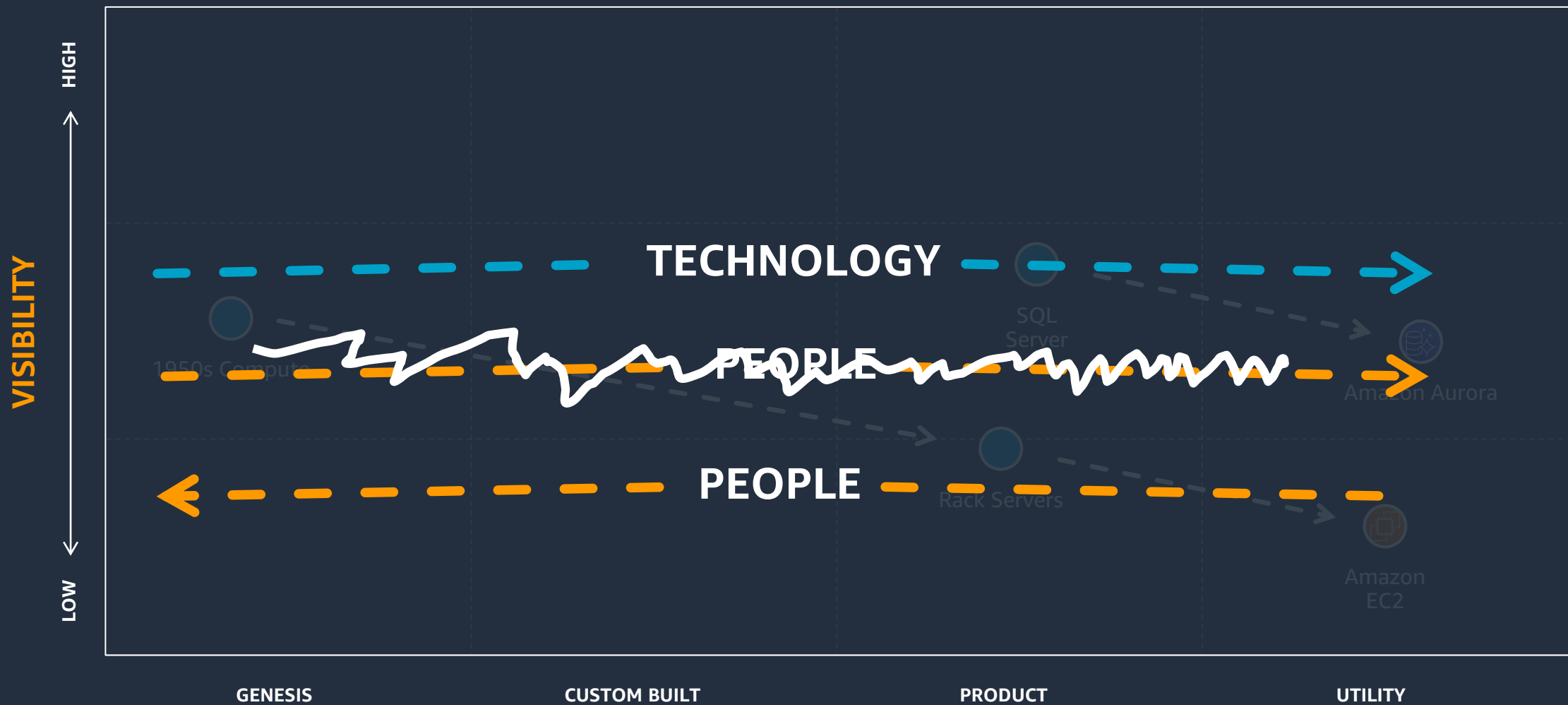
# Principles-based organisation design

- 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

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

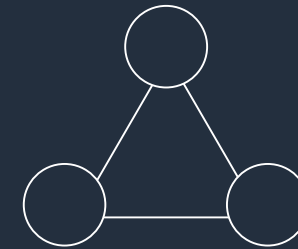
# Don't complexify the organisation

Small  
distributed  
teams



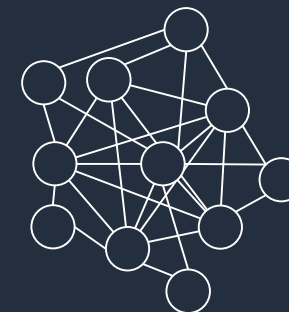
## ORGANISATION

Large,  
complex  
organisations











Modular

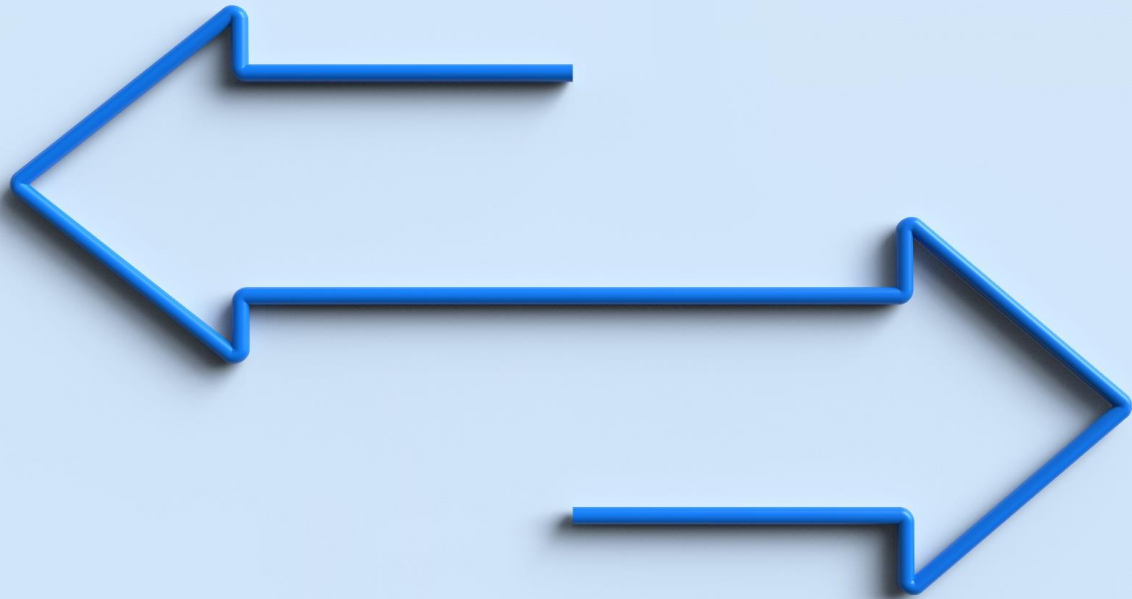
## SOFTWARE



Monolithic

# 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 |  |  |



# Right resources in right roles

# Resourcing your operating model

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**Employees**

**Out tasking**

**Niche  
suppliers**

**Commercial  
Software/  
SaaS**

