

TRANSFORMERS

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Executive Conversations About Creating Agile Organizations

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ECLF Press

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Introduction

Competitive success—if not the very survival—of most of today's organizations is increasingly dependent on their ability to innovate, learn and change on an ongoing and sometimes radical basis. The 21st century business environment is a highly interconnected world of complex global networks that engage in novel ways of co-evolution and co-creation, with stakeholders dispersed across the globe. Organizations are continuously faced with disruptive forces that require just-in-time strategic responsiveness and a high degree of organizational agility.

Thriving in this context is particularly challenging for large and global players that usually struggle with the structural symptoms of the "elephant disease:" high organizational complexity, bureaucracy and inertia, political infighting, a culture of silos, slow response times, and more. Most senior leaders are keenly aware of these challenges; they know that their organizations need to learn new capabilities to remain competitive, and that the old recipes of the 20th century management tool kit are becoming obsolete.

But developing this level of responsiveness and agility is not easy. It requires, in fact, not just new capabilities but a *new approach to capability development itself*, transcending the traditional functional boundaries of HR, strategy, and operations. It requires a radically new paradigm of corporate learning and development.

To address this challenge, a group of executives from major global corporations teamed up in 2005 to launch a dedicated forum that would engage in ongoing strategic dialogues about how best to create *transformational corporate learning architectures* that would drive agility and thus serve as critical enablers of competitive advantage.¹ Participation in the Forum was limited to senior executives from large and complex organizations only; vendors and service providers were not invited. This policy assured peer level exchanges and led to meaningful in-depth conversations based on openness and trust. In October 2005, Crédit Suisse hosted the inaugural meeting of what became known as the *European Corporate Learning Forum* (ECLF).² Since then, the initiative has grown into an ongoing global project, with close to 120 major corporations participating at one time or another.³

Transformers is the result of the first 10 years of ECLF conversations. It contains a selection of keynote speeches, group discussions, case studies, and research results from ECLF's history. Also included is a synthesis of insights from a Silicon Valley Expedition that 20 members undertook in 2011. Combining conceptual frameworks from thought leaders with practical lessons learned from many corporations. The book provides unique perspectives on the challenges of an emerging practice that aims to serve as an enabler and driver of strategic and operational capabilities in large and complex organizations.

1. Orchestrated by Roland Deiser, the initiative was launched by EADS and quickly joined by founding members Bertelsmann, Deutsche Bank, E.ON, ERGO, and Novartis.

2. In light of increasing global interest, ECLF was renamed "Executive Corporate Learning Forum" in 2013.

3. A list of involved corporations and participants can be found in the appendix section of this book.

Chapter Overview

The book is structured in 10 chapters, each shedding light on a specific issue that relates to the theme:

- **Chapter 1.** What are the design principles of the 21st century organization? What kind of leaders do we need to shape the new context? What does it take to develop a matching leadership culture?
- **Chapter 2.** How can organizations leverage the capabilities embedded in learning practices that can help them foster agility and create sustaining competitive advantage? How can the learning function itself become an engine for strategic and organizational change?
- **Chapter 3.** What is the interplay between strategy and learning as these two functions must increasingly converge to respond in real time to disruptive business environments?
- **Chapter 4.** What is the relationship between innovation and learning, and in what ways can learning interventions help companies deal creatively with discontinuity and change?
- **Chapter 5.** How do C-level executives perceive the role of learning & development, and how can they best leverage this function within their organizations?
- **Chapter 6.** How do major corporations structure their L&D function? Are corporate universities an answer?

- **Chapter 7.** What are the dynamics of the complex value chain of learning, from internal stakeholders to the multi-billion dollar industry of business schools, software firms, consultancies, training firms, coaches, and more? How do these dynamics change as the practice transforms?
- **Chapter 8.** Social technology, videogames, and collaboration platforms—how does technology change the game, and what underlying social infrastructure is required to leverage its potential?
- **Chapter 9.** What are some examples of innovative initiatives that companies deploy to drive change and transformation?
- **Chapter 10.** What can we learn from Silicon Valley about learning, innovation, and leadership in the digital age?

How to read this book

What you hold in your hands is a loose collection of close to 100 articles synthesized from the ten years of ECLF presentations, workshops, discussion groups, and more. Many of them are just a few pages long, highlighting a thought, a practice, or an insight. Some of them are deeper deliberations on a subject that deserves depth and greater exploration. None of them requires more than a 10 minute read.

Transformers does not have to be read in sequence; you are welcome to dive into wherever you choose to open it, or you may just flip pages and read what attracts you most. With its creative graphic design, and its short, easy-to-digest articles, this book is meant to be picked up again and again, as readers will continue to be inspired whenever they browse through it.

Who will benefit from this book?

