

New women, men and economy, and the age of collaboration

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“New economy is sharing and collaboration across diverse networks.” Source: Supplied

Amid the widespread post-financial crisis soul searching in managerial capitalism, leading thinker Professor Gary Hamel argues bluntly that most big organisational structures aren't fit for the future. In a November 2014 Management Innovation eXchange blog post he proposed that they “suffer from an assortment of congenital disabilities that no amount of incremental therapy can cure”.

The management model that predominates in most organisations is a “150-year-old mash up” of military and industrial engineering principles. It has its roots in the early 20th century, at a time when innovators were focused on achieving efficiencies of scale.

“Most managers grew up in or around organisations that were roughly like a pyramid,” Hamel says. “Strategy gets set at the top. Power trickles down. Big leaders appoint little leaders. Individuals compete for promotion. Compensation correlates with rank. Tasks are assigned. Rules proscribe actions. Managers assess performance.”

He writes that, as one of humanity's most enduring social institutions, the traditional organisational structure “is well-suited to a world in which change meanders rather than leaps ... But in a hyperkinetic environment, it is a profound liability.” Hamel says that digital, social and mobile technologies have revolutionised most of our lives — greatly expanding our freedom and speed to connect, contribute, create, choose and challenge. “But our workaday lives and interaction with institutions have not.”

These organisations are in effect trying to run fast to stand still, which tactically leaves organisations at greatest risk.

He writes that a formal hierarchy “overweights experience and underweights new thinking”. In doing so, it perpetuates the past.

It also misallocates power, as promotions go to the most politically astute rather than to the most relevant or productive. A few senior leaders become the gatekeepers of change. And if they are unwilling to adapt and learn, they become blockers and the entire organisation stalls. “When a company misses the future, the fault invariably lies with a small cadre of seasoned executives who failed to write off their depreciating intellectual capital.” But, says Hamel, “for the first time in a century, we have a viable alternative to the status quo”.

Thanks to the digital world, we can imagine organisations that are large but not bureaucratic, focused but not myopic, efficient but not inflexible and, best of all, that are disciplined but not disempowering. There has been plenty of experimentation with alternatives such as the open-source Holacracy movement. It specifies more intuitive processes for aligning resources with shifting operational needs and authority and decision-making is distributed through self-organising teams. US online shoe retailer Zappos, founded by Tony Hsieh, is undergoing a very public experiment with Holacracy.

Try to think of companies that break the mould and are leading the New Economy. Google, Apple, Tesla, Salesforce.com, Facebook, Ali Baba, Tencent, Lending Club and Kiva come to mind. But what about others that are showing adaptability and out-of-the-box thinking?

Among these are the hotel chain Marriott, consumer products group Unilever, Danish toy company Lego, New Zealand cloud-based accountants Xero, food company Mondelēz, car manufacturers BMW and Volvo, engineering company Siemens and inclusive retailer Abercrombie & Fitch.

There’s the maker of Gore-Tex fabric, WL Gore, a consistent innovator and famous in the management case study world for an effective non-hierarchical structure (even CEO Terri Kelly was appointed by employee vote) that fosters the innovative capacity of small, diverse teams. There is also Perth-based geoscientific information management company, acQuire Technology Solutions. The employee-owned values-based company with more than 120 staff in seven countries invests up to a quarter of annual revenues in R & D.

Small World Social, an Australian company based in Silicon Valley, is helping older companies adapt to Hamel’s hyperkinetic world. Over tea in the company’s converted warehouse in downtown San Francisco, CEO Kathy Phelan ticks off the values of the new economy. Organisations and individuals need to be open, inclusive, have a curious mindset, value diversity, and be rigorous in applying data and technology.

Working busily away nearby is a small team, brimming with talent. There are visual artists, researchers, software engineers and big thinkers, with a Scrum whiteboard behind them, listing who needs to do what and by when. More than half the team identifies as gay. “This is our tribe,” says Phelan, “It’s an environment where nothing is impossible.”

Phelan argues that you can tell a new economy person and organisation by their approach to sharing information. Old economy equals secrecy and control. New economy is sharing and collaboration across diverse networks. This might even involve bringing your competitors into the room. Opening up creates an environment where ideas bump up against each other and it sparks new opportunities and markets — faster. “Things are moving so fast, there is no other way,” Phelan says.

Extracted from *New Women, New Men, New Economy*, by Narelle Hooper and Rodin Genoff (The Federation Press, \$59.95)