21ˢᵗ Century - Executive Leadership

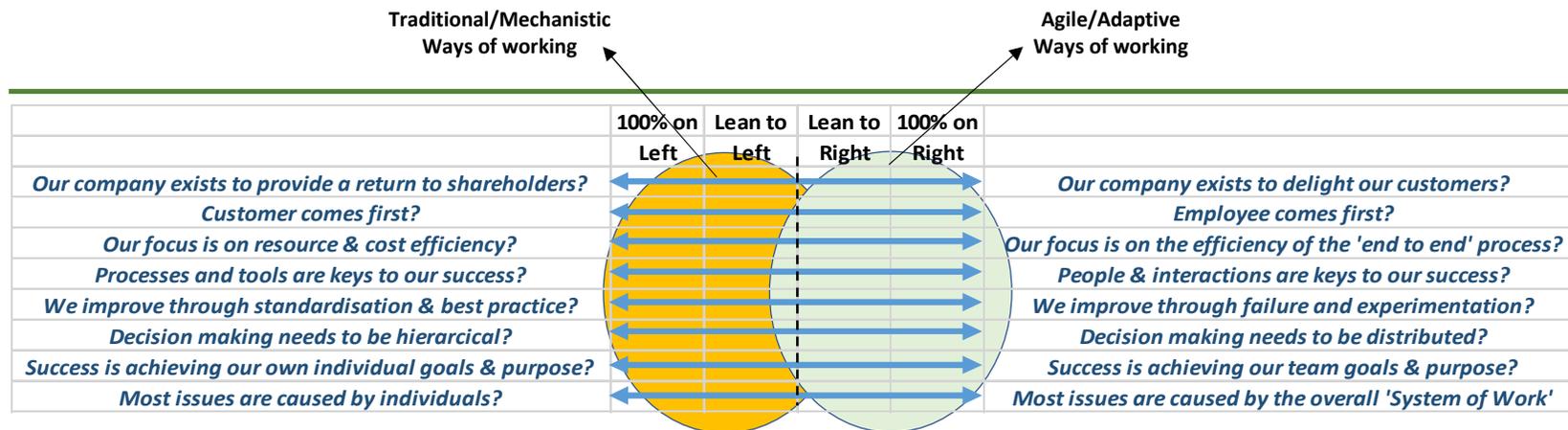## (Mindset Slider Indicator Tool - Explanation)

Executive Summary

We believe that if we want to build agile, healthy & adaptive organisations which can thrive well into the 21ˢᵗ century then our mindsets (& beliefs) generally speaking needs to be very much on the right-hand side here for ALL of these 8 sliders! The left hand side is valid and comes from the traditional management thinking and ways of working based on 20ᵗʰ & 19ᵗʰ century practices & principles. However, we will argue now that in more & more cases this is no longer a suitable way of working.

Both are obviously very important but the critical point is which do we believe is **MORE** important as this will drive critical actions & behaviours of our most powerful executive leaders.

The external environment is changing at an unprecedented rate and to be able to survive & thrive organisations must be able to sense & respond at speed. We believe that having our primary focus on the right hand side will actually enable our organisations to be able to respond at speed to this external environment!

If we are willing to accept this then we must work on evolving our own individual beliefs. Also, we need to be very aware that this could have very big implications on our organisations where very brave leadership will be required to help address some very critical questions. How should we be structured? How should we fund & govern work? How should reward work?

	Traditional/Mechanistic Ways of working			Agile/Adaptive Ways of working	
	100% on Left	**Lean to Left**	**Lean to Right**	**100% on Right**	
Our company exists to provide a return to shareholders?					*Our company exists to delight our customers?*
Customer comes first?					*Employee comes first?*
Our focus is on resource & cost efficiency?					*Our focus is on the efficiency of the 'end to end' process?*
Processes and tools are keys to our success?					*People & interactions are keys to our success?*
We improve through standardisation & best practice?					*We improve through failure and experimentation?*
Decision making needs to be hierarcical?					*Decision making needs to be distributed?*
Success is achieving our own individual goals & purpose?					*Success is achieving our team goals & purpose?*
Most issues are caused by individuals?					*Most issues are caused by the overall 'System of Work'*

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(Mindset Slider Indicator Tool - Explanation)

Slider 1

Current Mindset Sliders?

