Have we reached the tipping point beyond traditional management?

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The third session of the 2019 Global Drucker Forum in Vienna on “Ecosystem Insights – Rethinking the Organisation” offers early signs and the answer to that question.

The third session at the 2019 Global Drucker Forum in Vienna on “Ecosystem Insights – Rethinking the Organisation” offers early signs. Five ecosystems with creativity, platforms, and a network at their core offer a filter that separates the signals from the noise. Ecosystems stretch beyond the boundaries of traditional organisations and force leaders to adapt management to fit it to the needs of the specific context. This offers the opportunity to rethink management and organisation beyond tradition.

Traditional management, invented early last Century based on the negative assumption about people with command and control as its dominant principles, delivers what it was designed for: Efficiency and exploitation. It is obvious, people got lost in management science and practice.

Ecosystems require a more open, innovation-oriented approach to structure, capabilities, systems, culture, change, and leadership. Digital is the trigger: Digital forces flattened companies. Teams, collaboration, and networks are the themes that emerge.

Have we reached the point where positive assumptions about people drives management?

Structure: Creativity unfolds when power

leaves the room

Pixar Animation Studios has a perfect structure filter: Film making is the ultimate of freedom in creativity. Creativity is problem solving and a group effort. New ideas come through co-creation. To bring out the best in people, one has to remove power from the room: Sometimes magic happens when Ego leaves the room.

"*Sometimes magic happens when ego leaves the room.*"
Ed Catmull, co-founder of Pixar Animation Studios and author of Creativity Inc.

Terra Numerata maintains a platform that connects partners in consulting that was designed on the creativity argument. Co-design engages the diverse knowledge of people and offers its stakeholders more than they would have if they would operate alone.
Klöckner is a company that combines digital of the traditional with an open systems platform. As such, it invites clients and competitors to collaborate on that platform. Traditional hierarchy and connectedness coexist with communications as the means to return agility to large organisations.

With this, creativity, co-creation, and communications shape ecosystem structures rather than traditional hierarchy and power systems.

Capabilities: Start with self-responsibility as the mindset

At Pixar, good practice is contrary to the dominant control mind-set: It starts with the assumption that everyone wants to do well. People want to grow. As a consequence, there is no need for leaders to motivate.
For Tencent it is important to free people to focus on what they do best. Self-responsibility is the foundation for motivation and purpose its means.

"Free people to focus on what they do best".
Arthur Yeung, Senior Advisor, Tencent Holdings Limited.

Tupperware connects women with party holders as their ecosystem. The business model empowers women economically. It brings them confidence, connectedness, influence and economic value as otherwise they would not trust themselves.

People are seen what they are: self-responsible individuals.

Systems: Remove the fear with a design for people

For Pixar, removing fear is the answer of how to get full engagement from people in a way where leadership and systems need to establish a safe place to be: Does the least powerful person feel safe to talk? Normal values, expectations and words do not matter; it’s the action that matters. The challenge with systems is that we don't recognise the things we don’t see. We overvalue the things we see. Systems need a design that balances the invisible with the tangible.

“Party holders are our ecosystem business model that empowers women economically."
Rick Goings, Chairman Emeritus, Tupperware Brands Corporation.

May I add: Design systems for the people that use them to do work.

Culture: Team, collaboration, and ownership

The Terra Numerata ecosystem model is built on transparency, trust, and collaboration. Klöckner uses collaboration tools to connect people in virtual groups that solve problems and create new ideas. At Tupperware, peer presentations encourage support and help with teams. People need to feel ownership of the company and their work. At Pixar, people have a vested interest in each other’s success. They help each other.

“Everybody loves change, but nobody loves to be changed.”
Gisbert Rühl, CEO of Klöckner & CO SE.

It takes the right systems and connected leadership to create that kind of a collaborative culture.

Change: Change systems not people

When Disney acquired Pixar, it was important to keep the studios separate. This required high confidence in the depth of management. A couple of rules were introduced to share, borrow, steal without going through traditional channels. A merger would have slowed things down. It was important to adapt systems but

keep people separate.

When growth hit Tencent with the need to transform into a social network company, systems were slow due to approvals and cross-unit collaboration. To get around that, it created an ecosystem platform, broke up into 20 units, empowered small teams, reengineered bonus systems, and revenue sharing.

It obvious, changing systems is what alters the behaviours, decisions, and actions of people.

Leadership: Develop leaders and diversity

It is a general management job to develop leaders. And when it comes to leadership, the needs of people are most critical. Moreover, diversity is essential in ecosystems: As a leader, I have experience, but there are experiences that I don't have. Accept that there are experiences that we don't see.

Have people made it back into management?

Julian Birkinsaw who summarised the Global Drucker Forum as follows: "There are no new management ideas under the sun. What has changed is the practice of management."

Here is what I have learned from the session: The thinking has definitely passed the tipping point to agile that separates us from the bureaucratic past. 21st Century organisations are at the cross-roads: remain stuck in power & hierarchy or turn thinking into action and create value through network relationships and people-centric leadership. The signals are strong that we have overcome traditional management based on the negative assumptions so we can put people back into management theory and practice.

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Drucker Forum Blog

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