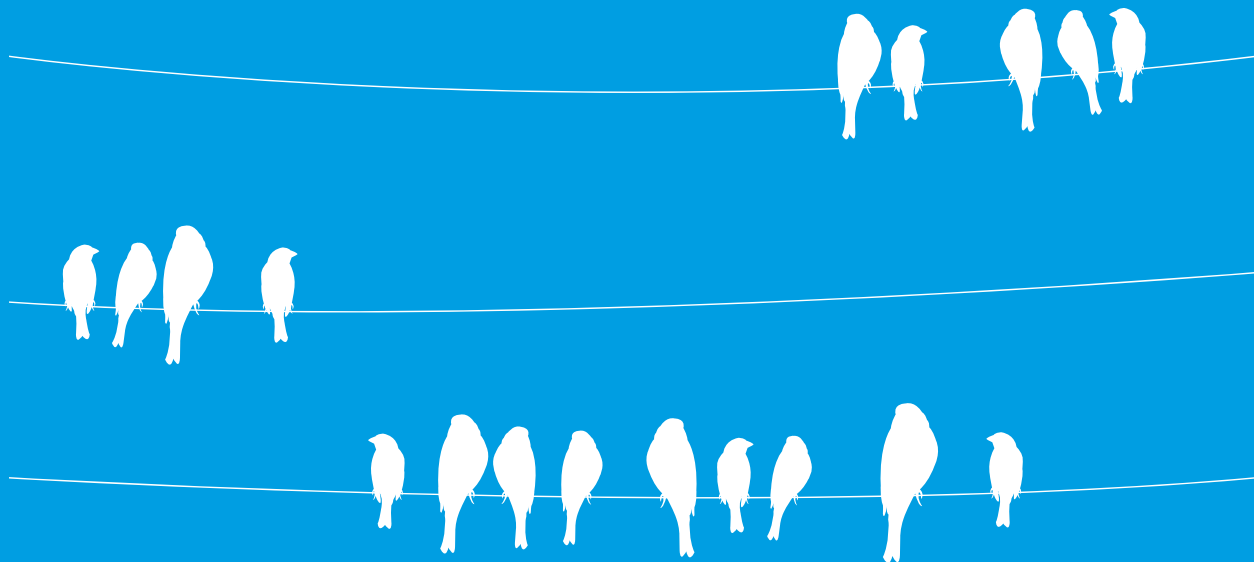




A FoW REPORT ON ORGANISATIONAL AGILITY



A report prepared by the Future of Work Research Consortium, March 2013
For more information visit our website www.hotspotsmovement.com or
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About FoW

Led by Professor Lynda Gratton and Dr. Julia Goga-Cooke, the FoW Institute is an emerging thought leader in the field of future-proofed organisations. Over the last three years, the team has worked with over 60 multinational companies from Europe, the USA and Asia to build a deep understanding of the external forces that are shaping the context of work; the internal organisational responses to these forces; and the manner in which future-oriented practices can be identified, embedded and scaled. The FoW Institute has compiled data on the current practices of these companies, as well as over 60 future-proofed case studies, and written thought pieces on a wide range of organisational issues.

The core of the Institute's research capability is 'collective intelligence'. Using a combination of technological platforms, including tailored portals, 48-hour FoWlab jams and sophisticated surveys, the team is able to rapidly assimilate the knowledge of communities drawn from both within and outside of organisations.

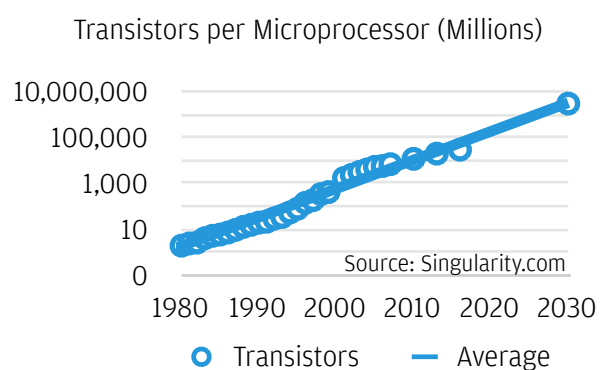
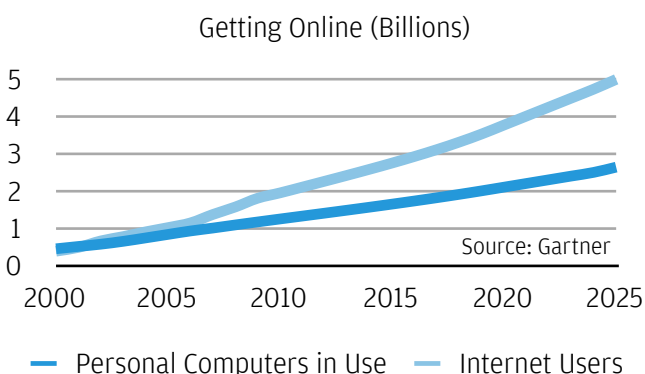
Introduction

The future of work will be defined by a number of external trends. Some we can predict, such as the increasing rate of computational power and the declining birth-rates of Western countries. Others are more difficult to anticipate, such as the shifting motivations of employees and the social impact of pervasive connectivity. However, what is more difficult to anticipate than any one of these themes is how the interplay between them will create new challenges.

