

3 Enablers of Responsive Systems Change

How every employee can play a role in updating your organization's operating system, together

Every organization is full of people who can help the organization improve. Every day, from the edges of the organization to the c-suite, people are noticing ways that the organization could work better. Unfortunately, most of this potential for positive change gets trapped in bureaucracy, hierarchy, and an outdated operating system designed for a world that no longer exists.

Today, technology enables groups of people to sense, understand, and act in coordinated ways, at a scale that was unimaginable 50 years ago. While on the surface, this technological revolution feels obvious and pervasive, most organizations have barely begun to realize its full impact.

We believe that enabling *everyone* inside organizations to play a role in changing the systems, structures, and processes that determine how the organization works represents one of the largest opportunities for competitive advantage and sustained success in an increasingly uncertain market landscape.

Unlocking this potential depends on three interconnected enablers of your organization:

1. **Network** – this is all of the individual employees, their relationships, and the informal structure that implicitly guides how work actually gets done
2. **Information** – this is all of the data – both quantitative, hard data and qualitative, anecdotal data – that is being noticed and collected by individuals in the network and by digital tools and systems
3. **Leadership** – this is all of the ability to drive change through support, decisions, and action, distributed throughout the network, in the form of both positional authority and relational influence



Network: How we enable every employee to surface and act on organizational insights

“Levers” are perhaps an overused metaphor when talking about change. But, the idea of a simple tool that can help us have a big impact with relatively small effort is an apt way to think about this opportunity.

All across an organization are people with first-hand insight into the day-to-day needs of customers, users, and internal collaborators. According to a recent survey we conducted of employees at organizations with 10,000 or more employees, the average employee can think of 4 ideas, without any prompting or assistance, for how to improve their company. That means that, at any given time, an organization of 25,000 employees is sitting on 100,000 untapped ideas. An organization of 250,000 employees has 1,000,000 untapped ideas.

Each untapped idea is a lever with the power to accelerate positive change.

Unfortunately, individuals rarely consider, or can even see the potential power they possess. And the dominant operating models of most organizations inhibit this collective wisdom instead of enabling it.

At August, we believe that fundamental adjustments to the operating model are needed to enable individuals to turn their insights into meaningful change. What’s more, we believe the wisdom and capacity to pull the levers of change should be distributed across an organization, rather than having it be exclusive to any centralized group of leaders or a specialized function. Lasting transformation comes from grassroots engagement.

The key to unlocking this potential comes from lighting up the relationships between individuals. Turning ideas into action depends on identifying connections between how different people view the same problem. It depends on sharing ideas in a place where they are easy for others to find. It depends on whether or not people feel able to speak up and share their ideas without fear. And it depends on understanding how your work aligns with a larger strategic direction.

The best leverage comes from the team understanding that it’s not just what we work on, but also the way we work that changes the game.



Here are four different mechanisms that help teams cultivate the capacity to change the systems and accelerate their work.

Retrospective: The Team Retrospective is an impactful and simple kind of team discussion. During a retrospective, a team comes together to consider three simple questions: What's working? Where are we getting stuck? What might we do differently? This seemingly simple practice serves two important functions: 1) it builds shared awareness of the range of things that impact the work, and 2) it pulls together the different perspectives and 'sensing' of each team member into a clearer picture of where they can make the most effective change.

Change Backlog: Often there are different tensions and opportunities for improvement that we surface but can't tackle immediately. These can be significant changes to critical systems, like our hiring or rewards systems, or small tweaks to daily processes that slow us down. A change backlog is a list of potential structural changes, policy changes, projects or actions we might undertake to improve our organization in big or small ways. By capturing our numerous ideas for change in a shared place, we can come together to discuss and prioritize our change initiatives more wisely.

Psychological Safety: Underlying the different processes and structures that can be changed is the fundamental need for a culture where team members feel permission to take risks, fail often, and learn fast. It's essential to build a climate in which each team member feels full permission to point out what's not working, engage dissent creatively, and test out each other's ideas productively. Psychological safety is cultivated by building trust and connection within the team, offering explicit permission to share candidly in service of getting better together, and modeling vulnerability as a leader.

Explicit Direction: The purpose, key priorities, roles, and decision domains on a team are all key levers that often remain implicit. Purpose and priorities are often communicated verbally by leaders, sometimes with great clarity, sometimes without. Role clarity is often designated to job descriptions that become out of date relatively quickly. The fact is, the purpose and priorities we're moving toward as a team, and the roles required to achieve them, fluctuate with the context and pressures facing our work. Teams become more responsive to the fluctuations by coming together at a cadence to make explicit (actually write down!) the purpose and key priorities for a phase of work, what roles and accountabilities are required, and the decision domains of the work. When these mechanisms

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are made explicit, it gives permission for the full team to contribute to and evolve them to fit the demands of the work.