**Systems  
Integrators**

**Business  
Process  
Outsourcing**

**Cloud Service  
Provider**

Reduce cost of  
change & learning  
**Optimise for  
creative output**



Reduce  
variation



GENESIS

CUSTOM BUILT

PRODUCT

UTILITY



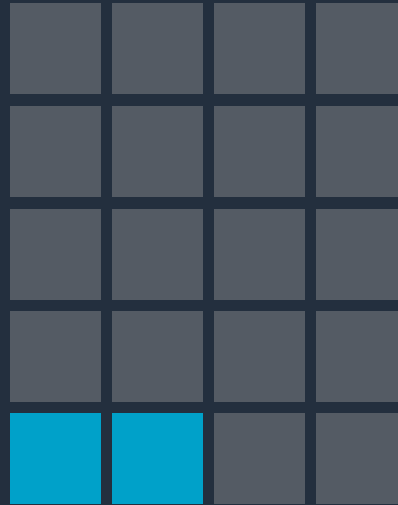
# Raise the cultural bar

# 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 & Arons; 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



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

## Organisation's desires

Stay in role

Takes direction

Doesn't ask for raises

Comfortable performance monologue

Reskill in own time

## Employee's desires

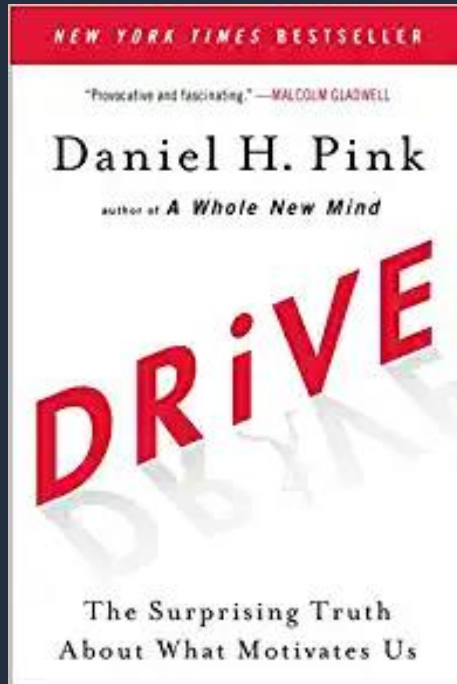
Clarity of career path and progression

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"