As part of our ongoing research into the future of work, we have identified three broad developments that organisations must address in order to remain competitive: Exponential Pace, Increasing Complexity, and Multiple Stakeholders. We call these developments 'signals of jeopardy', as they can quickly overwhelm organisations if left unaddressed. Combined, they create a sense of ambiguity and uncertainty, which traditional organisations are unable to react to or anticipate. However, if organisations are sufficiently agile, these signals of jeopardy can instead become powerful sources of opportunity.

Signal 1: Exponential Pace

The world is changing at an exponential pace. That is, the rate at which technology is improving is itself increasing. Moore's Law, which predicts that the number of transistors in an integrated circuit will double every 18 months, has shown no sign of slowing. The speed at which we are able to produce and transfer data is increasing rapidly, with global mobile data traffic set to grow by ten times between 2013 and 2016.¹ Between 2000 and 2013, 1.5 billion people have gained Internet access, and by 2025 nearly 5 billion will be online.

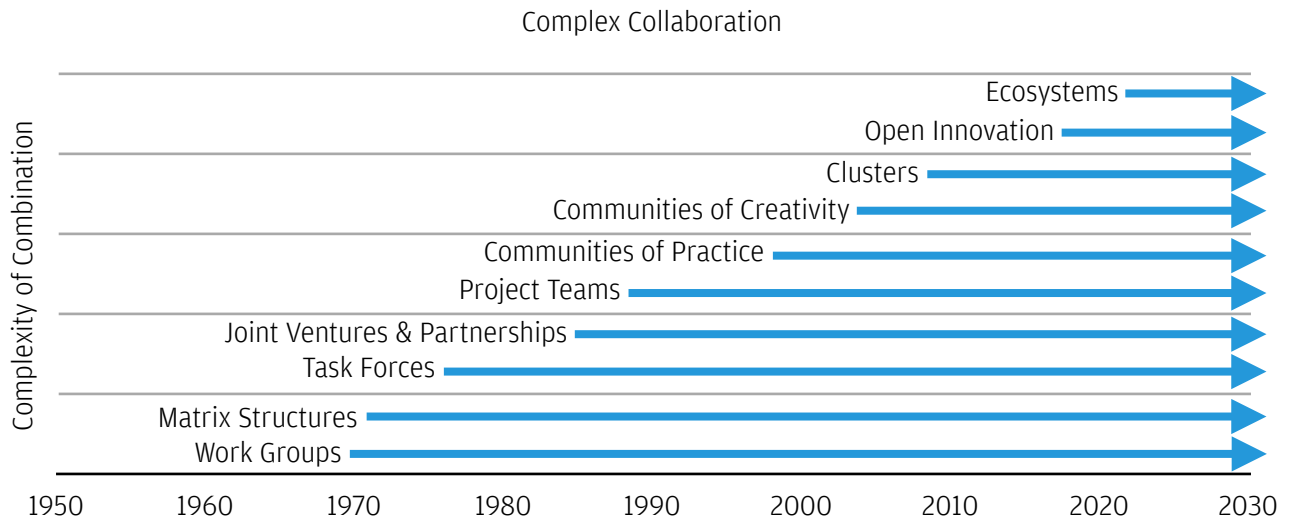


The pace of technological change is a growing source of frustration for incumbent organisations. As new businesses are born in the information era, versed in the notion of exponential pace, the ability for more traditional organisations to remain competitive is becoming increasingly limited. The persistence of legacy systems and entrenched practices can stifle innovation and encourage inaction in the face of a fast-moving and often volatile external environment.



Signal 2: Increasing Complexity

Work is defined by increasing complexity, in part due to the exponential pace of technological developments, but also stemming from increased globalisation. Many roles are becoming more sophisticated, and many tasks depend on collaboration on a global scale. As work becomes more hyperspecialised, divided into multiple discreet operations, it is becoming more difficult to develop an understanding of an entire project or product cycle. The design of work is becoming more fluid and complex, with teams becoming increasingly sophisticated, virtual and global.

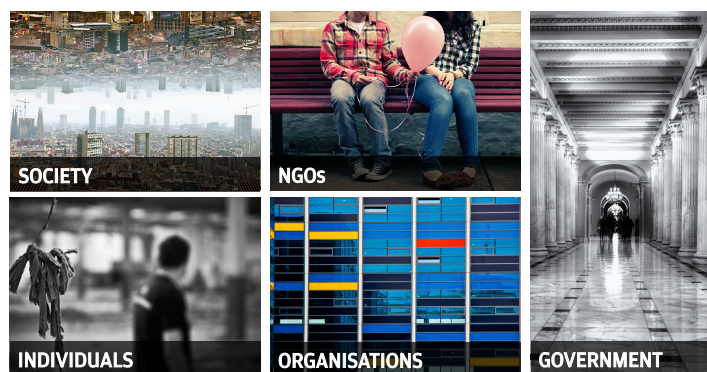


Source: Lynda Gratton, Hot Spots: The Future of Work is Already Here, 2007

Organisations today have reached a level of such complexity that orchestration cannot be carried out by a single entity. Yet despite their complexity, many organisations today are still heavily dependent on a small and centralised cohort for direction. This can lead to conservatism and inaction in the face of external change, and can inhibit the self-organisation necessary to cope with increasing complexity.

Signal 3: Multiple Stakeholders

Today’s decisions are defined and constrained by multiple stakeholders. Organisations can no longer think solely of shareholder returns when making decisions and planning strategy. The interrelationships between society, NGOs, individuals, organisations and governments present both challenges and opportunities. Ensuring that these relationships are productive requires responsiveness and an ability to learn rapidly. The demands of these multiple stakeholders can otherwise become a cause for constant frustration.