	100% on Left	Lean to Left	Lean to Right	100% on Right	
Our company exists to provide a return to shareholders?					*Our company exists to delight our customers?*
Customer comes first?					*Employee comes first?*
Our focus is on resource & cost efficiency?					*Our focus is on the efficiency of the 'end to end' process?*
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Decision making needs to be hierarcical?					*Decision making needs to be distributed?*
Success is achieving our own individual goals & purpose?					*Success is achieving our team goals & purpose?*
Most issues are caused by individuals?					*Most issues are caused by the overall 'System of Work'*

Slider 1: Explanation

Yes, of course, companies exist to provide a return to shareholders, however, without customers, you're out of business!

We believe that a company's <u>primary</u> focus should always be to continually delight their customers (and, of course, it needs to be the right customers!). Shareholder value will come as a result of providing customers with products and services they love and value at an acceptable price.

If the <u>primary</u> focus is on shareholder value, then this could end up driving short-term thinking and result in KPIs measures that could actually damage the long-term health of the organisation!

"On the face of it, shareholder value is the dumbest idea in the world"

Jack Welsh

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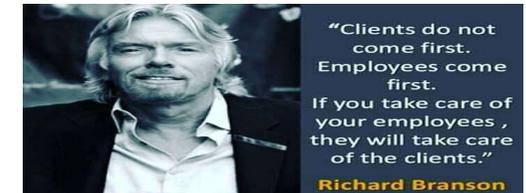## (Mindset Slider Indicator Tool - Explanation)

Slider 2

	100% on Left	Lean to Left	Lean to Right	100% on Right	
	Current Mindset Sliders?				
Our company exists to provide a return to shareholders?	←			→	Our company exists to delight our customers?
Customer comes first?	←			→	Employee comes first?
Our focus is on resource & cost efficiency?	←			→	Our focus is on the efficiency of the 'end to end' process?
Processes and tools are keys to our success?	←			→	People & interactions are keys to our success?
We improve through standardisation & best practice?	←			→	We improve through failure and experimentation?
Decision making needs to be hierarcical?	←			→	Decision making needs to be distributed?
Success is achieving our own individual goals & purpose?	←			→	Success is achieving our team goals & purpose?
Most issues are caused by individuals?	←			→	Most issues are caused by the overall 'System of Work'

Slider 2: Explanation

This is a tough one especially after the first slider question! Who finds the customers? Who looks after them?

We will argue that your employees represent the true backbone of your organisation, and, are actually even more important than your customers! Leaders must truly believe this and be aware that their primary job is to set a clear direction and create the right systems of work, which will align, engage and empower people, allowing them to tap into the intrinsic motivation of all their people so that we can harness and unleash their full potential.

Check out this short clip from the great **Simon Sinek 'People come before Money'**: https://www.youtube.com/watch?v=3SVqbM9Nw7Q. Simon is a best-selling author and a recognised global thought leader on Leadership.

"Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients."
Richard Branson

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(Mindset Slider Indicator Tool - Explanation)

Slider 3

Current Mindset Sliders?

	100% on Left	Lean to Left	Lean to Right	100% on Right	
Our company exists to provide a return to shareholders?					Our company exists to delight our customers?
Customer comes first?					Employee comes first?
Our focus is on resource & cost efficiency?					Our focus is on the efficiency of the 'end to end' process?
Processes and tools are keys to our success?					People & interactions are keys to our success?
We improve through standardisation & best practice?					We improve through failure and experimentation?
Decision making needs to be hierarcical?					Decision making needs to be distributed?
Success is achieving our own individual goals & purpose?					Success is achieving our team goals & purpose?
Most issues are caused by individuals?					Most issues are caused by the overall 'System of Work'

Slider 3: Explanation

We believe that many organisations overly focus on cost and resource efficiencies. These are beliefs and practices that are rooted in the scientific management practices, and while they may have worked very well in times like the Industrial Revolution where the focus was on efficiencies and economies of scale, the world has now changed, and overly doing this now is 'we believe' ripping the heart out of many organisations. Organisations need to look to apply the principles of lean and 'Systems Thinking' where our primary focus should be on improving the 'end-to-end' flow through the entire system, as this will allow us to satisfy the needs of our customers quicker and faster.