If you are interested in how to shape larger organizations and systems in a way that they become flexible, agile, and innovative, you will enjoy and benefit from this book. *Transformers* is relevant for anybody who works in organizations and is faced with the challenge of how to adapt and change. It will appeal to senior executives and managers who are involved in the domains of strategy, organization, change, innovation, HR, and general management. It will also appeal to a broad scope of consultants, especially those whose practices focus on strategy, organization, leadership, change management, and innovation.

A big thank you to all ECLF members who were so generous to engage in dialogue and share their thoughts and experience over the years! *Transformers* is your stories, and it is dedicated to you.

21st century organizations are different: open, networked, horizontal, and enabling. What does this mean for

THE FUTURE OF LEADERSHIP?

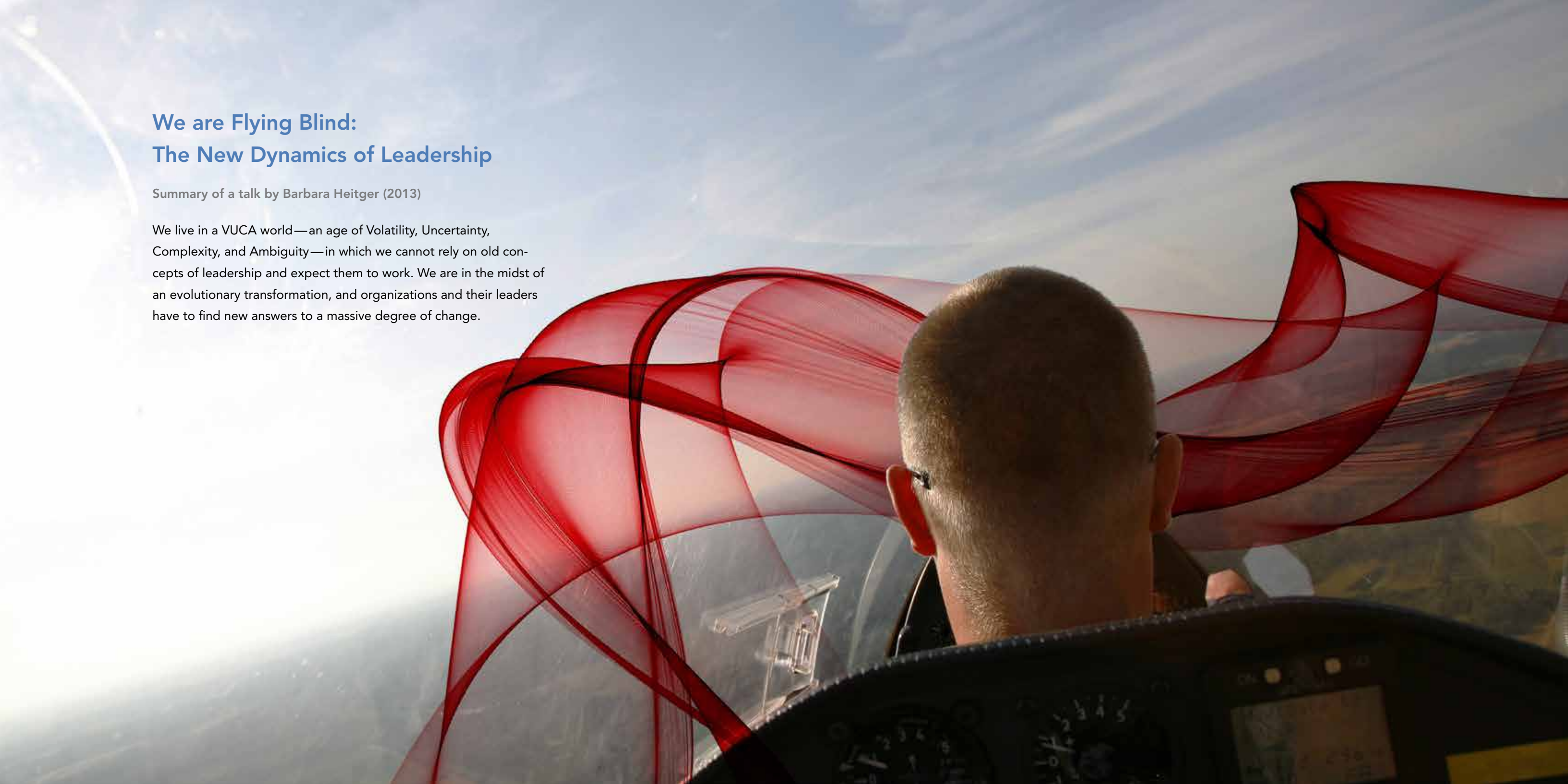


1

We are Flying Blind: The New Dynamics of Leadership

Summary of a talk by Barbara Heitger (2013)

We live in a VUCA world—an age of Volatility, Uncertainty, Complexity, and Ambiguity—in which we cannot rely on old concepts of leadership and expect them to work. We are in the midst of an evolutionary transformation, and organizations and their leaders have to find new answers to a massive degree of change.



