WHY 2021 WILL BE CRITICAL TO THE FUTURE OF ORGANIZATIONS - AND WHY ORGANIZATIONS NEED TO TAKE STOCK AS THEY MOVE FORWARD

PODTEXT DISCUSSION

JEPPE V. HANSGAARD

MIKE KLEIN

innovisor

2021 is a year that will be critical to the future of organizations. With all the change that has taken place during the pandemic, the coming year will be crucial for correcting some of the mistakes of 2020, and in making organizations more sustainable and competitive for the future.

I agree. I believe we will see some of the things happening outside organizations having an impact inside organizations as well. Such as the big gaps between Republicans and Democrats in the US, Brexit, the US-China trade war… these will almost certainly challenge the way organizations are led.

Yes - the external context will be pivotal - not only in terms of the market and financial environment, but in terms of the appetite and bandwidth organizations have to make the internal adjustments they need vs. trying to muddle and blunder through. But that makes this pre-vaccine period extremely critical - to lay the right foundations and get the right foundation built for the post-vaccine future.

innovisor

It seems to me that executives are anxious about getting more internal stability than they are about what they face externally.

That's reassuring. The question is whether they want to stabilize in a 2019 sense or in a way that reflects 2021 reality.

I don't think anyone wants to go back to 2019. The issues of the 2019 model have challenged organizations in the pandemic in ways the execs did not expect.

I see them looking at more agile business models, at alignment (but not too much… some tension is needed for innovation), and at networked organizations. I also see execs having discovered that they don't know what is really going on in their organizations.

innovisor

So, you are hearing the kinds of things we should be hearing - that organizations need to have a much better understanding of what's going on "under the hood", and some willingness to do and invest in the things that will deliver that understanding.

Yes, I do! Let me give you an example. We identify the social structures inside the organizations. The organizations have tribes, groups, silos… where people get together with likeminded people. What we see is that people talk to people like themselves. Execs now know that they are only talking to execs, whereas their employees connect to other employees, when they make sense of what is going on.

I'm convinced of the value and of what happens when leaders do Organizational Network Analysis (ONA) and other positive things and see the benefits.

innovisor

But I'm concerned that when the conversation shifts from "talking the talk" to "walking the walk" whether these folks will pull the trigger - especially on strategic improvements like ONA, alignment research and improved internal communication platforms.

There remain forces of resistance out there - people who cry about "privacy" when ONA is mentioned, IT folks that say, "Yammer and Teams is good enough for internal comms", folks who say, "we don't have any alignment problems - people know what they need to do." What makes the current environment different?

Re Privacy and ONA - I hear the concern as well… but it's actually more related to analysis of communication flows inside Yammer and Teams. The rules are actually very clear on this topic. E.g., in Germany, where we have the strictest regulations related to this, you can certainly do ONA. But you need to do a positive peer-recognition. The other thing you always need to do is, if you work for example with the 3% that shape the perception of the 90%. You need to ask for their approval before you share their names.

innovisor

We do that - and have very positive support from employees.

That's reassuring - the challenge is being able to overcome privacy concerns early in the conversation so good initiatives don't get rejected out of hand. I've always believed there to be a deeper fear about ONA - it doesn't leave leaders and managers who are poorly connected or weakly influential with much cover.

Yes, the other element is probably that you should not handle the data internally. Your employees expect some governance around this.

Excellent point.

innovisor

When doing an ONA, you need to design it according to an objective. You look for certain networks - e.g., influence or collaboration networks - but that does not mean you can draw conclusion about innovation, effectiveness or decision making for such an exercise.

The first step should always be to understand and clarify the objective, and then tailor the approach.

So, the thrust of the ONA research needs to have clear objectives and the output needs to match these objectives.

Having discussed a bit about the process of launching and driving ONA, let's focus on why ONA is such a great tool for the current business situation in the world, and what organizations should look to do with it in the coming year.

innovisor

We've been in a time, where we are really disconnected from our colleagues. Where we can not meet at the water cooler or in the canteen, then people find other ways to connect to each other and to make sense of what is going on.

What we have seen is that the informal networks have become even more powerful.

Why? People reach out to those really influential employees to make sense of things. But because of that, those influencers are becoming overburdened. About 30% more stressed than what we see in other employee groups. It is really a big WORK ISSUE!

innovisor

Still, the vast majority of organizations lack a clue about how these relationships map out in reality. Given your research illustrating that the last year has shapeshifted a lot of relationships and networks, there's a clear incentive for companies to finally make this leap and to start operating from this understanding rather than on traditional intuition and belief in the sanctity of org charts.

Yes, and to me a big shift has really been around focusing less on the corporate level, and more on the team and unit level. Where leaders want to act but have not been in a position to act.

