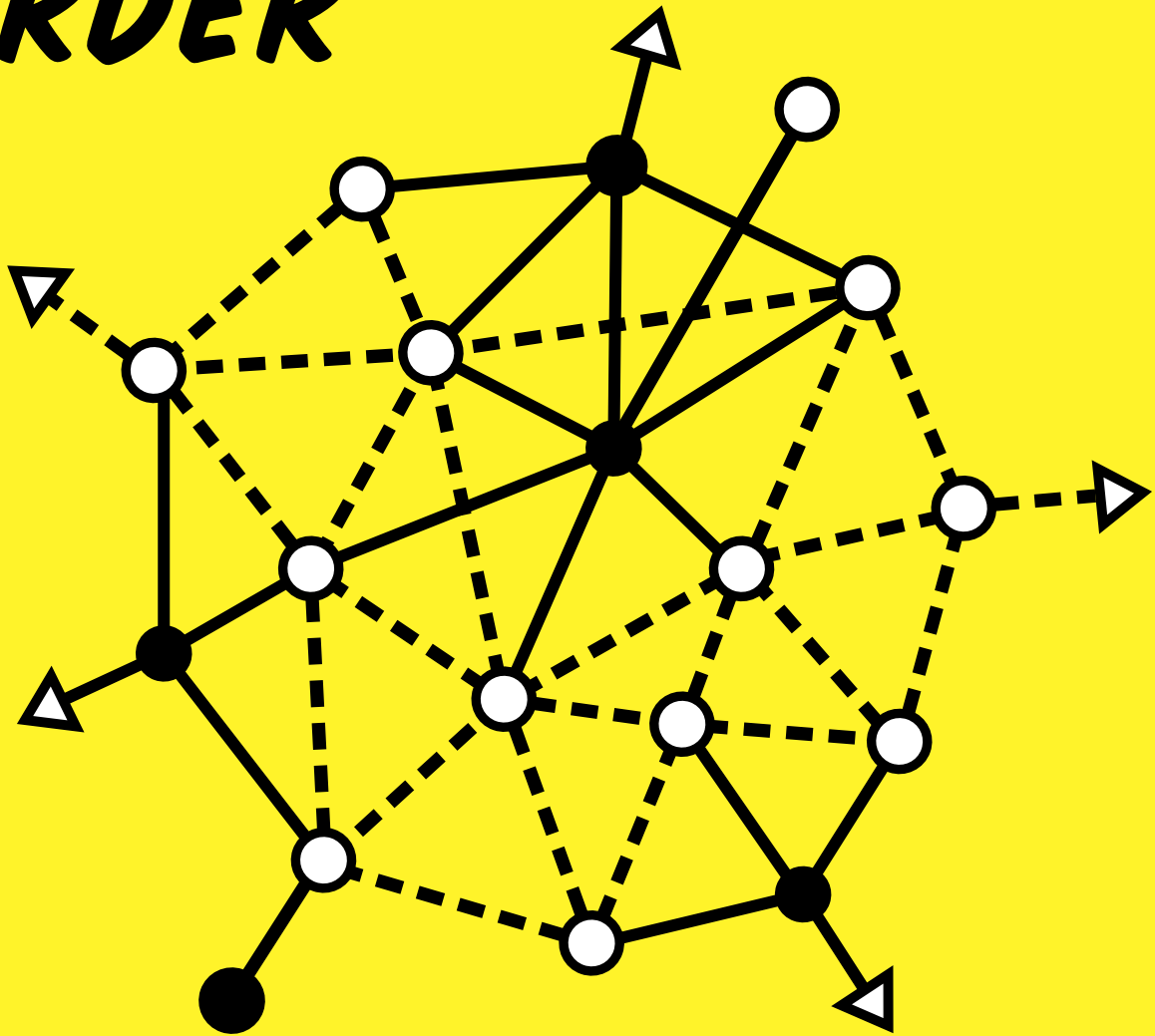


NEW WORK ORDER



ORGANISATIONS IN TRANSITION

ORGANISATIONS IN TRANSITION

THE STUDY DESCRIBES NEW STRUCTURES, ROLES AND GUIDANCE PROCESSES FOR ORGANISATIONS IN THE MIDST OF DIGITAL VALUE CREATION.



The structure of an organisation and the layout of its office space are closely related. There are no longer any standard recipes or generally applicable solutions for either one. That's why we want to make a new contribution to the discussion through the follow-up New Work Order study.

Hendrik Hund
Chairman of the Association of Office, Seating and Object Furniture (bso)

This analysis is an in-depth follow-up of the first NEW WORK ORDER study, which described the start of a networked culture of work. The original study was commissioned by the Association of Office, Seating and Object Furniture (bso), because the association's members wanted to know how new forms of communication will make future work more efficient and how the office as a workplace is changing. The bso became involved in this follow-up study because of the continuing need for a discussion of how the NEW WORK ORDER is being implemented.



People who want to see the interaction between the transformation of organisational forms and the restructuring of the working environment are invited to come to ORGATEC, the leading global trade fair for office and facility furniture. Few other trade fairs can offer such a dynamic atmosphere.

