



THE NO LIMITS WORKPLACE

Aligning work with the human spirit
Yielding enduring prosperity and individual reward like nothing before

Tenet 5, De-centralizing Org' Structures for Success in Today's Business Environment

“By their nature, organizational structures that centralize influence and decision-making to a small percentage of the total group limit potential and results”.

The above statement has great implications for understanding the keys to workplace productivity, creativity, and accountability. Org' structures and their accompanying assumptions about who does what, have much to do with whether an entity emphasizes and promotes what's best in it's people or whether it tilts towards emphasis of people's lower nature and all the less than positive behaviors that go with it. History is full of examples of how people will behave up or down to the entity of which they're a part. The article below explains why this is the case and how to apply org' structures that emphasize and promote what's best in people and therefore position the enterprise for success.

THE MEGA-TREND AWAY FROM CENTRALIZATION

Recent history has one socio-political-economic trend that overwhelms all others in importance and impact to humans everywhere. The trend is both parent and child to many lesser trends and history-altering events. That is humanity's steady though rocky and eventful progression away from institutions of centralized authority and control and towards de-centralized institutions that promote the opposite, a combination of individual freedom and responsibility.

Because of advancements in education, knowledge, awareness, transportation, communications, habitation, commerce, technology, and many other things that continue to shrink the world, we humans are coming to find that authoritarian and control-oriented institutions hold us back and no longer best serve our evolving needs. And as more people come to realize that the human spirit is better served by structures that promote freedom and responsibility, more people are demanding just that. This transition continues to cause a heck of a geo-political, social, economic mess but overall is directionally positive as it's consistent with our higher nature to move away from control and towards freedom. When given a choice, people of higher-awareness want to live in an environment that aligns with their higher nature or we might say, that promotes what's best in us. Control, force, and dependency don't align with what is best in us. Individual freedom, power, and responsibility do.

BUSINESS IMPLICATIONS

So one might ask... What does all that have to do with business and enhancing company success and individual reward? Well, a lot.

Consistent with the above description, America's first generation of large business enterprises evolved with a centralized authority and control-orientation. The traditional top-down pyramid-shaped model was a natural product of a time when, for good reason, centralized decision-making, control, and oversight were the priorities. The first chapter of the 1990's book Reengineering the Corporation does an excellent job of explaining the origination of large corporations and placing that origination in context of more recent times. The chapter is called “The Crises That Won't Go Away”. These top-down centralized entities worked for a while. And if things were still less-competitive, simpler, and slower to change as they used to be, the top-down model could remain viable. But that's not the case. As mentioned in Tenet 1, minimal competition has given way to worldwide competition and new competitors appear ever day. Simplicity has given way to complexity that is ever-increasing as variation in everything continues to compound and fracture. And change continues to get faster and greater in scope creating a crazily dynamic economic and business environment. Additionally, knowledge and ideas that allow entities to deal effectively with



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this environment are fast becoming the differentiators between competing entities. As we've mentioned, this increase in competition, complexity, and change and move towards knowledge and ideas as differentiators has endless implications. But as tumultuous as it is, it's a natural and overall positive product of free-enterprise. All in the name of providing improved products and services to customers. And as the world becomes more educated and free, all of these things will continue to increase.

CENTRALIZED (Top-Down) VS DECENTRALIZED (Bottom-Up) IN BUSINESS

In this environment, the org model that is the best fit is no longer one built to emphasize internal control factors such as centralized decision-making, predictability, sameness, close oversight, risk-avoidance, a bias to inaction, and incrementalism that inhibit the bottom-to-top entrepreneurial spirit that's become a requirement for success. These traits work against the very behaviors and performance characteristics that are required to meet today's business environment challenges such as responsiveness, adaptability, creativity, teamwork, and a bottom to top higher level of intelligence. Today's org' structures must exist for the purpose of promoting these higher level things, not to defeat them or promote things that aren't a fit.

Yet most companies and most managers continue to work from structures, perceptions, and assumptions of how work is supposed to work and who is supposed to do what, that are a product of the traditional control-oriented model. That may be comfortable because it's what they know. But at the same time it's guaranteed to be increasingly unsuccessful. The knowledge and idea economy is establishing terms for success that, regardless of industry or sector are requiring that responsiveness, adaptability, creativity / innovation and a smarter enterprise be the characteristics that describe today's organization. It's accurate to say that any company operating from traditional org' structures and assumptions that finds itself in direct competition with a company operating from org' structures that actively promote the characteristics just mentioned, will find itself in deep trouble in a hurry. It's happening more and more often.