Information: How we capture insights, and enable them to flow to the people in a position to take action

Everyone—managers, employees, and leaders alike—lack real-time data on the issues that matter to productivity and creativity.

Most organizations have rich data, with large sample sizes, about the effectiveness of the organization and the engagement of its people. We track sales and revenue data. We conduct org health and engagement surveys. Leaders know when outcomes are being achieved. HR folks know with a reasonable level of certainty when there are retention issues. But leaders don't have a critical piece of the story at their fingertips: a clear articulation of the issues that, if unblocked, would lead to positive transformation.

The data we do surface takes too long to gather, so we do it infrequently. The gathering process distracts teams from their day-to-day work, so people are reticent to participate. And because HR leaders want a reliable, standardized dashboard for engagement, the questions we ask are generic.

What if we also surfaced data from the tools and technologies that teams use to do their day-to-day work, and capture issues in the moment, rather than relying on unreliable memories to build an accurate picture of what's going on? This data could flow directly to the people that can make decisions about how the organization's structure can and should change, instead of being filtered through consultants or simply never surfaced.

We lack professional-grade tools to capture the design of the organization in ways that promote the use of the organization design in day-to-day work.

Most of the organization's levers for change are built and stored in Microsoft PowerPoint, and that is where the levers typically go to die—or, at least, to remain unused.

Organizations, teams and individual workers are informed of the new designs every few years. The designs are comprehensively annotated, with

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process maps, meeting charters, decision matrices, and role descriptions. Each of these changes could be a lever for positive change, but they are too static to make an impact. They don't adapt to the real-life experiences and needs of employees.

Local tweaks and adjustments at the edges of the organization, aren't reflected or integrated back into the system. This is partly due to the lack of direct, data-driven linkages between the documents that describe and govern the organization. Dependencies and interlinked processes break. Budget rules are lost to errant keystrokes. Responsibilities can be changed by a disgruntled employee. This happens at every level of the organization, not just at the frontlines.

Additionally, the language used in the documents requires specialized knowledge to understand and to interact with.

Given these problems, organizations ask employees to avoid adjusting the organization design, and instead leave that work to the "experts".

Visualizing the organizational form—matrixed or not—is a nearly impossible design task, given the incredible complexity of most organizations today. Each formal structure can be represented in several different ways, conveying different relationships between parts. Often, these designs convey the wrong message, and fall far short of clarifying how work will actually get done. The people impacted by the change treat these charts as vague references, rather than as tools for helping them in their work.

These shortcomings of the typical organization design approach rob our organizations of the continual fine-tuning that they require, and force everyone to accept big swings of the controls every once in a while. It's no wonder our organizations have a hard time learning.

There's an alternative, though. New tools could be devised that connect the day-to-day work, and all of the insights about how to improve the organization, directly to the organization design work. Issues can be surfaced in real-time, and flow quickly to the parts of the organization where they can make the most impact. Retrospectives and Change Backlogs can live in software to surface emerging problems as they happen. The explicit direction provided to teams can be adjusted monthly—using data—instead of waiting for the next big shift.



Leadership: Catalyzing and sustaining the change

The third enabler of responsive systems change are the people in positions to take action and create opportunities for action by others.

As useful data begins to flow more easily across the organization, the onus falls on people in leadership positions – formal and informal – to respond to that data. The challenge will be for leaders to develop their capacity to sense and respond to a much broader amount of information; deciphering the patterns; and framing smart change experiments.

For many leaders, this will be a new skill to develop. Traditionally, leaders only pay attention to a small fraction of all the information that's coming into the organization. Leaders turn to “experts” or a limited number of close advisors to filter the information. And when leaders do take action, it often comes in the form of big ideas and big initiatives. Because of the size (and cost) of these big moves, leaders create pressure and expectations that the solutions are a silver bullet.

We know, however, that in a complex and uncertain environment, silver bullets are hard to come by. Instead, leaders should seed their big ideas inside small experiments. Leaders should take the radical intent of the long-term change they hope to create and ask themselves and their teams, “What is something we could definitely try within the next 4-8 weeks that would tell us if this larger vision is worth further pursuit?”

Conclusion

There are endless levers for positive change waiting to be pulled across an organization. The key to unlocking that potential is recognizing the full range of things that affect our work, and the full range of people who can help us notice and take action. Leaders can engage the broader organization in the quest of responding and transforming by communicating the challenges they're addressing. By building the culture and the tools for asking better questions and surfacing collective wisdom, it is possible to enable the full organization to consciously and strategically evolve the operating model.

Remember, sustainable change doesn't happen in big leaps. Often it's the accumulation of small shifts that create the biggest impact. When small shifts occur constantly, in lots of places, when every team in an organization is actively sensing and responding to the evolving context they're faced with, you start to build a truly agile and responsive organization.