Functional organisational structures (silos) prevent this from happening; and by not focusing primarily on the flow, our organisations become inefficient and ineffective. Check out this very interesting TEDx talk called the 'Efficiency Paradox' by Niklas Modig from June 2016 that explains this in a nice and relatable way: https://www.youtube.com/watch?v=hGJpez7rvc0.

The systems of work, which currently exist in many organisations, are stopping people on a daily basis from achieving great outcomes, an, if the organisations are to survive and prosper, the Executive Leadership needs to take the responsibility to establish and constantly manage better overall systems of work.

"If you only quantify one thing, quantify the Cost of Delay".
Don Reinertsen

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(Mindset Slider Indicator Tool - Explanation)

Slider 4

Current Mindset Sliders?

	100% on Left	Lean to Left	Lean to Right	100% on Right	
Our company exists to provide a return to shareholders?	←			→	*Our company exists to delight our customers?*
Customer comes first?	←			→	*Employee comes first?*
Our focus is on resource & cost efficiency?	←			→	*Our focus is on the efficiency of the 'end to end' process?*
Processes and tools are keys to our success?	←			→	*People & interactions are keys to our success?*
We improve through standardisation & best practice?	←			→	*We improve through failure and experimentation?*
Decision making needs to be hierarcical?	←			→	*Decision making needs to be distributed?*
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Slider 4: Explanation

This is a core value taken from the '**Agile Manifesto**'. Processes and tools have, of course, lots of value but who gets things done? It's the people!!!

Working as a team and collaborating with the various different stakeholders we believe is way more important!

People will figure out the best processes and in times of change these will need to be changed and adapted; blindly following processes and tools will greatly stifle innovation and learning.

This slider is similar to the 'Customer vs. Employee' slider and comes back to the critical importance of people and unleashing their full potential.

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(Mindset Slider Indicator Tool - Explanation)

Slider 5

Current Mindset Sliders?

	100% on Left	Lean to Left	Lean to Right	100% on Right	
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Customer comes first?	←			→	*Employee comes first?*
Our focus is on resource & cost efficiency?	←			→	*Our focus is on the efficiency of the 'end to end' process?*
Processes and tools are keys to our success?	←			→	*People & interactions are keys to our success?*
We improve through standardisation & best practice?	←			→	*We improve through failure and experimentation?*
Decision making needs to be hierarcical?	←			→	*Decision making needs to be distributed?*
Success is achieving our own individual goals & purpose?	←			→	*Success is achieving our team goals & purpose?*
Most issues are caused by individuals?	←			→	*Most issues are caused by the overall 'System of Work'*

Slider 5: Explanation

We are living in an accelerating **VUCA** world (Volatile, uncertain, complex and ambiguous) where things are changing very fast whether we like it or not. How do we learn when there is a lot of uncertainty? We need to be able to experiment and empower people to try new things, otherwise, we are not going to learn fast. Obviously, the environment must allow us to do this in a safe and controlled way.

Failure must be seen as a process of learning and getting feedback. As Barry O'Reilly says, ask the question, "What is your rate of organisational learning?" Because if the rate of learning outside the organisation is faster than the rate of learning inside the organisation, then you may very soon be disrupted and you could find yourself heading down the path of becoming obsolete, and this could be quicker than you think possible!

Failure (e.g. learning) and experimentation is now so critical for organisations if they want to ensure that they continue to stay relevant.