Seven Trends Affecting Organizations

Seven disruptive trends are impacting organizations today, and they have significant implications on what leaders need to learn.

MULTINATIONAL → GLOBAL

In a world in which companies are increasingly global, we need leadership models that fit in different cultures, and a governance model with global standards but local flavor. L&D needs to address the firm's core identity while allowing for local autonomy.

VALUE-CREATING COMPANIES → VALUE-CREATING NETWORKS

Companies are increasingly working in strategic alliances with others, including vendors, suppliers, and even competitors. This requires different leadership skills such as influencing and persuasion since command and control are irrelevant in these alliances.

DESIGNING PRODUCTS & SERVICES → DESIGNING CUSTOMER EXPERIENCES

Steve Jobs is famous for recognizing and implementing this trend with Apple products. Leaders need to understand this new relationship with customers and be willing to take a deep dive into the world of their customers' experience.

CRISES-ROBUSTNESS → AGILITY & RESILIENCE

With so much disruption and societal transformation going on, leaders must develop strategies that are agile and quickly adaptable. This means new content, paradigms, and a willingness to tolerate ambiguity. It may mean, for instance, tolerating less efficiency because you are investing in an agile strategy.

OPACITY → TRANSPARENCY

The web and online tools make transparency a must. Many areas of leadership are impacted by this, from hiring to contracts to PR and communications.

DECIDING & IMPLEMENTING → CO-CREATION

The top-down command and control nature of leadership is giving way to collaboration and co-creation. This requires new skills from leaders and a different dynamic.

HIERARCHIES → COMMUNITIES

Hierarchies are flattening as horizontal collaboration becomes more important. Self-organizing communities with their potential for innovation and co-creation are gaining power.

A Paradigm Shift in the Nature of Leadership

Taken seriously, these trends create a significant paradigm shift in the nature of leadership. They mean more open and transparent sharing, faster interactions, greater equality among employees, more emphasis on peer-to-peer exchanges, tapping into networks and using Web 2.0 tools, and the need to create an environment of trust. Leaders have their work cut out for them to adjust to these trends. They need to double check their inner landscape and the assumptions they have long held.



MANAGING THE AMBIGUITY OF
COMPLEX ORGANIZATIONS

Leadership in complex and chaotic environments requires:

- Entrepreneurial spirit where new ideas and innovation are welcome.
- The ability to create sense and develop storylines to provide connection for others to follow.
- Networking capabilities and creating common standards to work across silos and build platforms.
- Rapid prototyping and co-creative capabilities.
- Immersive learning abilities to experience things, get feedback, and develop new ideas.
- The need to create resilient solutions and agile responsiveness.
- Skills at "dilemma flipping."
- Intercultural competencies.
- Social media literacy.

In light of the above, L&D can no longer focus just on individual leadership development. Working with leaders today is more like coaching a high performance sports team: not focusing on creating stars but rather emphasizing how the team must play together. The new agenda is to create leaders who can talk honestly with each other, and collaborate with openness and trust.

Reassessing Complexity

Snowden and Boone have also distinguished four levels of complexity that impact how leaders must lead in this new world.¹ Each requires different leadership dynamics:

- **Simple.** Patterns are repetitive, with a clear relation between cause and effect and straightforward answers to problems. It's a world of known *knowns* and a stable environment—standardized policies and procedures suffice.
- **Complicated.** Requires expert diagnoses of situations, as causality cannot be identified by just anyone. There are many known *unknowns* with often multiple right answers.
- **Complex.** Leaders must deal with a lot of uncertainty and many unknown *unknowns*. There is not one right solution, as many different ones could work. Standard leadership is ineffective; the level requires a deeper understanding of patterns and platforms for co-creation and collaboration.
- **Chaotic.** There are no patterns, and no one knows what is going on. A leader's first task is to create clarity, make sense of events, and come up with quick actions and a safe space for people to develop solutions.

1. David J. Snowden and Mary E. Boone: *A Leader's Framework for Decision Making*. Harvard Business Review, November 2007

The L&D function can use this model to deconstruct situations and see at what level their company operates, so they can base their leadership development initiatives on their specific environment. We need new leadership models to deal with the increasing frequency of Levels 3 and 4. It is important to find out what leaders need in terms of an intervention repertoire and then support them accordingly so they can appreciate at which level they are working.

Implications for L&D

There are a number of critical transformations learning leaders must make to deal with the new realities. They must get closer to the leaders' context, becoming more observant and capable of diagnosing situations. They need to establish co-creative development settings that follow innovative design principles, such as aligning their content and governance to the complexity level their company is working under. They must incentivize collective learning and create settings that are safe to allow for emergent learning among leaders. L&D must move away from being teachers to becoming more like "guidance counselors" who help individuals develop self-learning capacities. Finally, and most importantly, they must link disconnected learning experiences and integrate them so they support strategy development, leadership community building, change implementation, innovation, cultural change, and network building.