We have done research down to smaller teams of 15-20 people, where we discovered fragmentation and disconnects that needed to be addressed ASAP. Also, in larger groups with 500 people, they got 'sounding boards' established that the CEO could connect to in what were called 'virtual floor walks'. He knew who he needed to check in with.... And especially, when we discovered they were the most stressed and on the brink of resigning.

innovisor

Looking more broadly, leaders are perhaps more reliant on formal processes and channels than employees working within a function or on cross-functional teams. I can see the value of applying this approach to smaller teams, especially if it identifies patterns and habits that occur broadly and that can be addressed more systemically across the business.

Yes! We probably had a high-level macro view at things before COVID, but now we have dived into topics we could help with at a microlevel. Things like innovation, wellbeing, and even performance.

The more coherent your team is, the better it performs.

One topic where investment in organizational research could be huge is M&A. There are a lot of assets laying around and there's going to be acquisition and consolidation all over the place.

innovisor

We have several conversations in this field - and yes, ONA has an important role to play. Again, you need to assess the objective with the acquisition. It it's a cost-saving exercise - then ONA is not the thing... but if it is a value-adding exercise, then it is. Who needs to be engaged, who needs to make sense of things, who stretches the thinking, who are your early adopters and who needs to be retained.

Even in a cost-saving scenario, if you fire the most central and valuable people, you destroy much of the value of the acquisition.

I think the overall thrust is that M&A failure risk can be mitigated by using ONA as a due diligence approach and for aiding in integrations.

I agree re the cost-saving scenario! - but you need to be able to tell people what their input is being used for (this is GDPR) and they need to give their consent to it. This makes it pretty difficult for cost-saving exercises.

innovisor

It's interesting because in M&A comms, organizations often don't clarify - even for internal purposes - the real intentions of their ownership thrust. Sometimes there's talk about "integration", "merger of equals", or even "reverse acquisition," but the reality can tend more towards conquest and cost-cutting. It's a huge issue.

So, we have used it in processes leading up to a merger e.g., to identify who needed to be retained...but I believe it is most powerful post-merger.

Post-merger certainly. Pre-merger, potentially. on the part of the initiator so they know what their own assets are beforehand.

Going back to the nature of the current work situation, not only are influencers more important, are they also bearing a greater burden?

innovisor

Influencers work long hours these days. They are these competent and sympathetic people that others ask for advice, when they don't know what direction the organization is heading, or when they don't know what they can decide on etc. That puts them under a lot of pressure. Especially because they are normally also very helpful...they want to help.

If you have organizations that are too formalistic, that adds tremendous pressure. Certainly before, and especially now with COVID.

What we can see, is that in the organizations that have outperformed others in their future of work practices: Empowerment, Guiding Principles, enabling consistent but decentralized decision-making, etc. In these organizations' influencers are coping much better.

innovisor

Now in organizations that have not done this ONA work, you'd say that influencers there are also struggling and straining. Moreover, that their organizations have no clue as to why those who are finding it too hard are doing so? Does that make not doing ONA a business continuity risk?

I see this as a major risk. You have your best-connected employees, your most influential employees, and you might lose them due to stress. What we know is that if a highly influential employee leaves the organization, then the probability of other people being connected to that individual that they will also leave increases by up to 500%.

To me this is the single most important leadership challenge during COVID. How do I - as a Leader - make sure that our 'influencers' are in the know, feel well, and want to stay in my organization.

If you don't retain them, then your business might fall apart.

So, ONA isn't just a clever and strategic approach for getting an understanding of how a business really works.

Over the course of the pandemic, it's increasingly emerged as business-critical in many specific ways.

It addresses the identification, retention and wellbeing of crucial talent. It provides a picture of reality and how organizational reality has changed over the last year - in a way that its findings can't be brushed off or ignored, and it provides a roadmap for the success or failure of integrations and major change.

Will organizations finally see the light in 2021? There's a substantial amount at stake.

innovisor

About contributors

MIKE KLEIN is Principal of Changing The Terms, a consultancy focused on internal communication and organizational research based in Reykjavik, Iceland. Mike has worked with large international organizations like Shell, Cargill, Avery Dennison, easyJet, Maersk and VEON/VimpelCom. Mike holds an MBA from London Business School and is the author of a book on social communication called "From Lincoln to LinkedIn,". Mike can be contacted at mike.klein@changingtheterms.com

JEPPE VILSTRUP HANSGAARD is the CEO of Innovisor – the world's leading Organizational Network Analysis company. Innovisor enables organizations to succeed with change by helping them to connect to their people and informal social structures through an evidence-based approach.

innovisor