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THE RISE – AND DEATH – OF THE MACHINE



THE 'MODERN' AGE

The first metaphor for the organisation was that of 'organisation as machine'. It was not surprising given the many events happening in parallel as the world entered the Modernist age.

In 1889, the Eiffel Tower was built and broke all previous limitations on how tall human-made objects could be. The Wainwright Building, a 10-story office building built 1890–91, in St. Louis, Missouri, United States created the notion of a 'skyscraper'.

These engineering marvels radically altered the 19th-century urban environment and the daily lives of people. Modernist architects and designers, such as Frank Lloyd Wright, believed that new technology rendered old styles of building obsolete. Le Corbusier thought that buildings should function as "machines for living in", analogous to cars, which he saw as machines for travelling in.

Since Edmund Cartwright had patented the power loom, factories had risen to become the dominant

work environment. Methods of how to organise large groups of people undertaking similar tasks were largely borrowed from military precedents. The notion of command-and-control was the primary organising principle.

Then, in 1913, the Modernist age reached what was arguably its zenith. That year, Henry Ford became the first person to apply the assembly line approach to complex manufacturing. Its birth was the use of a rudimentary system of rope and winch to pull a Model T past 140 workers in Detroit.

One year later, manufacturing had been transformed. In Henry Ford's factory, with conveyer belts and gravity wells, assembly time dropped from 12.5 hours to 93 minutes. The same factory that produced 100 cars per day now made 1000. In 1914, Ford's 13,000 workers built 300,000 cars, more than his 300 competitors with 66,000 workers achieved in total.

The keys to performance were simple but tectonic



in their impact. The transformation rested on the automation of activities and the role of humans in performing procedural tasks with maximum accuracy, consistency and efficiency.

As the century progressed, other breakthroughs followed a similar model. From the adoption of standard time by British railway companies from 1845, conformity and proceduralisation had been central to the direction of business. When Wal-Mart transformed supply chain management, it was another example of performance improvement through mechanisation.

Thus, from the buildings and offices spaces we worked in to the sources of business performance and the role of humans in commerce, everything prompted us to think of the organisation as machine.

And when that is the prevailing metaphor, what do those in charge of organisational architecture do? Develop further machine-like systems and processes. From structure design to leadership development,

every activity impacting the human dimensions of performance was created in the symbolic form of the machine. Think about everything that's ever come out of HR: the organisational chart, the nine-box talent grid, the employee engagement survey, team typing tools such as the MBTI, the annual performance review. Every single one looks like a machine: orthogonal lines, forced choices, linear steps.

For the last hundred years, the machine has been very effective at making itself even more machine-like. Or to use another apt word, companies became bureaucracies. And as we'll see, most still are.

THE END OF HENRY FORD

Since the year 2000, the canvas for business success has changed seismically. As with most inflection points, we did not see it until the change was well underway. Two pieces of evidence were most significant:

- Major companies went broke unexpectedly. We know the stories well: Kodak, Nokia, Blockbuster and many more. Companies have always gone broke – that is not new. What was different was not just the speed at which these companies went from world-beaters to insolvency. It was also that these were well-run companies. They were efficient. They were Henry Ford's ideal. They were machine-like.
- Even more surprising was the speed of ascent of the new market goliaths. The likes of Google (now Alphabet), Amazon, Alibaba, Atlassian, Uber and Airbnb. While they too used technology to leapfrog to exponential performance (just as Henry Ford did), they didn't seem so much like machines. We heard of them using methods such as Agile, with scrums and sprints. They had unusual rules like 'the two pizza maximum'. Other rules (e.g. dress code, standard business hours), they eschewed entirely. They worked in open workspaces with little or no special status for senior executives. They eschewed bureaucracy. Despite how well they used machines, they themselves didn't resemble machines.

Why have these changes occurred and what do they tell us?

They tell us that:

- The biggest priority for most companies is no longer efficiency. It remains important of course, but it won't be the reason why most incumbent thrive, survive or die.
- The 'organisation as machine' metaphor is past its use-by date. Bureaucracy will kill organisations, not sustain them. Organisations can no longer operate successfully by suppressing intrinsic motivation and creating silos.

Despite this, most organisations have done little other than tinker around the edges. Even companies that think of themselves as progressive are still slaves to the machine metaphor, still operating bureaucratically.

Gary Hamel has described the cost of bureaucracy: "Looking across the whole world, the ratio of managers to support staff is about 1 to 4.7. Basically, that's one bureaucrat for every 4.7 employees... And when you look at people in their jobs, people

are spending about one day a week on a bureaucratic tasks. This is internal compliance, not external compliance.”

