Six Design Principles of Next-Stage Organizations

Drafted by Jeff Thoren, DVM, PCC, BCC
Gifted Leaders, LLC - www.giftedleaders.com

Note: These six design principles show up as common themes shared by progressive, "next-stage" organizations across a variety of industries.

1. From Profit to Purpose and Values

In the past, the goal for many organizations was creating economic value for shareholders or owners. In other words, "making money", and quite often with a short-term lens. While many have been hugely successful at this, it has often involved trade-offs: diminishing public trust in organizations across many industries; shortening life spans of organizations; plummeting levels of employee engagement; and damaging the environment around us. Today people are looking for organizations that have a purpose broader than just making money. Rather than viewing profit as the primary goal of an organization, progressive leaders see profit as a byproduct of success. They aim to do well by doing good. A clear and visionary purpose brings together stunning talent, committed shareholders, partners, and communities.

2. From Directive Leadership and Centralized Authority to Collective Leadership and Distributed Authority

In the past, a limited number of people held the power and understanding necessary to steer the organization and its public image. Control was forced through centralized, top down decision-making. The higher up the pyramid you were, the more power you had. This makes sense in a world where a select few people are most likely to have the knowledge and experience necessary to make the best decisions. Today, that is no longer the case. Circumstances and markets change rapidly as information flows faster. Now the people with the best insight and decision-making ability are often people closest to the customers, on the front line, or even 'outside' the typical organizational boundaries. Rather than controlling through process and hierarchy, you achieve better results by inspiring and empowering people at the edges to pursue the work as they see fit – strategically, structurally, and tactically. This freedom, however, is not a one way street. A high degree of freedom should come hand in hand with a high degree of responsibility.

3. From Hierarchical Pyramids to a Network of Teams

In the past there were big and complex tasks that required many people working on them. The 'transaction costs' involved to get coordination between people was high, so the concept of a Manager was introduced. As the number of Managers increased, a Manager of the Managers was created... and hierarchies formed. This resulted in order, clarity of authority, rank, and power. They reinforced a single primary connection: manager to worker, and enabled a command and control style of leadership that

was terrifically successful during the industrial era. Today, technology and connectivity has increased our ability to self-organize, collaborating more easily across internal and external organizational boundaries. It is no longer necessarily true that coordinating through a Manager is more effective than people self-organizing. Working as a network allows us to organize with many different kinds of connections, and increased autonomy.

4. From Business as Usual to Putting People First

Whereas traditional organizations encourage people to show only their narrow "professional" selves, next-stage organizations invite people to reclaim their inner wholeness. They create an environment wherein people feel free to fully express themselves, bringing unprecedented levels of energy, passion, and creativity to work. They make better use of the diversity of skills and talents that are present within the organization and even get rid of the job descriptions that are obsolete from the moment they are crafted. Next-stage organizations let people work on things they like and which best fit their interest, talents and strengths. Doing what people are good at increases motivation and engagement.

5. From Predict and Plan to Experiment and Adapt

In the past, organizations competed by optimizing productivity, efficiency and predictability with long term planning. Relying on planning was important because high transaction costs made it difficult to change course once decisions had been made, resources had been committed, and people and teams had been coordinated. Today, plans start losing value the moment they're finished. Because we can't predict the future, time and resources devoted to planning are a less valuable investment than embracing agile methods that encourage experimentation and fuel rapid learning. The opposite of planning doesn't have to be chaos. Responsive organizations still need a long term vision, but make progress through experimentation and iteration.

6. From Secrecy to Radical Transparency

In the past, information was the currency of power: hard to come by and hard to spread. In the industrial-era environment, organizations guarded this scarce information carefully, and leveraged their information as a competitive advantage. Today, we have access to so much information that it's become impossible to predict which information might be useful, or who might use that information in a productive way. In this world of abundant information and connectedness the potential benefits of trusting people who share the organization's purpose to act on information as they see fit often outweighs the potential risks of open information being used in counter-productive ways. Next-stage organizations make data available in real-time, and provide people with the right information at the right moment in order to increase decision making speed and accuracy. And they're not shy about leveraging the power of technology.

References

The 8 Habits of Companies You Wish You Worked for (and How to Put Them into Practice) - http://corporate-rebels.com/the-8-habits/

10 Principles of Emergent Organizations (And How We Live Them at The Ready) https://medium.com/the-ready/10-principles-of-emergent-organizations-and-how-we-live-them-2d18183c4831

MANIFESTO - http://www.responsive.org/manifesto

The Future of Organizations is Responsive: How to Unlock Your Organization's Potential to Change the World - https://medium.com/21st-century-organizational-development/the-future-of-organizations-is-responsive-5e2e9b5af16a

The Future of Management is Teal - https://www.strategy-business.com/article/00344?gko=10921

7 Movements That Will Help You Understand the Future of Work - https://journal.leadwise.co/7-movements-that-will-help-you-understand-the-future-of-work-a65624c4afd1

7 More Movements to Understand the Future of Work - http://www.enliveningedge.org/features/7-movements-understand-future-work/

WorldBlu Freedom at Work: 10 Principles of Organizational Democracy - https://www.worldblu.com/democratic-design/principles.php

Here's How the 100 Most Innovative Companies Adapt and Respond to Change - http://corporate-rebels.com/adapt-and-respond/

The OS Canvas: How to Rebuild Your Organization from the Ground Up - https://medium.com/the-ready/the-os-canvas-8253ac249f53