“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 fearfully engaged at work



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





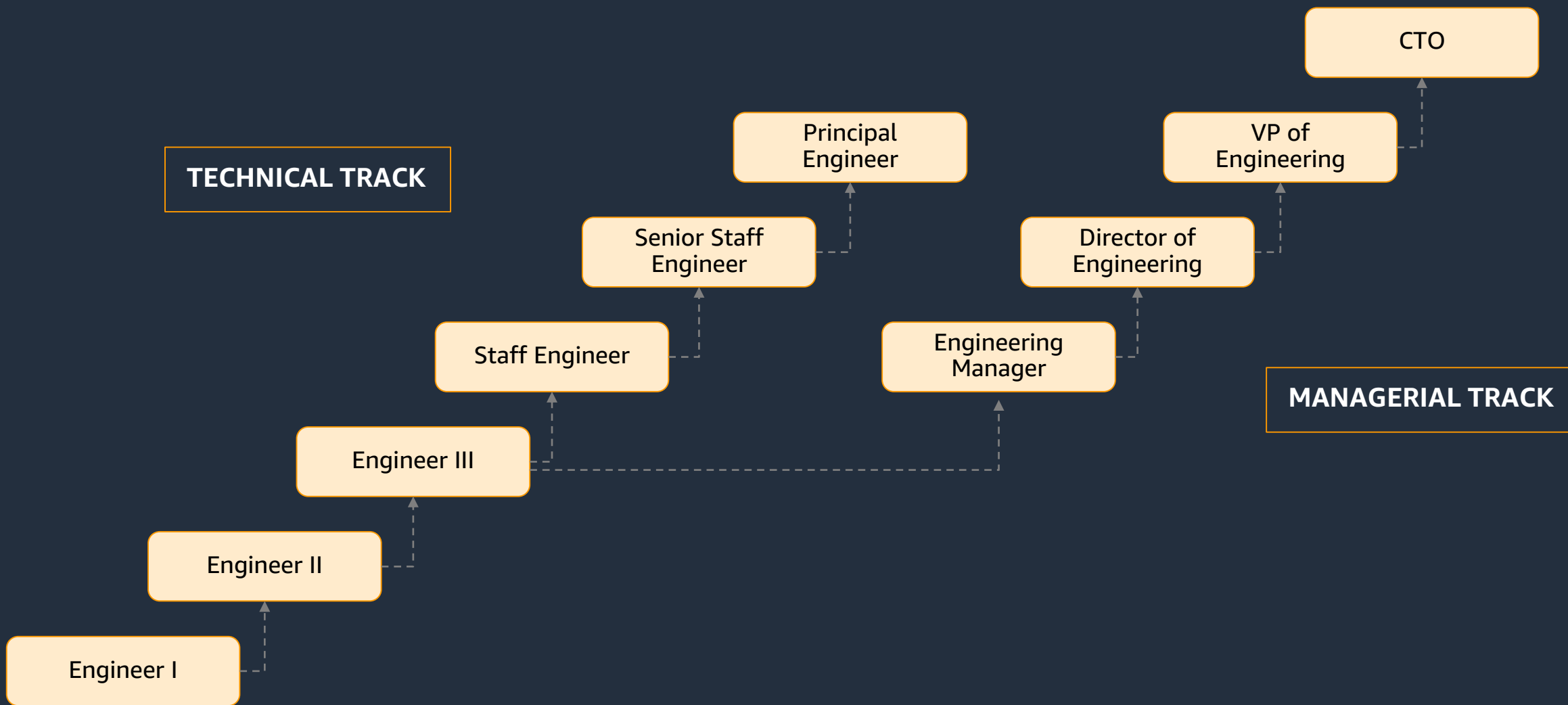
# Nurture and recognise expertise

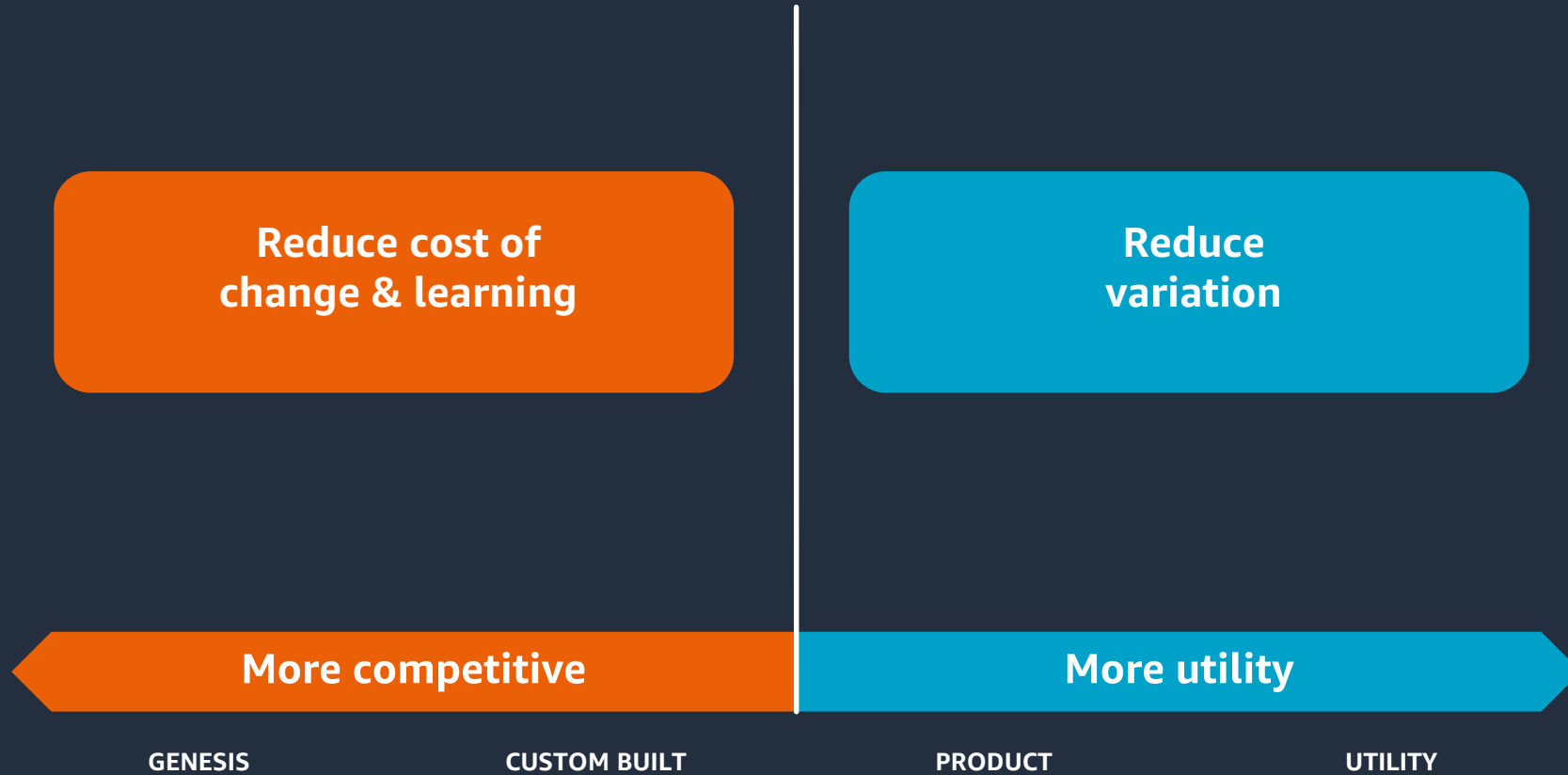
# What about managers?

**Priorities they  
can't cope with  
or don't agree  
with**



**Questions they  
can't answer**







OUTSOURCING

# 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

# Don't generate your own electricity

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“Friends don’t let friends build data centres”

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Charles Phillips  
CEO - Infor, 2014 AWS Summit

An overhead view of a business meeting around a large wooden table. Several people are seated around the table, working on laptops, keyboards, and papers. The table is cluttered with various items including coffee cups, pens, paperclips, and documents. Some documents feature charts and graphs, such as a pie chart labeled 'DATA' and a line graph titled 'Global Sales'. The text 'SET BOLD GOALS' is overlaid in the center in a bold, orange, sans-serif font.

# 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

## Don't

Photocopy someone else's culture

Over plan or over estimate the pace of change

Just rebrand roles and processes

Ignore "resistance"

Delegate the change

## Do

Patiently experiment as a leadership priority

Be stubborn about the vision, flexible on the execution

Instigate genuine outcome-focused changes

Double down on change management

Lead and role model the change

# Thank you

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

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