Katharina Hamma
Chief Operating Officer, Koelnmesse GmbH

IT'S ALL ABOUT A NEW CONCEPT OF WORK

Customers, logistics and goods management have all been networked by now, and the value chain has in effect unravelled from behind to form a net-like structure. Today the digital transformation is reaching the last and most important bastion of the status quo: the organisational and management structures. That's because as long as the people in offices and boardrooms continue to communicate and lead just as they did in the analogue era, there will be no dynamically networked business processes and no new culture of work. **Almost every company is feeling the pressure to transform itself into an agile organisation that meets the new demands of digital value creation and its related factors such as demographic change.**

The study focuses on the job profile of the knowledge worker, who generally works in an office. However, the interviews and insights in the study show that knowledge workers can also be found in the cyber-physically networked production halls of Industry 4.0 or among the highly motivated employees of country inns. These innovations are the beginnings of a change that sometimes comes from below—through the emancipated self-image of (generally younger) employees—and sometimes from above—from increasingly numbers-driven managers.

The basic goals are clear: flexible collaboration, agile processes and entrepreneurially thinking employees. However, the ideas about how best to achieve a NEW WORK ORDER are still varied and vague. As a result, the emphasis of the study is primarily qualitative. The people represented in this study take it upon themselves to boldly overcome ossified structures, confront their colleagues face to face and try out new forms of work. After all, the NEW WORK ORDER is ultimately nothing less than a whole new concept of the way we work.

THE AUTHOR



Birgit Gebhardt | Trend Consulting
www.birgit-gebhardt.com

Birgit Gebhardt was the Managing Director of Trendbüro from 2007 to 2012. During this time she initiated a social collaboration platform that encompasses 15 locations today. This platform was part of a research project that lasted several years and focused on a networked culture of work. The project's findings were published in the study NEW WORK ORDER in 2012.

Today Gebhardt is a consultant with her own network who leads customers such as UBS (Zurich) and ORF (Vienna) into the networked work culture. She is a co-author of the Hamburg "opportunity paper" that was presented at the national IT summit meeting in 2014 and a member of the commission of experts of the Bertelsmann Stiftung focusing on "Perspectives on Work and Life in Germany." She is also actively engaged in the Munich Circle of the working group "Future of Work" of the Federal Ministry for Economic Affairs (BMWi).

THE WEBSITE



www.new-work-order.net

Parallel to this detailed NEW WORK ORDER study, "Organisations in Transition", we are now launching an Internet platform with the same name. Here you can find the basic and detailed NEW WORK ORDER studies in German and English as PDF files that can be downloaded free of charge. In addition, the platform offers an editorial framework for discussions among pioneering thinkers and protagonists of the networked culture of work.

The platform was initiated by Birgit Gebhardt, the author of both studies, and the Association of Office, Seating and Object Furniture (bso) in order to do further research on the various ways in which we are moving into the NEW WORK ORDER. Both veteran and new partners are invited to reflect on and enrich the NEW WORK ORDER perspectives and possibilities by reporting on their own research findings, studies and experiences.

READY, STEADY, GO!

DIGITAL MARKETS AND NETWORKED CUSTOMERS ARE PUSHING FOR NEW ORGANISATIONAL STRUCTURES

Working in the digital economy requires a new self-definition on the part of companies as well as their employees. Competitive pressure and networked communication are at last forcing us to organise our activities, data, communication and knowledge in ways that are efficient and socially beneficial. The ongoing structural transformation will not be mastered by simply implementing IT changes or getting new equipment for individual departments. The NEW WORK ORDER means a networked culture of work that encompasses all disciplines—and thus the way we organise all of our work—and ensures that it is fit for the future.

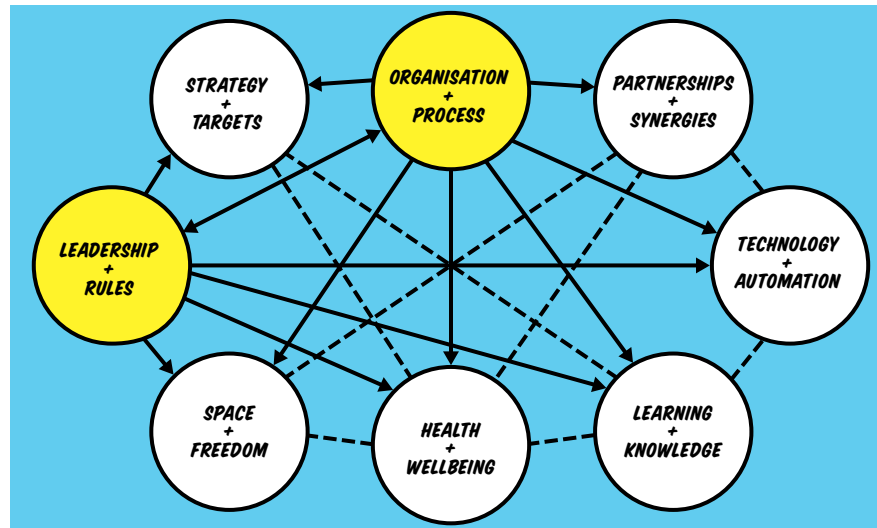
Disciplines of the NEW WORK ORDER

The individual areas of activity must be prepared for the new culture of work and networked into a holistic NEW WORK ORDER.