Collectively, these three signals of jeopardy are creating an ambiguous future for many organisations. A failure to understand ambiguity can lead to unintended consequences, while an inability to act in the face of ambiguity can produce uninspired thinking. Successfully confronting ambiguity requires agility, which is the ability to change direction quickly and effectively in response to, or in anticipation of, challenges and opportunities.²



FoW Insights on Organisational Agility

The objective of this Future of Work theme is to discuss how organisations can embed more agile practices in order to address the signals of jeopardy outlined above, and to cope with ambiguity. In this document, we summarise the key emerging insights from the Organisational Agility Masterclass, the 48-hour online FoWlab jam, and findings from our academic research. In total, more than 300 people from over 30 organisations across the world participated in the conversation, which centred on the four Provocations below. Quotes throughout this report are taken from the FoWlab jam, which took place between 23 - 25 January 2013. Cases can be found in our online library, which is open to all FoW members.

Agile Practices (Page 4)

How can organisations create environments that encourage rapid innovation and flexible learning?

Though organisational innovation was once an infrequent event, it is now an ongoing process. As individuals, we have become accustomed to rapid and continuous change, yet many organisations are still unable to embrace new ideas at speed and scale. Change is now the norm, and agility is essential in ensuring that organisations remain competitive. At the heart of organisational agility is the ability to constantly learn, adapt and innovate. Over the last three decades, technological innovations have made information available at high speed, high quantity, and low cost, though the ability to leverage this information has not increased at the same rate. Today, many large organisations retain a focus on the reduction of core operating costs, and new technologies are chiefly embraced to this end. In the face of growing operating pressures, more needs to be done to create flexibility and encourage continuous innovation.

Design Thinking (Page 7)

How can organisations use design thinking to build agility?

Organisations characterised by agility and innovation do not simply emerge. They are the product of careful planning and design. In order to create a dynamic, competitive and visionary environment, organisations must be able to encourage design thinking. As the pace of external change accelerates, resilient organisations will be those that are able to promote rapid problem-solving and idea generation around new consumer needs. Innovation and creativity can be developed, if not taught, and so organisations can entrench design thinking in order to produce a more agile workforce capable of acting and thinking in innovative ways.

Experimentation (Page 8)

How can organisations create a culture of experimentation and ensure that risk-taking is encouraged?

At the heart of agility is the ability to constantly learn, and one of the most important processes by which individuals and organisations can learn is through experimentation. The ability to experiment with new ideas and practices not only functions as a source of potential innovation, but also acts as a rapid feedback mechanism, with even the most clear-cut failures providing opportunities to learn and reiterate. Experiments can be low cost and quick to implement, providing they are kept simple. Even in failure, they provide opportunities to learn and make more informed decisions. Though many investments in strategy and products are still made on instinct, experimentation allows these instincts to be tested at a small scale before they have big implications.

Leadership (Page 11)

How can organisations create strong development programmes that guarantee agile leaders?

As organisations become more sophisticated, the agility of work must be reflected in the agility of leaders. Traditional leadership has relied on traditional bureaucracy, with the power and charisma of born-not-made leaders offering a single guide and rallying point for those within the hierarchical structures beneath them. However, such hierarchies are no longer able to manage the increasing complexity and dynamism that constant change necessitates. In this context, leadership needs to reflect the diversity of the organisational ecosystem. As organisations continue to transform into sophisticated and diffused networks, leadership itself may need to become distributed. A shift away from command-and-control and towards a more collaborative model of leadership relies on new development programs that cater for individual strengths and preferences.



Agile Practices

Agile organisations are able to learn at speed, adapting to changing circumstances and anticipating future challenges. The three signals of jeopardy create an ambiguous environment in which organisational stability depends not on being good at doing something in particular, but on learning how to do new things. But this capacity does not emerge naturally, with many FoWlab jam participants suggesting that organisations must learn to learn.

Barriers to Agility: One of the main barriers to agility is culture. Embracing a new set of practices often means abandoning established processes that may previously have provided short-term stability:

“ In our quarterly research agility scan, we measure objectives regarding labour, processes and knowledge. So we can measure the stage of agility of companies on their way to achieve structural agility. The way to get there differs in each stage. Companies lacking agility tend to be short-term focused. In this stage, companies improve their processes because this is an area they can control.

Companies that are more structurally agile are future-orientated and work towards an inspiring strategic vision and engage people. Strategic workforce planning and knowledge management are key approaches to becoming more agile. Still, a major barrier for them is a management that is focused on their own interests and a quick-changing market environment.

- Nicole Snijder, Manager of Market Intelligence at Yacht, Randstad

“ A major barrier to agility is past success, which develops 'dominant logic' (you can find more on this in Vijay Govindarajan's acclaimed book 'Reverse Innovation'). Dominant logic is simply a belief about certain positions, strategies or methods that reinforces itself continuously over time due to successes achieved, or more often failures avoided. The result is that the dominant logic penetrates so deep into the organisation that it refuses to acknowledge anything else, does not encourage experimentation and in turn moves from being agile to being fragile.