WHAT TO DO?

Changing practices won't work (by itself). Adopting Agile, taking rating scales off performance reviews and moving to activity-based working is all well and good, but it's addressing the symptoms not the disease.

You need to stop thinking like Henry Ford and start thinking a lot more like Jeff Bezos.

A NEW METAPHOR

I won't pretend that there is a single metaphor that should replace that of machine. However, I can share with you two that have some of the right attributes.

ORGANISATION AS GARDEN

Think of the most beautiful garden you've ever walked through. One blooming with colour and variety. One full of life and perfumes. There are few straight lines (if there are, they were put there by humans). It is aesthetically beautiful. While it has pattern, it also has surprise.

How did it get like this? So much went into its design. Where it should be located, what soil to use, how it should use the sun's warming light. The soil was enriched, the plants were carefully selected, the gardeners attended to each plant with care.

This is a very apt metaphor for the most successful organisations of the cyber-physical age. Despite the ever-growing use of technology in companies, the best ones are appearing more human and less mechanistic. Agile ways of working, design thinking, collaboration models, and the use of multiple diverse perspectives to generate creative solutions are all methods that produce colour and flair not rigidity and orthogonality.

ORGANISATION AS HUMAN BRAIN

We understand so much more about the human brain than we did even a decade ago. We know that there is no hierarchy as such, but rather that every neuron plays a role (although some do have an 'executive function'). We know that the power comes from the hundreds of billions of synaptic connections. We know from neuroplasticity that this soft, squidgy form is excellent at making new pathways and growing in areas that are most stimulated.

The human brain, when combined with many others, has created the civilisation we have today. It has done so because of the wonderful interplay between creativity and logic, reason and emotion, cerebral and limbic functions.

Again, this is an excellent metaphor for the most successful businesses of the cyber-physical age. They resemble healthy brains, abuzz with myriad intersecting activities and based on inter-dependence not uni-directional instruction.

WHY A NEW METAPHOR MATTERS

It's fair to say that in the industrial age, the machine was a good metaphor. The likes of Ford, Wal-Mart

and other stock exchange giants did indeed seem like well-oiled machines. But let's be honest. When you think of incredible businesses today, they don't seem like grids of iron bars and rivets. They in fact seem like exhilarating botanic gardens or the gestalt brain of many geniuses. These metaphors are not simply linguistically appealing – they explain why these businesses have done so well. They shed light on the causal drivers of business success in the cyber-physical age.

What happens when you throw out the machine metaphor, and take one such as the garden or brain? You question a lot about your current practices. You wonder if the way you organise divisions, manage talent, review performance, and disconnect senior executives from the customer is fundamentally and philosophically flawed.

At Bendelta, we have spent the past two years researching how to tap into and accelerate the human potential of leaders and whole organisations. What resulted is Potentiology™, a new model for designing and leading organisations in a way that is fit-for-purpose for the cyber-physical age. It consists of two major paradigm shifts:

- For the first time, organisational architecture (strategy, design, culture, engagement) is designed with an explicit and primary aim of optimising the human contribution to performance. This means creating environments that optimise intrinsic motivation, felt autonomy, creativity, customer intimacy and collaboration. It doesn't look much like a machine.
- For the first time, development is undertaken with full commitment to realising individual and collective potential. By using development methods that work, leaders achieve more significant, rapid and durable uplift in the capabilities that are most important to your success. In this model, people don't look like cogs any more – they start to bloom.

A final story: I was being shown around Sydney office spaces recently. Despite the scarcity of CBD space, the agents have a challenge. Nobody wants a conventional office anymore; they all want to be a warehouse-style environment, with exposed ceilings and uncarpeted floors. They want to look like a start-up.

Some of this is admirable (e.g. an open environment to foster collaboration and reduce the sense of hierarchy); some of it is amusing. Exposed ceilings and uncarpeted floors may make you look hip, but covering ceilings and floors is actually a smart decision – it assists noise reduction and temperature control.

Working in a warehouse won't make you Atlassian, any more than wearing glasses will make you smarter. Nonetheless, the change in office space priorities is telling. It's one tiny gesture in itself but it signals a deeper desire – to move away from bureaucracy in the desire for more autonomy, creativity and collaboration.

The metaphor of organisation as machine is dead. Long live the new metaphors!. **BFM**

Anthony Mitchell is Chief Potential Officer and Co-Founder of Bendelta