The areas that are focused on here — “Organisation and Processes” and “Leadership and Rules”— interact with the other areas.

new-work-order.net

Graphic created in cooperation with the Austrian partner initiative “Das neue Arbeiten – DNA”



REASONS FOR CHANGE

1. OUTDATED CORPORATE CULTURE

+++ OLD ORGANISATIONAL PATTERNS, with their typical top-down chains of command, hierarchical dependencies and serial standard activities, are incompatible with today's emancipated concept of human beings and their individual potential to develop. The learned and deeply rooted attitude that one is merely a receiver of commands is diametrically opposed to the need to change—to develop more individual motivation and team dynamics.

2. AUTOMATION

+++ INDUSTRY 4.0 HAS ALREADY USED robots and cyber-physical systems to make completely networked production possible. They have made manufacturing very autonomous and dynamic (cf. the fractal factory, page 13). These changes stand in strong contrast to the still-long communication paths and the complex dependencies in management and administration.

3. NEW ADDED VALUE

+++ LINEAR ADDED VALUE—in other words, the process by which a company tries to gather as much expertise as possible in-house — doesn't work in the competitive globally networked economy. Traditional organisational structures, with their internal processes and dependencies, are too sluggish to form the necessary flexible partnerships that make a company's offerings interesting in a volatile market.

The biggest obstacle to networked entrepreneurial thinking—in historical, cultural, technological and economic terms—is posed by the isolating structures that have grown up over 200 years. These fortresses and firewalls have defined the separate domains of companies, customers, departments and profit centres.

It is astonishing how long some organisations have been able to manage work in isolation. The global market is just as networked as its customers are.

THE CUSTOMER IS THE BEGINNING, MIDDLE AND END OF DIGITAL ADDED VALUE

Digital commerce is a key driver of change. Because of its consistent focus on the customer, it forces manufacturers and dealers to enter into new alliances and leave behind the tunnel-vision value chains of the past.

The dire consequences of the carelessly trumpeted slogan “The customer is king” will be painfully obvious to many companies in the coming years. Companies that have converted their sales operations to digital marketing in the past 20 years have realized that their linear value creation approach is completely inappropriate for volatile markets. That's because the actual needs of customers cannot be adequately served if a company's effectiveness is based only on its product expertise, vertical integration and machine capacity utilisation. As long as a company knows its markets, this strategy may work, but as soon as it starts offering its products online it will find itself in “world wide competition”. Here it will no longer be able to manage events from its own limited perspective.

Digital added value is more strongly customer-oriented, automated and networked in flexible partnerships, thanks to IT and communication interfaces.

CONTROL IS AN ILLUSION

99.4% of the objects that could become part of the Internet of Things are not yet networked today. So far only about 10 billion of a total of 1.5 trillion objects are connected with one another. Networking the objects that are not yet networked (human-human, human-machine, machine-machine) would exploit a tremendous potential of \$14.4 trillion.

Cisco Public Information, 2013

Search engines offer pages upon pages of offers in response to almost every inquiry. Manufacturers who don't have a coveted brand name and don't want to be last on the list must rely on the well-frequented sales platforms. By contrast, the customers are presented with a wealth of options that encourage ever higher expectations. This effect was felt most strongly by the game developers when gamers started to realize that there was an oversupply of content on the Web. Suddenly it seemed unnecessary to pay money for mobile games if you could play similar games offered by other suppliers for free. “Within just six months we saw the market for paid content for mobile games in the app store collapse,” says Michael Schade, the Managing Director of Rockfish Games. The gaming sector was having the same experience that had hit the music industry before it, and that will affect suppliers from other sectors in the future.

GLOBAL CUSTOMERS ARE CLOSELY NETWORKED

They are not directly influenced by companies. On the contrary, on the Web they show the industry exactly who's getting their “likes”—practically in real time. Today the gaming sector uses tracking systems to follow every player's every move and every hesitation. Algorithms, constantly enriched by statistics and empirical values, use combinations of moves and players' reactions measured in fractions of a second to compute future purchasers' willingness to spend money for additional applications. Today the “in-app purchase” is game developers' main source of income.

The Otto Group has also realized that it must allow its value creation to begin directly with the consumer, because closeness to the customer is the crucial factor. The trading company has purchased an interest in the Blue Yonder startup, where a team of IT specialists headed by the nuclear physicist Prof. Michael Feindt monitors the purchasing behaviour of customers. In their scrutiny of the “customer journey”, they analyze individual preferences in combination with environmental factors and are even able to predict future purchases by means of predictive analytics. Their predictions can be networked with the company's marketing activities and could be used to automatize procurement, depending on the amount of demand and the suppliers' conditions. In this way, the consumers are initiating a new kind of value creation in which flexible alliances are responding to the scalability of the customer wish.

Linear value creation still functions in the digital era only in very coveted markets, for subsidized enterprises, or for companies that do not trade online.

e-driven companies use predictive analytics
The change to a data-driven company begins with a transformation of standard business analytics into predictive analytics. An IT company takes diverse quasi-real-time data and processes from the past and uses them to predict how customers will behave in the future.