- Vinayak Jakati, General Manager for Global Talent Development, Aditya Birla Group

Though dominant logic reduces uncertainty internally, it does so by creating a fixed culture and set of rules that can become a major barrier to agility by encouraging conservatism and homogeneity. The solution that many jammers proposed was to promote and reward a culture of anti-fragility and diversity:

“ The idea is to be 'Anti-fragile'. Uncertainty is desirable, even necessary, as it encourages you to build things in an anti-fragile manner. I would also think that Dominant Logic may come into place where we have a homogenous set of people working and wanting to succeed. This is where we need to ensure we are diverse.

- Anshoo Kapoor, Lead - Talent Management, Tata Consultancy Services


Academic Insight: Adaptability

Traditional approaches to strategy assume a relatively stable world. They aim to build an enduring competitive advantage by achieving dominant scale, occupying an attractive niche, or exploiting certain capabilities and resources.

But globalisation, new technologies, and greater transparency have combined to upend the business environment. Sustainable competitive advantage no longer arises from positioning or resources. Instead, it stems from the four organizational capabilities that foster rapid adaptation:

- The ability to read and act on signals of change.
- The ability to experiment rapidly and frequently, not only with products and services but also with business models, processes, and strategies.
- The ability to manage complex and deeply interconnected systems of stakeholders.
- The ability to motivate employees and partners.

Martin Reeves and Mike Deimler, 'Adaptability: The New Competitive Advantage', HBR Jul 2011



“ There’s an imperative to be anti-fragile in a volatile, uncertain, complex and ambiguous world, because annual planning cycles and risk aversion are broken or simply don’t work in this environment. Anti-fragility recognises that it is necessary to re-forecast regularly and without concern of being over/under budget and massively changing resource allocation as your vision of the future improves.

- Tom Haslam, Senior Manager, KPMG

“ One of the things that may inhibit agility is the KPIs of employees, particularly middle management. No matter how keen on agility the senior leadership is, if middle management is being judged and rewarded on set KPIs that are not supportive of agility, it is only human nature that people will work towards the results for which they will be rewarded. When looking at why there is resistance to agility, we should look first at the behaviours that are being rewarded, and consider whether these are the behaviours that are conducive to agility.

- Cullen Smythe, Director, KPMG

Harnessing the Crowd: Many jammers suggested that dominant logic can be defeated by a diversity of ideas. Opening up to the innovative input of people within and outside of the organisation can provide a rich marketplace of ideas, containing diverse and detailed frontline perspectives. Many of our consortium organisations have already started creating powerful platforms for crowdsourcing strategy:

“ Organisations will increasingly see the value of crowd-sourcing: the ability to tap into ideas from employees at a low cost. Challenges are managing resources and time towards crowd-sourcing strategy, balancing ideas with business priorities, and managing the expectations of employees.

- Rebecca Jones, National Graduate Recruitment Manager, KPMG

“ At TCS, we have a platform called IdeaMax, where employees can post ideas which then get comments from others. Every month, these ideas are reviewed, considered and even implemented. For example, an employee suggested 'Engaging Youth in IT' which was implemented and continues to be a success across the globe.

- Anshoo Kapoor, Lead - Talent Management, Tata Consultancy Services

“ At MasterCard, we have 'Innovation Express', connecting people from different departments, different age groups and different locations for 48 hours to develop a solution for a business challenge. Not only from Products, Sales and Marketing, but also Finance, IT, and HR. And the results are great!

- Nisrine Labcir, Consumer & Market Intelligence Manager, MasterCard

Academic Insight: Social Strategy

The problem:

Strategy setting sometimes suffers from insufficient diversity and expertise, with leaders far removed from the implications of their decisions and hampered by experience-based biases.


Why it matters:

Strategies developed by leaders in isolation can be flawed and sometimes aren't embraced by the people who must implement them. Such misalignment can compromise organizational health and financial performance.

What to do about it:

Pull in overlooked frontline perspectives through the use of social technologies such as wikis and internal idea markets. Work overtime to bring on board executives and middle managers. Transparency, radical inclusion, and peer review are powerful tools but can be uncomfortable for leaders up and down the line.

Arne Gast and Michele Zanini, 'The Social Side of Strategy', McKinsey Quarterly May 2012



Opening up strategy to an internal crowd can create rapid response mechanisms, but it takes time to develop this competency. Organisations must become adept at crowdsourcing at a smaller scale before rolling out the methodology for bigger projects:

“ Crowdsourcing strategy is a real challenge. In my view, organisations should be ready for it. and should have experiences with "easier" crowdsourcing exercises before. A good way to get organisations into collaborative strategy-making and even crowd-based strategy is to start with a core group and workshop formats, and then move into distributed forms of strategising.

My favourite tool to make it happen is the Rapid Modeller, an online whiteboard that employees can use at their desktop and develop a shared understanding without the necessity to meet in meeting rooms with all their usual ingredients (PowerPoint, coffee, biscuits and too many smartphones to play with). You can try it out here: www.rapidmodeler.de

- Kathrin Moeslein, Professor for Business Administration, University of Erlangen-Nuremberg

“ Within an external crowdsourcing project that lasted for 4 weeks, we saw that if you ask people about something that is beyond their expertise, it is very difficult to get new ideas. It is easier to propose a couple of solutions and let the crowd react to and improve those ideas. We now invite people in small groups for 'offline sessions' in which they present their ideas and together work on a solution. This promise of personal contact stimulates the engagement and also gives us better initial ideas.