Just to be sure we're square on terminology, we'll use the term "top-down" to represent an org' structure and approach that works from the traditional centralized control orientation. Of course there are degrees and variations of that but for the most part, a top-down company will have a small percentage of employees (management) making key decisions, strategizing, planning, doing high-level problem solving, policy development and deployment, and other activities that are most determinant of how the company and the workplace operate. That's the traditional pyramid-shaped structure. And we'll use "bottom-up" to represent a wide variety of org' structures that tilt towards shared accountability and engagement of participants from throughout the organization in all sorts of activities and decision-making traditionally regarded as best done by small numbers of people up the organization.

There are other tenets of the NLW, particularly Tenet 2, that go into human nature in more detail. But per our opening discussion about political entities, it's been clearly and repeatedly illustrated that when people live or work within institutions where they have less say-so in the total operations of the enterprise, they will also attach less personal meaning to that enterprise and their role in it. To expect employees to have a high degree of ownership, accountability, and meaning and therefore display all the performance characteristics that go with these perceptions, while working for an enterprise in which they aren't fully engaged, illustrates a basic misunderstanding of human nature. That's not reasonable and ultimately it isn't possible. We humans just don't work that way. A top-down organization by it's nature has never and will never engender the high level performance attributes needed to have sustained success in today's business environment. As we make very clear in Tenet 2 on human nature and Tenet 6 on leadership, high level behaviors are an output of meaning. And meaning doesn't evolve from org' structures that position people to be outsiders within their own enterprise, which the traditional top-down model does. As we say, the No Limits Workplace is about aligning work with the human spirit in order to yield enduring prosperity and individual reward. That alignment with what's best in us, hasn't and won't come from top-down business structures.



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THE “NATURAL” POWER OF BOTTOM-UP

So if the top-down org’ structure is the problem, then what’s the answer? We at the NLW love those kinds of questions. Willingness to ask good questions is what leads to breakthroughs.

Moving from top-down to bottom-up is a stepwise systematic process and a joyful one at that. Just as democratic political structures are more complex than authoritarian ones, so bottom-up business structures are more complex and we might say more elegant than top-down ones. But they’re ultimately easier to implement and sustain because they naturally align with our higher nature. That’s what sustains them. So they can have less rules, policies, guidelines, contracts, oversight and other wasteful forms of force that are needed to maintain top-down entities.

Bottom-up / decentralized structures rely on shared values and purpose to ensure order. These powerful, as opposed to forceful, things are more cohesive, more efficient, and much more inspiring than rules, policies, mandates, etc. People will gravitate towards these positive things if they see the workplace environment as supportive of them. As we’ve mentioned, that’s what people want and are looking for in an employer, an entity that helps them find what’s best in themselves.

STARTING POINTS & COMMON ERRORS

As many companies have done, probably the easiest place to start moving towards bottom-up is by forming “stakeholder org’ units” (teams) around logically shared subjects like safety or projects, or work improvement initiatives. It’s important to note that just having such teams is not what we’re talking about. Companies often form teams but vest little authority in them or don’t support them effectively. In other words, they form the team but maintain the top-down “perception”. As a result, there’s little if any increase in employee engagement, ownership, meaning, etc. despite the existence of the team. If we want to gain the great advantages that we discuss throughout the NLW, we have to do better.

What’s difficult for many traditional managers is to see multiple objectives at the same time. For instance, with a “NLW approach”, if a team is formed to reduce defects in a product, reducing defects isn’t the only mission. Parallel to that we are also forming the team to;

- a) develop a systematic solution that permanently improves the production process,
- b) develop people’s skills (CI tools & techniques) and make them more capable,
- c) engage people and expand ownership,
- d) and make the enterprise that much stronger (more responsive, adaptable, innovative, smarter, etc.) by doing all these things

We might say that the difference between a NLW manager and a traditional manager is that the traditional manager sees all these systematic and integrated objectives as the reason for the team. Whereas the traditional manager may just want to get the problem taken care of. The difference is mediocrity or worse versus greatness. As we’ll see in Tenet 6 on leadership, leaders “see” the integration of all these objectives. In the workplace, to achieve all those objectives the group has to have authority to make decisions, access to resources and information, the ability to assign personnel, use CI tools and techniques, and good direction as required. That’s how we succeed with bottom-up org-structures.

Teams can be formed around any aspect of work including problems and improvement opportunities, policy recommendations and other HR-related things, and strategic initiatives. Companies involving frontline employees in strategic thinking and actions have had particularly great success. One bottom-up org’ structure worth mentioning that can have very positive results is a continuous improvement (CI) “facilitation team” made of employees from throughout the organization (usually rotating roles). Such a team can be the hub for all CI efforts offering significant engagement and developmental opportunities. A multi-level CI facilitation team positions employees to participate in important managerial work and when



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properly structured and equipped will almost always drive a far superior CI system and culture than a similar team made only of managers.

