Viewpoint

A series of tsunamis are underway: leaders must learn how to surf the waves

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T he business world is experiencing rapid changes, fundamentally shifting the way we work, connect, and collaborate in the modern workplace.

In today's world, organizations are collapsing and failing in every direction. With few exceptions, the business models that organizations use to manage processes and people date from the industrial era. They were invented for mass-production of inputs into outputs and the underlying thinking was elitist and hierarchical. Throughout the twentieth century, managers have adjusted the models, but they have not changed fundamentally.

These aging structures are now being challenged by a series of converging global trends sweeping the globe. Increasingly, businesses face accelerated decision making, global competition, hyper-connectivity, digitalization, the rise of the prosumer, big data and social media-savvy millenials entering the workplace. This is the new reality. Yet, few organizations have taken major steps towards reinventing their organizational structure, management practices, or institutional culture to deal with these driving forces.

Without attention to planning for and resolving these issues there is a strong probability that entire organizations will be wiped out by this interrelated series of tsunamis in the near future.

One thing is for certain – continuing to resolve the challenges by applying the logic and tools of the industrial age is a sure recipe for failure. The world is no longer the same as it was in the past, where the business environment only changed in marginal ways, and at a gradual pace.

As businesses look to the future, they would do well to remember that simply adapting a matrix organizational structure may no longer be good enough. They must think more deeply about the opportunities and risks presented by the evolving trends, and the driving forces behind them.

An organization must serve the customer first. Having a matrix, you are not doing the customer a favor because decision processes are slowed. From our perspective there are two problems with the matrix organization.

First, it implies that leaders are no less than great and have the foresight to know exactly what the customers want in the future and that they can improve upon the more siloed traditional functional structure, where each individual is allocated to certain roles and responsibilities if they just allow employees to work across functions. But in reality, this just leads to a more significant conflict of loyalty between line managers and project managers over the allocation of resources.

Second, that this rigid design often proves inadequate at almost the same moment it is completed, when some unforeseen outside force dismisses all the assumptions it was based on. The sudden resignation of a key employee, a merger of two competitors, or a change in sourcing style at a key client can all quickly make a matrix design obsolete.

1. The podular organization

The twenty-first century connected enterprise is a new world of work, learning and innovation. For an organization to survive, it will need to do more than merely improve its production, administration, and social processes. Survival will require deep transformation and the creation of a new culture of transparency, openness, interactivity and collaboration.

We believe it calls for a totally different organization than familiar ones of the twentieth century. It is not simply an adjustment of systems, processes and procedures that is needed. It is a fundamental overhaul, starting from scratch.

Inspiration for a more sustainable and resilient organizational model can be found in a recent book, *The Connected Company*, by Dave Gray and Thomas Vander Wal, where they introduce the concept of the podular organization. Podular design is a concept that focuses on self-directed work teams. Pods are small, autonomous units that are enabled and empowered to deliver value-creating activities to the customer, with a support system designed around them that is collectively shared.

The overall purpose, of adopting a podular design is to reduce interdependency and unleash the creative forces in an organization, so people have the freedom to deliver value to customers and respond to their needs in a more dynamic way. Operational pods can be compared with old-fashioned guerrilla warfare. Guerrillas follow specific strategies and fight small wars on several fronts in a networked and less hierarchical structure.

The idea of self-directed work teams isn't new. Large companies such as Xerox, Amazon, Procter & Gamble, AT&T have already embraced this way of thinking, with significant results. Richard Branson's Virgin Group is another example of a successful pod-structured enterprise, which spans over more than 200 companies.

2. Command-and-control doesn't work

These organizations are still exceptions. Most current companies are still structured for efficiency over effectiveness, for repeatability over adaptability. There is a widespread perception that increased control is the best way to deal with uncertainty and complexity. But the perception is deeply flawed. In a hyper-connected world the power of management lies not in its control, but in its connections.

In the podular organization, leaders recognize that their job is to be the architects of social systems and processes. Their role is to take a holistic approach and make sure that the organizational structures support the connection of the right people, ideas and expertise. Here authority is not based on rank, title, and seniority, but on values, integrity and credibility. These are the pillars, which followership rests on in the twenty-first century.

The podular organization calls for a re-calibrated leadership role where it is no longer a game of them and us. Rather, it a matter of united we stand, where organizational cohesion becomes a competitive parameter. In order to achieve this, a leader must energize and motivate workers around the vision of the company, and empower them to take ownership when the situation calls for their judgment, personal networks and expertise. Leadership becomes collaborative and no longer means leading others, but rather leading with others. Workers, in return, must be open and honest, and share and challenge the opinions and decision of the leaders, if they are not qualified.

3. Eliminate barriers to collaboration

As part of Innovisor's work with collaboration in global organizations, we have established insights into the often unknown barriers to collaboration. It is evident that it is not the systems and structures that are keeping people from collaborating. The most significant barriers are uncertainty about the competencies and needs of one's colleagues, and an unclear understanding of when and where to share knowledge and collaborate. In essence, it is all about leadership communication and alignment of expectations.

In his book, *Collaboration,* Professor Morten Hansen outlines three strategy levers leaders can tailor to tear down these barriers:

1. Reduce motivational barriers and get buy-in towards a common goal.

2. Encourage T-shaped management that rewards both independent results and cross-unit contributions.

3. Create nimble, not bloated, networks across the organization that deliver results.

To eliminate those barriers and steer their organizations effectively, leaders are forced to shift their thinking from centralized power to the power of networks, which are more robust and intelligent when facing complex problems. Working smarter in the future workplace starts by organizing to embrace networks and alliances, reduce complexity, and build trust. By dedicating themselves to understand the nature of networks and planning strategically, an organization can make significant gains in profitability and competitive advantage.

To work with these seemingly invisible networks and their barriers you need to grasp how they look. One useful tool we have used to diagnose this is Social Network Analysis (SNA).

SNA illuminates otherwise hidden perspectives of the organization. Beyond the traditional top-down hierarchy, it uncovers the tapestry of perceptions, workplace relationships, and invisible barriers that largely dictate how work gets done. Managers can use this knowledge in a recalibrated twenty-first[t] century leadership style.

In a recent example in the corporate function of a multi-national, we discovered an invisible barrier to collaboration in an open office setting by combining our network analysis with a workplace diagram. What appeared to be an open and collaborative setting was, in fact, just a big a barrier, as if workers were placed at two different geographical locations. The root cause was the way people were seated – not according to their collaboration needs, but according to their specialist skills. In this seating dynamic, a distance of less than 10 feet was enough to dampen collaborative and productive work.

In the podular organization relationships and networks constitute competitive advantage. That is why leaders must build a better understanding of how knowledge and connections flow through their organization, in order to capitalize on it. There is no alternative if organizations want to survive the series of tsunamis that are underway and approaching fast.

References

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About the authors

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