- Danielle van Bakel, Communications Manager, Randstad

Sponsoring Diversity: Agility thrives on diversity, which is a stronger guarantee of performance than a collection of high performing individuals. Diversity ensures that different heuristics are applied to a common challenge, and increases the likelihood of innovation and learning. However, diversity must be championed:

“ We did some internal crowdsourcing where all employees were asked to post ideas on how to improve the company. A commitment from our board was given that the 5 best ideas would be implemented and that the initiator would be involved in that process. This promise was for a lot of people already a good stimulus to start posting and engaging in the discussion. To make sure that people would help each other and that different perspectives were given, you could invite specific colleagues who you thought would have something to add to the discussion because of their knowledge of the subject. This way, teams formed based on interests. Because of the rewards and sponsorship, it felt like a small competition and therefore people really got engaged.

- Danielle van Bakel, Communications Manager, Randstad

“ A lot does depend on the ability and willingness of leaders to take the time to listen and have a culture that is respectful of opinion. KPMG here in Australia has invested heavily in working on this aspect of culture and I for one feel that has really paid dividends for us. There is a comfort in having dialogue where we can constructively challenge thinking and accepted ways of doing things.

- John Feeney, Associate Director of Commonwealth Bank Relationship, KPMG

Case Study: Knome at TCS

Tata Consultancy Services have developed a social platform they call Knome. During our FoW Mumbai Masterclass, Ashok Krish, Head of TCS Innovation Lab, explained how this had revolutionised the way that employees connect.

TCS employees often work on three or four projects simultaneously. Though they would be able to keep track of their own tasks, there was always a sense that collaborative conversations could be more powerful in meeting customer demands.

Using gamification to incentivise contributions, TCS created Knome to collect information, ideas and innovations. Every employee is able to access the platform, which has quickly evolved beyond its remit as a knowledge management space to cater for employee hobbies.

This can also serve as a platform for discovering new skills within its employee pool, with one of Knome's popular art communities serving as a source for potential user interface designers.



Design Thinking

Agile organisations do not emerge organically; they are a process of conscious design and constant orchestration. Creating an agile organisation requires a deep understanding of how employees learn, and how they interact. Design thinking can help reach this understanding by applying principles of design, traditionally applied to consumer products and services, to employee experience:

Human Design: The use of design thinking introduces a human-centric approach, which considers the behaviours, needs and preferences of employees when creating working practices:

“ I think the power of design thinking is in its human-centred approach to discovering solutions. It seeks to use the whole mind, both left and right, tapping into imagination and visualisation as well as traditional sources of data. It uses observation and interviews to understand needs. It uses empathy to visualise the user experience and predict needs. It uses experimentation and prototyping to test its theories. It delves into big conceptual questions such as “what if”, before pulling these ideas into something that can be tested practically. By its very nature, the design thinking process cuts across traditional knowledge silos to form new associations and innovations.

- Nicky Cameron, Team Leader, KPMG

Case Study: Kaiser Permanente

Healthcare provider Kaiser Permanente sought to improve the quality of experience among its medical practitioners, particularly its nurses. One innovation, to rework nursing-staff shift changes at four hospitals, was driven by design thinking.

A project team including a former nurse, an OD specialist, a technology expert and designers worked with innovation teams of frontline practitioners to identify problems in the way shift changes occurred. The lack of knowledge exchanged between shifts was raised as an issue, and the teams brainstormed potential solutions.

The team prototyped software that captured patient notes, and trialled a process where information was passed on in front of patients. This had the effect of reducing prep time by more than half, which added a huge amount of nursing time.

Academic Insight: What Makes a Design Thinker?

Many people outside of professional design have a natural aptitude for design thinking. Here are some of the characteristics to look for in design thinkers:

Empathy: Design thinkers imagine the world from multiple perspectives - those of colleagues, clients and end users. By taking a people first approach, they can imagine solutions that are inherently desirable and meet explicit or latent needs.

Integrative Thinking: They not only rely on analytical processes (those that produce either/or choices) but also see all the salient aspects of a problem to create novel solutions that dramatically improve on existing alternatives.

Optimism: They assume that no matter how challenging the constraints of a given problem, at least one potential solution is better than the existing alternatives.

Experimentalism: Significant innovations don't come from incremental tweaks. Design thinkers pose questions and explore constraints in creative ways that proceed in entirely new directions.

Collaboration: Increasing complexity has replaced the myth of the lone creative genius with the reality of the enthusiastic collaborator. The best design thinkers work across disciplines.

Tim Brown, 'Design Thinking', HBR Jun 2012

Encouraging Creativity: The role of design thinking is to encourage creative and elegant solutions to challenges. Even a brainstorming session can constitute a design exercise, promoting “user feedback” by allowing employees to reflect on the way they work in an open and collaborative environment:

“ At a Bank I previously worked for, call centre teams established formal structures where, at the start of each day, they come together in a “no rank meeting environment” and just brainstorm on innovative ideas. In this meeting, status doesn't matter, and all ideas are subjected to the same level of validation. Everyone is an “innovation catalyst” for as long as they are open to constructive criticism, can think outside the box, and have the courage to challenge those more senior than them. These innovation catalysts are expected to be very resourceful, and to thoroughly research their ideas and back them up with evidence before sharing them.