Prescriptive analytics enable companies to make decisions automatically on the basis of forecasts. Pattern recognition, predictions, simulations, optimization and automated decision-making are integrated into core operational processes.

On the road to Predictive Enterprise from Blue Yonder, 2014

AUTOMATED PROCESSES REQUIRE LESS ORGANISATION

Communication without friction losses is already a reality between sensor-controlled machines in Industry 4.0. Now, intelligent software is also bringing such communication capability to offices.



Martin Spilker
Director of the Center
of Excellence for Corporate
Culture, Bertelsmann
Stiftung

Segmentation of labour power. Digitization will intensify global competition and impact the economy and society, business models and corporate cultures, and the life and career prospects of individuals. It would be a mistake to think that skilled professionals will be as much in demand in the future as many today believe. It's likely that we will see a division of society into outstandingly educated, coveted and confident specialists (mainly from the IT sector) and a low-level mass of workers who will depend on day-labourer jobs for their survival.

The communication between machines, materials, and suppliers in Industry 4.0 is already as intelligent, reliable, and autonomous as any knowledge worker could ever wish for. The efficiency gains that have been made here are so extensive that specialists are now using the **rationalization processes for these new networked systems as a possible model for organising the tasks performed by knowledge workers.** Nevertheless, working groups that organise themselves in cooperative competition in line with corporate goals (described by H.J. Warnecke shortly before the turn of the last century as “fractal factories”) are still far from having established themselves in the everyday office environment.

This could change if the goals of individual tasks in specific work flows, and the effects of certain actions, could be made as clear in an office environment as they already are in manufacturing operations. In other words, if there was greater transparency in offices with regard to the purposes of various actions, and if the effects of actions could be depicted more or less in real time, or at least be predicted, then teams at all levels of an organisation could operate more autonomously, take on greater responsibility, and begin thinking more in line with the objectives of the company. This could happen if algorithms were to enable such transparent general monitoring and results monitoring more or less in real time, with all employees involved then being able to call up the information at the push of a button.

AUTOMATION WILL SIGNIFICANTLY ALTER THE WAY WORK IS ORGANISED AND EMPLOYEES ARE MANAGED.

Algorithms can reduce a mid-level manager's monitoring workload and even make process-related decisions autonomously. This would give managers more time for external networking with key partners. Even ignoring the already acknowledged fact that cognitive systems will take over jobs at the administrative and middle management levels, it's clear that easier access to information and analyses will lead to a valuable increase in knowledge for market and product development specialists and allow for a virtually transparent depiction of the consequences that a manager's actions will have in terms of the market and employee motivation. All of this will require the long overdue redefinition of managerial tasks, performance assessment, and the scope of individual responsibility.

Such a transparent system for drawing conclusions would also result in more responsible and sustainable business operations. If used properly, automation could lead to employees thinking more in line with their company's objectives. It would also cause employees to act more independently and organise themselves, and make it possible for managers to focus more strongly on supporting individual staff members. Information transparency would promote internal knowledge distribution and reveal the individual expertise of team members.

ALGORITHMS

filter and link data in accordance with certain criteria, align such data with sensor data and environmental factors, make decisions autonomously, and manage processes. Algorithms enable the intelligent assistance systems in self-driving vehicles, autonomously make stock-market transactions and can carry out procurement operations in accordance with contractual stipulations. Algorithms can not only take over the routine operations mainly carried out by office workers today;

given enough valid data, they can also conduct activities that require intelligent linking, evaluation, analysis, and forecasting for processes involving sales, the determination of customer requirements, and the assessment of changes to markets and market environments. Given the nature of global competition, it will be impossible to prevent the increasing use of algorithms in Germany or the painful adjustments associated with it for many. At the same time, algorithms will force us to take the next development steps.

Permanently transparent results Monitoring will shift the information needed to manage a company from management bodies to employees.

Long-term responsibility GfK holds back parts of its bonuses for managers for four years. By this time it can be determined whether their successful policies have had a sustained positive external impact as well.

Matthias Hartmann
Chairman of GfK SE

Nearly half of all jobs in the USA might be eliminated in the future, according to a recent forecast which determined that algorithms and robot systems could replace as many as 47% of all office, administrative, service sector, and retail jobs.

*Oxford Martin School
Dr. Frey and Dr. Osborne*



Prof. Heiko Roehl
Organisation
development expert

Heiko Roehl has a master's degree in psychology and a Ph.D. in sociology. He worked as a futurologist at Daimler-Benz AG before taking on responsibility for the corporate organisation of the Deutsche Gesellschaft für internationale Zusammenarbeit (German Agency for International Cooperation —GIZ) for five years. He then established and became the director of the Global Leadership Academy at Germany's Ministry for Economic Cooperation and Development. Roehl is also an author and a Honorary Professor at the University of Freiburg. In addition, he lectures on organisation studies at the University of Hildesheim and serves as a consultant for various institutions.

Rapid adaptability, creative thinking and contextual knowledge will be the most important skills that knowledge workers will need in order to redefine themselves and set themselves apart from intelligent software. Algorithms will thus force office workers to take a development step that they either intentionally chose to forget or else never thought of before.