"In times of change, the learners will inherit the earth; while the learned will find themselves beautifully equipped to deal with a world that no longer exists."
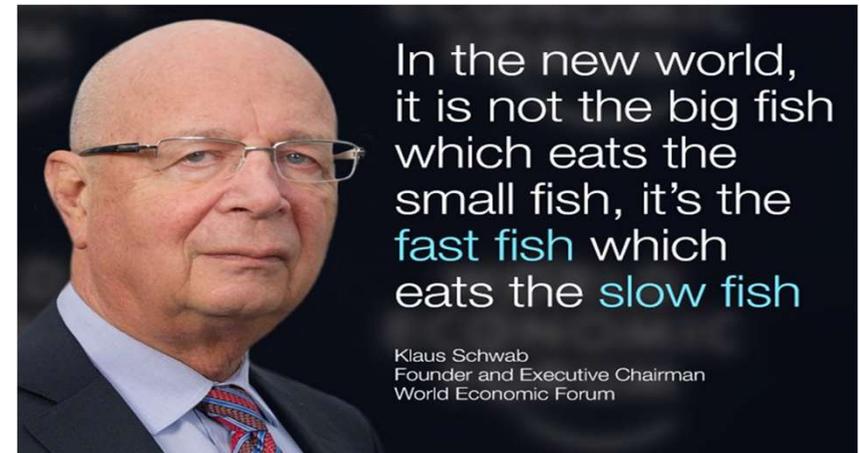Eric Hoffer

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Slider 6: Explanation

Speed is now a very important competitive weapon for all organisations. To enable speed and improve engagement, we need to give autonomy and delegate decision-making down the food chain for many tasks (of course, not all). Move decision-making to where the information is. If we have slow hierarchical command and control structures, then you will not be able to make decisions quickly, and being in an accelerating VUCA and disruptive world, this will be very dangerous indeed as your competitors may not be operating in the same way!

In the new world, it is not the big fish which eats the small fish, it's the fast fish which eats the slow fish

Klaus Schwab
Founder and Executive Chairman
World Economic Forum

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Slider 7: Explanation

Due to the nature of organisations, cross-functional, self-organising, self-managing and empowered teams, driven by a clear goal or purpose, are the true superstars. It is these cross-functional teams that will achieve great outcomes, not individuals! Unfortunately, the individual reward and incentives structure within organisations gets in the way of this, and while most of us agree in principle, how often do we see shared ownership and mutual commitment to the cause. Sporting teams like the 'All Blacks' provide the best example of this. How well does our organisational reward systems support this way of working? Generally speaking we'd say not so well!!!

'I am the team and the team is me'

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## (Mindset Slider Indicator Tool - Explanation)

Slider 8

Current Mindset Sliders?

	100% on Left	Lean to Left	Lean to Right	100% on Right	
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Customer comes first?	←			→	*Employee comes first?*
Our focus is on resource & cost efficiency?	←			→	*Our focus is on the efficiency of the 'end to end' process?*
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Success is achieving our own individual goals & purpose?	←			→	*Success is achieving our team goals & purpose?*
Most issues are caused by individuals?	←			→	*Most issues are caused by the overall 'System of Work'*

Slider 8: Explanation

We believe that people are mainly trying to give their best, and <u>most</u> of the time the problem is with the system of work! As Edwards W. Deming said earlier "**A bad system will beat a good person every time.**"

If you put people in a better overall system of work, they will very often surprise you! In the great book '**Lean Enterprise – How High Performance Organizations Innovate at Scale,'** they use the example of Nummi, which was the lowest performing GE factory with serious morale and production problems, and as a result was closed down. Soon after, a joint venture was organised between Toyota & GE with the condition that Toyota will use the old Nummi plant and rehire the existing employees. Within a year of Toyota taking over, Nummi was producing the best quality cars for GM (from being the worst!).
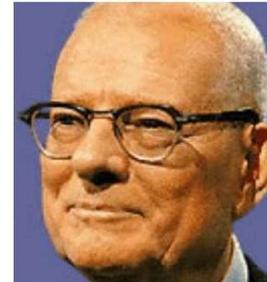
A bad system will beat a good person every time.
V. Edwards Deming —

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