- Mandla Nyathi, Senior Manager, Standard Bank

Experimentation

Agility depends on the ability to learn rapidly, and to ensure that learning is acted upon and scaled. Learning at speed requires constant experimentation and feedback. At the heart of experimentation is the 'test and learn' approach: researchers take an action within one group and compares it to a control group. Providing there are clear measurements and feedback mechanisms, comparing the results is simple and provides rapid and accurate insight. These kind of robust experiments are becoming increasingly viable in an information-driven economy, where comparisons and feedback can be generated instantaneously.

Case Study: Experimenting at Wipro

Daniel Cable, Professor of Organisational Behaviour at London Business School, was part of a team of academics who ran a business experiment at Indian IT giant Wipro in order to determine whether their on-boarding processes could be improved. The field experiment followed these five steps:

- 1. Developing a Hypothesis:** True scientific experiments begin with at least one hypothesis. In this case, Dan suggested that "On-boarding practices that emphasize newcomers' personal identities will lead to greater organizational retention than socialization practices emphasizing organizational identity."
- 2. Identifying Sites:** In order to run an experiment, you need to identify an appropriate site. Dan and his team thought that one of Wipro's India-based call centres would be perfect for studying the effects of socialization on turnover as such organisations routinely experience annual turnover rates of 50-70%.
- 3. Selecting a Control Group:** In a comparative experiment, a control group is necessary to gauge the result of non-intervention. The control group went through Wipro's traditional socialization process, which focused on skills training and general firm awareness.
- 4. Defining Test Situations:** To test the hypothesis, two further groups were set up. First, an 'Individual' group were given the same training as the control group, but were also given an additional 15 minutes in order to introduce themselves to the group and describe why they were unique. A second 'Organisation' group were given the same training as the control group, but spent their additional 15 minutes learning about Wipro from a senior leader.
- 5. Measurable Metrics:** It is crucial that the outcome of experiments is clearly measurable. In the case of the Wipro experiment, retention rates of the three groups could be measured after a month. The team found that, while the 'Organisation' group were retained at a similar rate to the control group, retention was doubled in the 'Individual' group, proving the initial hypothesis that retention is improved by emphasising newcomer identities.

Beyond Pilots: Though many organisations run pilots to trial new working practices, the lack of scientific comparison and measurement means that the potential learning opportunities are not as significant as those provided by a robust experiment. For some jam participants, this distinction is important, and a focus on the learning element of experimentation can create more meaningful pilots:

“ For so many organisations, the phrase "pilot" has lost its learning nature. With the pressure to execute, pilots are often just phase 1 of implementation, and the lessons learned are not reflected upon enough and transferred into meaningful changes for broader implementation. Admitting the implementation was a failure doesn't happen. By calling it an experiment, the connotation is truly one of learning.

- Joanne McInnerney, VP Global Talent, Aditya Birla Group

Case Study: Roche

Roche ran an experiment to test the hypothesis that employees who signed off their own expenses would make fewer claims. To do so, they created three groups:

Control Group: Where expenses were signed off by managers as usual.

Group 1: signed off their own expenses, but claims were not visible to other employees.

Group 2: signed off their own expenses, which were visible to the group online.

Control Group expenses remained the same; Group 1 expenses increased; and Group 2 expenses fell, proving the hypothesis correct.

Some of our consortium companies have already started running successful business experiments, and suggested that the rewards of doing so were substantial. However, our 2013 Future of Work Diagnostic survey, which we distribute to all consortium companies, illustrates that the ability to run pilots and experiments is still in need of development.

Diagnostic: Adoption of Innovative Practice

Part of our FoW diagnostic survey assesses the capability of organisations to adopt innovative practices. This ability underlines the internal capability of the organisation to transform and prepare for the future, and is measured within the following areas: Drawing from Internal and External Practice, Cultures of Adaptability, Rapid Prototyping, and Scaling. The graph below displays average data from 58 FoW consortium organisations, and reflects the responses of over 4,000 respondents. The further away from the centre of the radar, the more developed the area:




Area 12 is highly developed, and indicates that organisations do have the capacity to learn from pilots and experiments. However, area 11 shows that they are not running as many as they perhaps should. Furthermore, area 7 reveals a very low tolerance of failure, which may inhibit the drive for experimentation. This is reinforced by area 15, which shows that organisations are slow to abandon pilots for fear of appearing to have failed.

Championing Failure: The ability to experiment is predicated on the ability to encourage risk-taking, accept failures, and learn from every outcome. During the FoWLab jam, a number of participants championed failure:

“ At Tata, we reward failure. Our Dare to Try award is given to the most novel and daring ideas that did not achieve the desired results. This encourages a culture of risk-taking, perseverance and sharing. For experimentation, we think it is important to keep an open mind and drop inhibitions of failure. We need to try fast and fail fast.

- Anshoo Kapoor, Lead - Talent Management, Tata Consultancy Services



“ Maybe the word ‘failure’ is wrong. Thomas Edison said: “I have not failed. I’ve just found 10,000 ways that won’t work.” It only becomes a failure if you ignore the feedback from your experiment.

- Erik Volkers, Senior Advisor Marketing Intelligence, Randstad

Barriers to Experimentation: Despite the promise of experimentation in providing rapid innovation and learning, some FoWlab jam participants raised certain limits:

“ I am really attracted to the idea of experimentation, but I do wonder how possible it is to do. I think the hypothesis might get watered down, and the experiments could easily just become a series of trials where results could be hard to measure. I think this is especially the case when there is an urgency to do something about the issue at hand. The messiness of the real world could make true experimentation more difficult.