INTELLIGENT ALGORITHMS PRESENT A BLUNT PICTURE OF JUST HOW LITTLE OFFICE WORKERS HAVE DEVELOPED PROFESSIONALLY.

Even today, the focus on standard tasks for office employees poses a danger. For example, industrial workers in medium-sized companies today are no longer valued for their reliable piecework output but instead for their ability to flexibly convert machines and tools in order to adapt products to changed market requirements.

In a manner similar to the introduction of new machines or computer technologies, technological progress here will also reveal which forms of work should no longer be considered part of a highly developed society.

PROF. HEIKO ROEHL WHAT TYPE OF CONTROL?

The effects of digital value creation and automation are forcing companies to abandon their management approaches and organisational “silos”.

WHAT DEMANDS IS DIGITAL VALUE CREATION PLACING ON THE ORGANISATIONS DESIGNED TO MAKE SUCH VALUE CREATION POSSIBLE?

HEIKO ROEHL: That's an interesting question. There are indications that value creation in the digital world will require organisations that somehow function differently than those in place today. They will have smaller and less complex structures that will be somewhat temporary in nature in terms of their form and processes. Such organisations will also be managed with less power projection and fewer hierarchies.

HOW WILL THEY BE MANAGED INSTEAD?

It's clear that this type of decentralized organisation will focus on things like a common mission, personal responsibility etc. Goals and responsibilities will not always be linked to departmental loyalty. That's because tasks and functions will become more and more complex and it will therefore no longer be possible to assign them to specific departments.

WHAT WOULD BE THE MOST SUITABLE STRUCTURE?

It depends on what a company does. Organisational forms that favour decentralization and temporary setups are one option—things like matrix, project organisation, and network structures. Unfortunately, functional organisational structures tend to promote a “silo” mentality.

WHY ARE QUICK REACTION TIMES SO IMPORTANT?

Organisations need to react completely differently and

much more dynamically than in the past. A good initial step is to create room in which people can reflect on the organisational form throughout the company and with a certain amount of continuity. We will no longer be able to count on an organisational structure resolving company-wide value-creation issues on its own—and such issues are what's important in innovative sectors. Organisational development and the questioning of tasks and structures will become part of the management routine, with such questions as: “What should be outsourced? What issues should a specific task force address? Who should be involved this time? Is our structure still suitable?” Management will become a discipline for designing change. For many companies, this will be a painful learning process because designing change will require skills they often don't possess in sufficient quantities, especially if they've been successful for decades.

WHAT ABOUT CENTRALIZED CONTROL?

It will increasingly become an illusion. The increasing volatility, uncertainty and complexity that results from a stronger customer focus necessitates that simple, centralized control concepts be abandoned and that managers move forward with employees towards a true delegation of responsibilities and decision-making. This will lead to a shift away from centralized hierarchical organisations that set compartmentalized goals towards a system marked by coordination between increasingly autonomous value-creation units such as project teams. It's a demanding challenge in terms of coordination.

THE NETWORK STRUCTURE

THE NET HAS NO TOP, BOTTOM, OR PARTICULAR DIRECTION. ITS STRUCTURE IS DETERMINED BY CONNECTION NODES THAT VARY. THE NETWORK DESIGN IS DETERMINED BY THE ACTIVE PARTICIPANTS LINKED BY THE NETWORK.

Unlike a conventional organisation, activities in the network are not subject to structural stipulations. Activities form the structure, which can change, dissolve and recreate itself as one activity gives way to another. The absence of a predefined grid allows the network to operate faster than a structured organisation. The network thrives on freely created connections and limitless expansion. The conventional organisation, on the other hand, has cascading communication channels that run either along defined decision-making lines or else in an informal and concealed manner, but are always limited to the organisation (the company).

Which structure is most suitable for ensuring effective reactions to external influences?
Which structure offers all of its participants the best opportunity for further development?
Which structure is best for measuring success and directly identifying those responsible for it?

Handling what was previously considered impossible: managing greater complexity with fewer structures; ensuring faster reaction in the midst of minor planning security.

The general dissolution of previously valid structures affects not only the networked economy but also society and the social fabric. A sharply divided society is finding more personalized support in networked structures. Interest groups are replacing the shared-risk community, and temporary associations are replacing long-term commitments. The goal of individual self-determination is making one's own multi-optional existence more important than loyalty to an employer. Shared interests are the glue that holds companies and societies together. The dissolution of previously valid structures changes and challenges management cultures in particular. On the one hand, employees must be prepared for new and complex tasks; on the other, the deterioration of continuity and felt security has to be compensated for by faith in one's own abilities and those of management bodies. Once computers take over most routine tasks, knowledge workers will increasingly be faced with complex assignments and projects for which there are no standardized operating plans.

