Call the doctor!!!

20.06.2019 10:06:08 | Agility Insights USA, Herb Nold | 0 Comments | Ecosystem, Intangibles

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Richard Straub in his starter article for this year's Global Peter Drucker Forum, *What Management Needs to Become in an Era of Ecosystems* makes some excellent points;

- While there has been a lot of talk about ecosystems by business executives and scholars "there hasn't been much information about how management approaches and behaviors should evolve in response",
- Observant practitioners and scholars "are beginning to see evidence that managers who adjust their approaches to fit an ecosystems world are better able to succeed in it.",
- "the old tools and techniques no longer work ...practitioners and scholars can begin by dispensing with mechanistic, industrial-age models of inputs, processes, and outputs... [and must] take a more dynamic, organic, and evolutionary view of how organizations' capabilities grow and can be cultivated."

Straub correctly, in my view, suggested that the ecosystems are not new quoting numerous theorists whose ideas were shaped primarily during the last century. However, I suggest that

ecosystems with all of their complex interrelationships have always existed and just in the last 50 or so years have been given a vocabulary term.

What has changed since the end of the last century is the speed at which conditions change primarily due to advancements in technology; the internet, AI, social media, and more. Few would argue that the only true constant is change. We know for sure that things will be different one, or two, or three years in the future…. Or maybe one or two months. Business schools worldwide continue teaching the mechanics of business; accounting, finance, marketing, operations, strategy, etc. creating "experts" in their fields of study when we should be teaching them to ask what the fundamental elements of success. Traditional measures like profits, market share, ROI, stock price, etc. are outcomes from innovative ideas generated by people within the ecosystem.

It is necessary to first identify and understand the underlying conditions within the ecosystem that enable people, who provide the power for the ecosystem, generate innovative ideas that generate desirable results. There is an old philosophical saying that "If you ask "why" five times, you can get to the root cause of any problem or question. Taiichi Ohno applied and refined this "5 whys" thinking process to business during the 1950s at Toyota and helped propel Toyota to the global automotive powerhouse it is today. 1

Senior executives like to say that "people are our most valuable asset" but where does the CEO begin to gain insight into what is going on in the minds of people operating within the ecosystem. In order to avoid an expensive and aimless wandering from consultant to consultant CEOs should take a diagnostic approach to evaluating the ecosystem. Think of it as a doctor. How would you feel if you went to a doctor who prescribed pills or procedures without first taking your blood pressure or listening to your heart? I suspect, you would not have much confidence in the doctor's diagnosis yet, this is exactly what business executives do when confronted diagnosing the culture and people within the ecosystem.

Over the past two decades we have observed that top tier companies have strong foundations in responsiveness, alignment, capabilities, motivation, and cleverness which we believe are the

underlying people-centric conditions for success. The trick for executives in diagnosing interferences within the ecosystem that inhibit performance is to ask the “right” questions…. Like taking a pulse or blood pressure of a patient. Here are some starter questions;

- Responsiveness – Is the organization flexible and able to react to changes in the environment?
- Alignment – Is the direction of the organization clear? Does the structure fit the strategy? Is it shared broadly and are employees aligned to support the strategies?
- Capabilities – Does the organization have the competencies and skills needed to deliver on promises?
- Motivation – Are employees throughout the organization inspired to perform above and beyond expectations?
- Cleverness – Are employees empowered to be creative and use their creativity to meet expectations or demands from clients or customers within boundaries that do not stifle creativity?

If you don’t ask the right questions, you won’t get the right answer. Begin by asking these questions throughout your ecosystem then ask “why” … and “why” … and “why” again until you find out what ails your organization. Then, and only then, you can take action with a reasonable expectation that you will not kill the patient. Executives will not know where the answers will take them but the people within the ecosystem intrinsically know what management must do to respond to rapid changes so ask … and ask … and ask … then LISTEN!

The Author: Dr. Herb Nold, Agility Insights USA

Notes

Ohno, T. (1988). Toyota Production System: Beyond Large Scale Production, Portland, OR: Productivity, Inc.

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