ISN'T BOTTOM-UP OBVIOUS / WHY THE RESISTANCE?

You might think that all of this would be obvious to we Americans. We often speak of the collective prosperity and individual pride, ownership, and entrepreneurialism that tumble out of the freedoms and responsibilities that our democratic system promotes. Yet our businesses have been and continue to be highly non-democratic and therefore fail to promote and maximize these same positive things. Why do we see participative structures as so obvious in one area and not a fit in another? That's a question I've heard people from other countries ask when they get a closer view of our businesses. And it's a very good one. Why do we see the creative and energizing benefits of free enterprise as so obvious yet so often operate our companies in such contrast to that?

Per that question. First of all, we're not proposing that within businesses we stop vesting more opportunity for influence in those with superior breadth of knowledge and experience and certain professional skills. It doesn't make sense to think that all positions are equal. Sure all positions deserve equal respect but that's different. All positions aren't and shouldn't be equal. Clarifying that, the question remains, why are our business institutions so lacking in participative / bottom-up structures, especially now that it's becoming more obvious that top-down approaches are holding us back?

Three reasons come to mind. One and two have to do with the shear weight of history. American companies adopted top-down approaches early on and it's worked very well. The U.S. has led the world in economic activity, so why change? That thinking is now becoming increasingly detrimental, but is understandable. Two, we just haven't developed, codified, and communicated a "replacement model". A model that suggests structures, practices, and assumptions about how work should work that are all integrated and a good fit for today's business environment has been sorely missing. The NLW exists to lend to the creation of that replacement model. Companies such as Toyota, Danaher, and others, to their credit, have developed their own models and are having great success as a result (most have many similarities to the NLW). The third reason we've stayed with the top-down model is rather unfortunate. It's just a fact that many who hold positions of influence in these businesses lack the motivation to change from the status quo for a whole list of reasons that aren't too positive.

Per that last reason, we'll just say that the good news is that people, especially those down the organization, from coast-to-coast in all kinds of employment situations are highly attuned to the need for less top-down and more bottom-up structures and the vast operational advantages they offer. We've spoken with many hundreds of employees who see the need for this transition as so obvious that they shake their heads in disbelief, disgust, and sometimes hopelessness at why "management" so often can't see it. Leaders who are able to articulate the things recommended in the NLW already have a huge following just waiting for the word "go". That great percentage of employees know intuitively from their daily experiences that bottom-up structures and the investments in people described in the NLW are key to enduring success and employee satisfaction. And, given that we live in a democratic society, they're used to it. So let's respond to these good people as we should. They're ready to lend a hand to help us do just that.

SUMMARY

Traditional Org' Development (OD)

We haven't mentioned anything in the above discussion about traditional OD things like reporting relationships, org' charts, departments, and functions. These things need to be considered. But the NLW approach tends to look first at work processes, what's trying to be achieved, knowledge, skill and ability requirements, people, and company and customer needs and then builds org' structures in sensible alignment with these things. The old OD approach lends too much credence to affecting positive change



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by rearranging structures and reporting relationships. But that's too often a case of getting the cart before the horse. OD should be more a follower than a driver. The work itself should suggest the participants and their roles and responsibilities. But back to reporting relationships, of course they're important for multiple reasons. We just want to be sure we normally have the org' structure follow or support the work rather than thinking that the right org' structure will improve the work. Enduring answers aren't that one dimensional.

Integration and Implementation

We might refer back to the earlier "starting points" section for implementation ideas, but a few closing comments on that. The move from a history of top-down structures to bottom-up structures won't by itself lift an organization and make it more effective per the performance characteristics we discuss in the NLW. "Best fit" org' structures are just one piece of an integrated strategy. On the other hand, trying to implement the ideas of the NLW while maintaining a centralized approach when it comes to decision-making, planning, problem solving, policy, strategy, etc. will ensure failure to implement. It should be clear from our discussion that bottom-up structures will evolve somewhat "naturally". When the objectives are continuous improvement, investing in and engaging people, making work more meaningful, and doing more higher value work, the org' structures to achieve those things become obvious. How else can those things be achieved other than with stakeholders from throughout the enterprise working on key improvement initiatives with good direction and proper tools and resources? Traditional management structures can remain in place, but managers are likely to be doing more coordination and facilitation of people and providing information, resources and advice. In total positioning their people do their work more effectively.

Last word on org' structures... There's just no changing human nature. And there's no changing what aligns with and promotes our higher nature. Our human nature is a given with which we can work in harmony or in conflict. The question is do we implement the kinds of structures that align with it or not. If we do, super high performance becomes a possibility. If we don't, it doesn't. When it comes to OD, it's really that straightforward.