Organisation	Previously	In the future
Context	Industrialization	Digitization
Market	Mass market	Volatile markets
Focus	Vertical integration, capacity	Customer requirements, flexible alliances
Structure	Hierarchy	Network
Direction	Top-down	Criss-cross
Purpose	Allocation of tasks	Merging of synergies
Perceptual image	Administrative organisation	Living organism
Obstacles	Bureaucracy, vanity	Blurred structures and lines of responsibility
Dangers	Stagnation	Stress due to permanent change
Attributes	Dependencies, authority	Talents and skills
Ideal	Get everyone involved	Individual development, emancipation

Communication problems
40% of human resources directors and CEOs in private companies have reported differences in communication behaviour among the three employee generations presently in the workforce. In nearly one out of every three such cases—i.e. at 12% of the companies—these differences repeatedly cause problems in daily operations. Interestingly, younger human resources directors notice more differences in communication habits than their older colleagues do.

bso 2013
Telephone survey of 450 private companies

Diametrically new
Many organisational and management attributes previously considered valuable are diametrically opposed to new requirements regarding communication, employee management and customer focus.

THE STRUCTURAL TRANSFORMATION IS BEING HELD BACK

- +++ demographically by the majority of older workers who were socialized in the industrial work culture.
- +++ in terms of market analytics because American companies dominate when it comes to data collection and evaluation methods for gauging success, customer focus and market developments.
- +++ in terms of labour policy because improving time flexibility and virtual collaboration requires the measurement of individual performance, which is prohibited by current German labour law.

AGILITY AND FLEXIBILITY IN THE MATRIX

Competition and technological developments in the IT sector demand the immediate implementation of anything feasible that can enhance customer utility. Such a challenge couldn't be managed by the old organisational structures. The IT sector was one of the first to alter its work structures in line with the digital transformation.



Jochen Gürtler
Innovation coach and strategic design consultant at SAP



The lean approach focuses on the question of how things can be implemented efficiently. The design thinking approach focuses on the question of how ideas, prototypes and visions can be developed. Both questions are important, and both need to be answered if success is to be achieved.

Open spaces in the IT sector

SAP converted an entire floor at its Walldorf facility into an open space in 2013 — among other things, in order to ensure more personal encounters and exchanges between Scrum teams.

The IT sector realized very quickly that development cycles in the industry would make it impossible to satisfy customer demands within the framework of traditional management structures. Although the software systems the industry produced were always quite advanced when they were launched, the market would then invariably demand new developments—but the resulting adaptations would then be viewed as insufficient at the time of their market launch. Even market leaders like SAP looked as if they had feet of clay after it became clear that they repeatedly “showed up too late” and thus failed to fully satisfy their customers. They therefore broke down their development process into smaller units in which sprint teams managed individual requirements more or less autonomously and also reexamined their approaches with the advent of every new development stage. This iterative planning approach ensured the necessary adaptability and agility in the sector.

CUT THE SLUGGISH TANKER INTO SMALL SPEED-BOATS AND THEN ORCHESTRATE THEM.

The framework model for addressing complex questions is known as Scrum. “The large number of Scrum teams at SAP led to the creation of a multilevel organisation at the company,” says Jochen Gürtler, a former trainer at SAP. “For example, the Chief Product Owner is responsible for a product that several hundred developers might end up working on. Below that level, there are often several Area Product Owners who are responsible for specific aspects of a product. Every Area Product Owner oversees several Scrum teams that perform development work in the special area the Area Product Owner is responsible for. The Scrum team level includes Product Owners who define the tasks to be performed (sprints) and the user stories (user requirements) and document them in the product backlog.” SAP also has People Managers who occupy a criss-cross overlapping position in the matrix. This two-track system allows managers to call upon either a technical expert (Owner) or a social skills expert. However, because People Managers usually know little about the actual tasks performed by individual employees, they can't make much of an assessment when it comes to promoting employees. In this sense, they are like HR development managers. The People Managers' evaluations of individual performance, which are made in team meetings and retrospectives, could basically be replaced by mutual evaluations among team members in the future. This type of matrix structure isn't new, but it can be optimized, as Alistair Cockburn, one of the initiators of agile software development, also noticed when he took a look at the newly optimized concept at Spotify. “Nice,” Cockburn said. “I've been looking for someone to implement this matrix format since 1992 :-) so it is really welcome to see.”

SCRUM

is a framework for replacing complete planning steps with an empirical, incremental and iterative approach. Scrum was developed in the 1990s by software experts such as Ikujiro Nonaka and Ken Schwaber as a lean development approach. Today it is used in many different industries, as it's an effective tool for addressing complex questions in situations where it's not yet clear which problems will need to be solved. Requirements are derived from the perspective of potential users. Sprint teams start by addressing the clearest, most urgent or simplest subtasks without having

complete knowledge of the overall project or conducting any planning. The teams organise themselves using simple rules that ensure transparency and enable solutions to be reviewed and adjusted. The main features here are the gradual development of solutions and the goal of producing a partial product that's as concrete as possible and can be used to get customer feedback. The product, requirements and approaches used are then reviewed and improved or modified during the next sprint. Scrum is a suitable method for teams of three to nine people. Linking up several Scrum teams creates a Scaled Agile Framework.