- Hilary Oakley, Head of Organisation Development, British Red Cross

“ After having conducted more than 20 field experiments in Germany, people do not like the comparison group mostly due to ethical issues. A new generation of natural field experiments offers the opportunity to conduct experiments via online channels. In these cases, non-participants in the comparison group do not know that they are members of the comparison group. This might be a new field of experimentation for companies. For example, Amazon and Google use this approach every day.

- Alexander Spermann, Director, Randstad

Masterclass Insight: Barriers to Experimentation

During our FoW Masterclass on Organisational Agility, we discussed the potential barriers to experimentation, and how they may be overcome. The following barriers and solutions were raised on the day:


Potential Barrier	Proposed Solution
Risk: Organisations are afraid to lose resources and time on experiments.	Failures need to be recognised as learning opportunities, and risks need to be distributed across smaller experiments.
Leadership: Typically focused on short-term shareholder returns.	Leaders need to be shown that experiments produce a return with a small initial investment.
Middle Managers: Are most likely to lose their jobs if these experiments succeed.	Experiments often prove that multiple levels of middle management are not necessary. This is an inherent part of agility.
Lack of Vision: Can create an uncreative environment which lacks direction.	Need to emphasise the long-term goal of an experiment, and ensure that the purpose is aligned to corporate outcomes.
Scaling: The ability to scale experiments is often very difficult.	Natural experiments occur in organisations all the time. The trick is to recognise them.

The Masterclass discussions also confirmed the findings of the Diagnostic survey (pg. 9). Many participants stated that there was a low tolerance of failure within their organisations, which limits the ability to learn.

As well as the logistical and ethical problems that experiments may face, some jam participants raised the issue of culture. It is important to remember that the scientific approach that experimentation depends on may be culture-dependent, and may not translate well to all contexts:

“ An experimentation culture and accepting a ‘NULL’ result is quite a westernised approach. Strong tribalism in Africa supports a more autocratic approach to problem solving. Over the last 10 years, globalisation has started to impact the way people do business in Africa but this is by no means uniform across the countries. In this environment, I have found targeting people who already think along the lines of innovation and alternative ways of working yields greater results than attempting to shift the culture of the organisation across multiple countries.

- Nicole Corbett, Head of Business Strategy, Standard Bank



Leadership

Agile organisations often take the form of empowered communities, united in a common purpose, and rich in diversity, knowledge and dynamic capability. Given that agility emphasises the free and rapid transfer of knowledge, vertical hierarchy can often become a barrier. In this context, the traditional role of leadership is challenged, as the increasing speed of change in the external business environment is best met by horizontal collaboration. Yet there is still an urgent need for leadership, not only to provide a larger sense of purpose and direction, but to encourage and champion more agile ways of working.

Case Study: On-boarding Leaders at SCB

At Standard Chartered Bank, leadership traits such as honesty, humility and authenticity are crucial. In order to ensure that these traits are embedded, all new seniors hires are paired with a full-time internal coach and facilitator for 100 days. They are encouraged to role model behaviours and build an authentic personal narrative that inspires followers.

Inspirational Leadership: Though agile organisations are increasingly encouraging employees to form ad-hoc, task-oriented groups to tackle complex challenges at speed, broader inspiration is needed to provide a long-term sense of direction and motivation. During the FoWlab jam, participants discussed the need for more inspirational leadership in order to ensure that the creative power enabled by agility is guided and focused:

“ Inspirational leadership is becoming increasingly important within organisations, especially those that have diverse and young populations. We need to follow leaders who are strong enough to make us believe in the direction of the company, who can gather us around the same vision, and who can connect to each of us regardless of our differences, styles and backgrounds.

- Nisrine Labcir, Consumer & Market Intelligence Manager, MasterCard

“ According to a recent survey conducted by Randstad here in New Zealand, 97% of respondents feel that inspirational leadership was important to them. I would agree whole heartedly with this. Being in the recruitment industry, candidates often choose positions based on the leadership of that team or organisation.

- Angela Waddell, Team Leader, Randstad


Global Leadership: Inspirational leaders are able to create powerful narratives that a diverse employee base can identify with. As the nature of work becomes more global, this ability to inspire requires a deep international perspective that many development programmes fail to provide. During the FoWlab jam, many participants acknowledged the importance of global exposure in creating truly authentic leadership:

“ Although the Red Cross has leadership development programmes, the current global leaders have emerged through the work they have done rather than specific formal programmes. The head of the International Federation of the Red Cross is Ethiopian. He's worked in Kenya, Japan, Canada and now Switzerland, and has studied in England and spent five years as a political prisoner. The head of the International Committee of the Red Cross is Swiss, and has worked in Israel, Yemen and Georgia. Global leaders have lived in different countries, are multilingual and have diverse experience.

- Rohan Hewavisenti, Director of Finance and Business Development, British Red Cross

“ Hong Kong conglomerate Jardines runs a program called Jets, which is a very good example of how a firm actively addresses the global leadership challenge by calibrating its graduate recruitment to find kids preloaded with the “Global” element, leaving them to focus on leadership development. Increasing mobility has given rise to a growing population of linguistically and culturally fluent graduates who are well placed to address the global leadership challenge. Perhaps our concerns about a dearth of global leadership reflect our myopia.

