

It Is Time To Reinvent the Organization

As places for People to Express Passion and Purpose

Is it really in doubt for anyone that we need to rethink the design of organizations?

The current organizing model was designed to solve a problem of manufacturing as the industrial age expanded in the late 19th and early 20th century, an age when reliable replication and efficiency was wanted. At the time the context was clear: the initial challenge was how to get people used to the rhythms of nature in fields and farms, be reliable adjuncts to machines as mills and factories began to be the dominant place of work. In solving that problem the basic building blocks of our current management thinking and practices were developed: hierarchy command and control mechanisms, standardization, conformance, specialized jobs, predictable outcomes, and so on... all recognizable features of our current organizations.

Over the decades of management thinking and practice we have done little more than add new dimensions to *command and control 1.0*. If we had succeeded in creating organizations fit for self-expressed human beings we would not have [widespread employee disengagement](#). So clearly something is not working in organizations, something that exposes the flawed design.

Another hint at a flaw in the design is the [pay disparities](#) -- the average CEO pay was \$24.8 million in 2013, and the CEO-to-worker compensation ratio was 510.7-to-1, hardly a reflection of the relative value of worker/CEO contributions.

Then we have seen in recent years organizational cultures that breed corruption -- beyond just a few bad apples to a culture of criminal wrongdoing. [Most recently](#) six banks have been collectively fined £2.6bn by UK and US regulators over their traders' attempted manipulation of foreign exchange rates. And before that it was the [LIBOR scandal](#), and before that... the list of organizational wrongdoing is staggeringly long.

If the purpose of a business is to maximize the power, authority and compensation of a few top members, while maximizing stock value and shareholder payouts, with minimal concern for its other stakeholders then we could argue *the current design does that very well*.

Clearly we need a model of organization that is fit for the future and fit for human beings. Fit for a future that will be changing at an every increasing pace, and fit for human beings so they will be willing to bring their creativity and passion to work with them for something more than efficient production and making money for shareholders and senior executives.

We cannot build an organization that is fit for the future if it is not fit for human beings.

Does anyone seriously think that command and control, top down, bureaucratic hierarchies are the way to a viable and sustainable future in the age of free and unfettered human expression that the internet and social media has unleashed? I think not. We need to wake up to the fact that the future will not conform to the prejudices and preferences of a privileged few who control organizations now.

Max Weber said bureaucracy is, *"...the most rational known means of carrying out imperative control over human beings. It is superior to any other form in precision, in stability, the stringency of its discipline, and in its reliability."*

Is this what we want as the fundamental organizing principle of organization? Especially when we dig into the culture that bureaucracy fosters: subservience to authority, compliance with rules and procedures, high need for predictability, standardization, respect for the chain of command, get permission first, ...

In the sixteenth century Martin Luther wanted to stop the abuses of the Catholic Church. He saw the *selling of indulgences* as corrupt and wrong -- he had such a clear and compelling context for change that he was ready to risk the disapproval, retribution even, of the Church's hierarchy. He saw what was wrong that needed to be changed and, according to one account, he nailed his [95 Theses](#) [big fixes] to the door of [All Saints' Church in Wittenberg](#) -- for his day this was equal to big time flaming on the internet; his actions sparking the [Reformation](#).

Fast forward 500 years and another Martin Luther, this time Martin Luther King, and we have another champion of much needed society-wide change. Change to redress the oppression and injustices that he saw, and change to realize a possibility, which he eloquently shared at the Lincoln Memorial, Washington D.C. -- in his now famous, [I have a Dream](#) speech.

Given the circumstances of the time, and the vision, commitment and courage of the two Martins, the reformation and the civil rights movement were, with the benefit of hindsight, an inevitable outcome. It could not have been otherwise. Some day soon, so it will be said about the transformation of our organizational design.

My life's work has been in the world of business, first as an executive and now as a consultant, executive coach and, as one client labeled me, a CEO Whisperer. I acknowledge a bias *for* business. Business organizations touch all of our lives. They employ many of us; we all use their products and services. We cannot function as a human society anymore without what businesses do and provide.

From my perspective viable flourishing organizations are an essential element for a sustainable thriving human society.