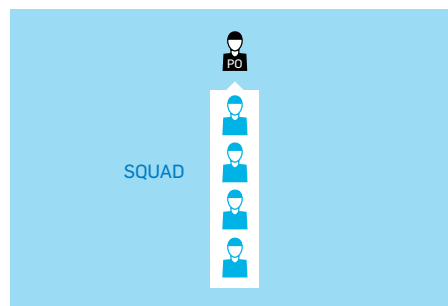
Physical sharing is still important! Digital documentation is fine, but when it comes to the specific knowledge required for a project, it makes sense to have a place where charts, figures etc. can be projected. Process flows, features, user perspectives, material know-how, coding, architectural diagrams and components can all be digitally created — but projecting them onto a screen makes it easier to share them with all team members.

Jochen Gürtler
Innovation coach and strategic design consultant at SAP

SCALING AGILE @ SPOTIFY NETWORKED AUTONOMY

The workforce at the music streaming service Spotify grew from 30 to 250 between 2009 and 2012. The company responded by modifying a matrix structure in a way that allowed it to grow in parallel, but without any negative impact on team agility.

SQUADS



THE UNIT: Spotify teams are known as Squads; they are similar to Scrum teams.

THE ORGANISATION: Product Owners prioritise the tasks to be performed; after that the Squad members organise themselves. They work virtually autonomously — like a mini-startup.

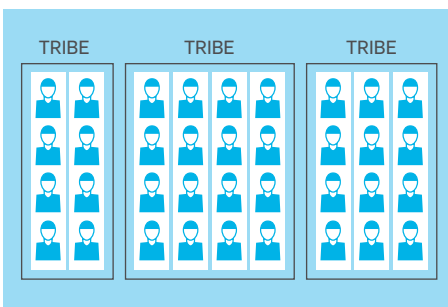
EASY RELEASE: Squad member skills are combined in a way that allows the team to design, develop, test and launch a product completely on its own.

LEARNING: Any Squad can also call upon the services of an "Agile Coach" to help it improve its work processes. Employees are expected to use around 10% of their time for their own projects during "hack days" and then present the results to their Squads.

MISSION: Each Squad has an overriding mission (e.g. further developing the Spotify Radio Experience) above and beyond the product solution they're working on. Each Squad member is thus an expert. Product Owners document results, manage further developments, and exchange information with other product owners.

SPACES: Most Squads have a "desk zone", a lounge and a "personal huddle room" for prototyping. Most of the walls are whiteboards. Developer teams are supported by Operations Squads during product launches.

TRIBES

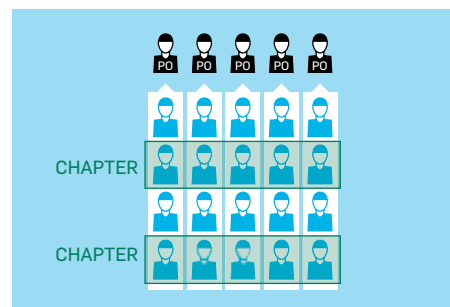


TRIBE is a loose collection of Squads that work in related areas. For example, in the areas of the music player or backend infrastructure. The Tribe functions

as an incubator for its startups. Each Tribe has a Tribe Leader who is mainly responsible for providing whatever equipment is needed for everyone to work effectively. The Tribe Leaders also identify any problems or dependencies between Squads in different Tribes and try to optimize processes accordingly.

THE SPACES: The Squads in a Tribe are located as close together as possible; the exchange takes place in the lounges.

CHAPTERS

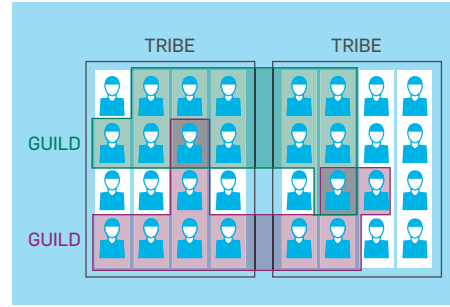


Chapters and Guilds exist because autonomy is neither economical nor scalable, and without the Chapters and Guilds, knowledge exchange would be limited to the Squads.

A CHAPTER consists of members of different Squads who are responsible for similar skills — e.g. Web development or Testing Chapters.

Unlike a matrix organisation, this setup doesn't pool these Squad members; instead, they only separate from their Squads to exchange knowledge. Chapter Leaders are responsible for salary and continuing education issues in their Chapters.

GUILDS



GUILDS are like "communities of interests". They consist of one or two Chapters plus individuals who wish to improve Spotify's products and services and thus their own conceptual or technical expertise.

PATHS, MEANS AND METHODS

THERE IS NO GENERALLY VALID PATH THAT LEADS TO THE NEW WORK ORDER. HOWEVER, THE ROUTE TO IT IS MARKED BY MILESTONES AND EXPERIENCES.

Organisations are currently experimenting with different approaches for aligning their employees and processes with the digital economy. Regardless of how progressive a company may be in the global competitive environment and on the labour market, the focus is almost always on workflow optimization and change processes that can be combined with other disciplines (see p. 4) to create a holistic NEW WORK ORDER. Nevertheless, each company defines its own starting point and main areas of activity. Depending on the corporate culture in question, the radius of change might cover specific units or work methods, or even the entire organisational structure. Change in specific units could involve the gradual incorporation or radical outsourcing of a networked work culture — e.g. the launch of internal autonomous units or the acquisition of external start-ups.