- Martin Fahy, Partner, KPMG



Developing Agile Leaders: Drawing from a broader geographical pool will help identify potential leaders, and will inherently create a more diverse leadership cadre. Leveraging this diversity will require equally diverse development programs. At the same time, the increasing pace and complexity of work will necessitate more rapid and continuous learning that focuses on action, immersion and critical thinking:

“ In the context of creating agility, learning programs that have a strong action learning linkage can help in building leaders. At Minacs, we have a leadership program that runs over 12 months with one intervention planned every month. All programs need to tie into an implementation or action learning project. Presently, we have over 800 projects identified and approximately 500 completed from the 120 plus active participants in this group. Due to action-oriented approach that these leaders take, we have seen significant improvements in their responsiveness to opportunities, problem solving capabilities, and innovation.

- Vinayak Jakati, General Manager for Global Talent Development, Aditya Birla Group

“ We have a pilot programme running that is pure self-development for leaders. It looks at EQ, SQ and Relationship intelligence. It's very leading edge stuff, not what you usually expect to find in companies. So far, the feedback has been excellent in allowing our participants to remove barriers to being themselves, daring to innovate and fail, and being more inclusive and rounded leaders. It also breaks down the cross functional barriers and silos.

- Gillian Dore, HR Solutions Manager, Cisco

Academic Insight: Personalised Development

By now you expect personalised content - it's routinely served up by online retailers and news services on the basis of insights they've accumulated about you.

But chances are your company's leadership development program displays no such awareness of you as an individual. That should change.

Breakthrough work at Hilton Hotels and other organisations shows how leadership training can enter "the age of the algorithm." It's a five-step process:

First, assess each person's leadership type. Second, identify the most successful leaders of each type, and, third, discover practices that work for each. Fourth, deliver those practices as tips to developing leaders of the same type. Finally, make the system "dynamically intelligent," with user reactions sharpening the content and targeting of tips.

Marcus Buckingham, Leadership 'Development in the Age of the Algorithm', HBR June 2012

Academic Insight: Distributed Leadership

The quality of organisational leadership is a critical factor in successful transformation, but it is not purely leadership from the top that is required. Both the process of transformation and the future organisation requires distributed leadership, in which high-value individuals and groups exhibit self-direction. We must critically re-evaluate the leadership "truths" we have embraced for the better part of a century. For example, charisma is a classic leadership trait viewed as an innate quality of the lucky few. But charisma can be constructed socially by individuals engaging closely with their teams. Organisations must invest in social capital training that makes distributed leadership and network based working possible.

J Trevor and M Kilduff, 'Leadership Fit for the Information Age', Strategic HR Review 11:3 2012

Distributed Leadership: Finally, the possibility of a far more radical approach to agile leadership was raised by some jam participants. In the age of the networked organisation, a distributed approach may be needed:

“ Network leadership is going to come naturally to Gen Z which is slated to be a part of the workforce by 2025, so I visualise 2030 as a work area where network leadership is the norm, and organisations where there is not much difference between a follower or a leader, and where it depends upon the task at hand and everyone is driven by the common goal.

- Richa Deshpande, Workday Lead, Tata Consultancy Services

In this context, organisations should allow individuals to collaborate across functions and hierarchies in order to develop self-direction and build a diverse set of leadership traits. An organisation that can maintain such diverse and distributed leadership will be truly agile.



Conclusion

An agile organisation is one that can continually learn and innovate in order to capture future opportunities and meet future challenges. Confronted by increasing external ambiguity, agile organisations can quickly adapt and pre-empt in order to remain competitive. Rather than becoming overwhelmed, agility allows organisations to take advantage of the exponential pace and increasing complexity of the external business environment. Even in failure, progress is made, and the rich diversity of ideas and experiments ensures that the cost of failure is outweighed by the rewards of successes.

Agility does not emerge naturally, but is a product of conscious planning and design. Being agile is a continual process of creativity, defined by diversity. For many organisations, becoming agile is proving a significant undertaking as it challenges dominant logic and destroys existing practices that may be providing short-term benefits. But agility is necessary for long-term success, and senior sponsorship is crucial in ensuring barriers to agility are overcome. Finally, leadership itself needs to become fit for the age of agility. In the short-term, a more global leadership cadre can quickly create an important diversity of perspectives, while the act of leading may eventually have to become a more distributed venture in order to reflect network-based working.

12 Key Insights on Organisational Agility

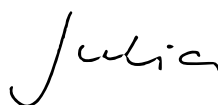
- 1. Barriers to Agility:** A dominant logic that provides short-term gains can stop agile practices from emerging.
- 2. Harnessing Crowds:** Dominant logic can be beaten by diversity, with strategy often best left to the crowd.
- 3. Sponsoring Diversity:** It is not enough to have a diverse employee base, participation must be championed.
- 4. Human Design:** When creating agile practices, the needs and behaviours of employees must be considered.
- 5. Encouraging Creativity:** All employees should be encouraged to think creatively about the way they work.
- 6. Beyond Pilots:** Scientific experiments often provide more robust and measurable learning opportunities.
- 7. Championing Failure:** Most companies still frown on failure, but to be truly agile failure must be rewarded.
- 8. Barriers to Experimentation:** Experiments must be logistically, ethically and culturally feasible.
- 9. Inspirational Leadership:** Agile leaders should inspire followers with authentic and personal narratives.
- 10. Global Leadership:** Drawing from a global pool of talent provides rich and diverse leadership experience.
- 11. Developing Agile Leaders:** Leaders will require rapid and continuous learning to remain competitive.
- 12. Distributed Leadership:** In the age of the networked organisation, distributed leadership skills are vital.



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