The business media focuses on those who have successfully exploited the current business model and their huge executive compensations. However, their moves to create even larger *too big to fail* organizations are attracting little attention -- not the unsustainability of that model nor the cost to society.

And, even less attention is being paid to a growing number of [great companies](#) working with [new organizing models](#) that have values like openness, caring, compassion, meritocracy, flexibility, collaboration, contribution, and dare I say it, [even love](#).

We are seeing more organizations that are thriving by giving [their associate more autonomy](#) to make decisions because they know when you expand autonomy you expand people's freedom to invent and create. We are seeing examples of companies that trust people to use their best intelligence to forward the organization's purpose and values. Companies that know leadership is widely distributed. It is a myth that leadership is scarce, as [the makers of Gore-Tex](#) have been demonstrating for years.

If we were to start over and create an optimal design for organizations it would not be the default-operating model of power and authority based hierarchies. We would not invest so much attention on status; we would focus instead on contribution. We would not have seniority and tenure filter innovation and question competency. We would not subordinate the majority to the authority and control of a manager/supervisor/boss; we would trust people to act intelligently to forward the purpose of the organization. And, we would not maintain the myth that wisdom and decision-making know how, like cream, floats to the top, decision-making would be widely distributed.

There is an emerging body of leaders that are creating new business models that in turn are creating great organizations -- organizations in which people have freedom to pursue their passions, where experimentation is valued, where leadership is an expression of who wants to follow. These organizations are communities of shared purpose and values in which people are engaged in mutual value exchange in the market with *open-source* systems and structures that adapt to change -- they are vibrant, intelligent, adaptive, human social systems.

All that said, change is unlikely to come willingly, at least from the top of our organizations. Most senior executives are too invested in the current model. We need to make changes, where we are, with the resources we have and the collaborators we can rally to support us. As Jeff Bezos of Amazon puts it, "[Never stop experimenting](#)."

Here is a question worth engaging with: if we were to create a new organizing model for business, and we did not know what role we would ultimately have in the model we designed, what would we design?

Here are some of my choices for *design elements*. **The purpose of the new design: unleash people to contribute all they can for a noble purpose; create an organization that is sustainable; one that is adaptive to change; one that flourishes and knows when and how to cause its own transformation.**

If we want to break out of the hierarchical command and control mode, if we want to transform the organizations we work in, we cannot wait for permission, or for someone else to take the lead. We need to lead by example. Here's how you can get started:

1. Remind yourself and others *why* the business exists, say what its *design purpose* is -- if you don't know, find out

2. Express the purpose as a *compelling context* for everything the organization engages in – and a context that is *always* beyond delivering on your KPIs or maximizing profit
3. Live the *core values* so they shape your behaviors. Know how you will act when you see colleagues acting inconsistently with the values
4. Express what you do as a clearly defined *role(s)* – with accountabilities, responsibilities, decision-making authorities, and what others expect of you
5. Contribute to creating the future, and the strategies to realize it. Make it an inclusive process -- by contributing
6. Focus your day-to-day activities and interactions on *sensing and responding to the real world* vs. trying to *predict, plan and control*
7. Know the key metrics and measures of your performance and make them visible to all. The gap between what is happening and the outcomes you want is the context for your innovation and creativity
8. All practices and systems need to be designed to support work, yours and the people in your immediate circle, as work changes change the practices and systems
9. Do your bit to maintain individual and collective energy and vitality, it is just as important as maintaining positive cash flow for the businesses long-term viability.

We are all familiar with the Internet -- few would doubt its power to mobilize large numbers of people in coordinated action. It is the most adaptive intelligent autonomous self-organizing system we have invented to date.

Now imagine you are part of a self-organizing organization with that same power to mobilize and engage all its stakeholders in forwarding the purpose of the business, and all within a set of shared values and organizing principles. That is a possibility that is worth nailing to the front door of each and every organization everywhere -- some organizations, like the Catholic Church of the 1500s, will tear it up and call it heretical, for others it may just be the impetus they need to start a transformation of their own.

So as Gandhi said, “Be the change that you wish to see in the world.”