PROF. HEIKO ROEHL 3 PATHS TO THE PALACE REVOLT

The fact that today's rigid organisations are unable to accommodate digital and customer-focused business activity is threatening to topple established structures. Heiko Roehl discusses three possible scenarios for the coming transformation.

SCENARIO 1:

THE PALACE AND THE REFUGEE CAMPS

Many companies are quickly outsourcing innovation-related activities to small external units that cannot be inhibited or destroyed by routine pressures. The advantage of creating loosely linked, innovative and decentralized units is they're able to operate as highly autonomous entrepreneurial centres. Unfortunately, the reflexive use of the outsourcing tool is often an indication that a company is incapable of change.

+++ Enables the development of innovations that in the ideal case generate market-relevant potential for the entire organisation.

+++ In the worst case, outsourced units become subsidized playgrounds that are not strategically linked to, and do not cooperate with, the palace (the parent company).

In any case, this is a missed learning opportunity for the parent company.

SCENARIO 2:

CAMPING IN THE PALACE BALLROOM

In order to make a home for innovation in the organisation, many companies set up special privileged "protected" areas. Such internal incubators are often viewed with an astounding degree of hostility by people in the main organisation, so certain management as-

pects should be noted. Most importantly, a learning strategy must be developed for the main organisation to ensure the new structures provide new knowledge for the old ones. A clever strategy will also interpret conflicts and rejection as signals heralding a new beginning. This is a very demanding management position.

+++ Advantage: Solid links and good learning potential for the main organisation.

+++ Positive initial impact on innovation.

+++ Risk: absorption by the palace: Too much control/treatment as an extended workbench can be a death sentence for innovation.

SCENARIO 3:

WAR ON THE PALACES, PEACE TO THE TENT CITIES

If, despite their specific peculiarities, innovation activities are incorporated into existing structures the way standard business operations are, the result in the best but also rarest case will be a substantial change to the main organisation, which will gradually decentralize responsibilities and begin restructuring standard business operations to make them more innovation-driven. In the worst case, organisational routines will win the day and destroy innovation.

+++ Good opportunity to raise awareness of all business as being the business of the organisation. A difficult path, however, because the DNA of most brick and mortar businesses will fundamentally resist this approach.

Risk: Complete loss of innovation capability.

Physical presence

Brick and mortar

The term "brick and mortar business" refers to companies whose contact with customers takes place in physical sales outlets rather than on the Internet — as opposed to companies whose activities are carried out exclusively on the Web (e.g. online shops).

(Wikipedia)

Possessive mentality

Unlike US venture capitalists, German investors tend to make the mistake of acquiring a majority interest in a startup and then attempting to control it. US investors, on the other hand, usually acquire 10 to 15% of a company and then leave the startup alone so they can wait and see how it performs.

Project work from the beginning. Primary school students begin practicing cooperation at an early age. “Differentiation spaces” that are separate from classrooms allow different things to be tried out and promote independent work.

Project work is knowledge work 61.1% of the companies surveyed by bso in its New Work Order study confirmed that routine tasks are increasingly being replaced by cross-unit project work, which the companies believe is a productive form of work that promotes internal knowledge exchange and knowledge retention in the company. Not all work must be done in company offices. Nevertheless, 29.3% of the companies surveyed report having set up special rooms for this freer form of cooperation, or else have converted team and conference rooms for such use. Interestingly, companies that utilize social business software also tend to create independent project spaces more often than other firms.

(Telephone survey for the bso-study, 2012)

A gentler technique would be to introduce a new working method as part of an interdisciplinary project and invite anyone who is interested to experience the new work culture within the framework of the project. The freedom that this approach can establish is unfortunately counteracted at most companies by the fact that project work is usually assigned as extra work and extensively monitored by managers. What’s needed instead are “long leashes” and greater management confidence in project groups, since this is what will motivate employees to finally demonstrate their capabilities and successfully complete complex assignments. Once such freedom is established, employees will stop “hiding” and will also begin to observe and learn from their colleagues’ approaches, question existing standards and methods, and abandon their own established ways of thinking.

In a certain sense, the “fractal organisation” model with its independent teams also draws its strength from the juxtaposition of standard processes and “free projects”. The biggest changes can be achieved here at new companies, companies that move and those that undergo extensive down-

RETHINKING PROJECT MANAGEMENT

Project work can teach people to take the initiative and assume responsibility — provided a company trusts its employees and stands behind them. The resulting self-organisation frees up managers for other tasks.

PRE-PROJECT MANAGEMENT TASKS

FRAMEWORK CREATION AND EMPOWERMENT: Managers coordinate project teams, create a project plan for discussion with the teams, define frameworks, and provide resources and funding. They are responsible for ensuring that a team is well mixed in terms of members’ ages and experience, and they also bring in external experts if necessary. The manager discusses the goals of the project with the team and gets each team member to commit to a personal goal that he or she plans to contribute to the project work. The manager compares these contributions to the employee profiles and the goal agreements they contain, and encourages the team members to work not only for the goals of the project but also for their own further development. Managers set an overall schedule together with their teams and then leave them alone to complete the project themselves. They do not create a schedule for specific project steps, provide a content road map or stipulate that a certain methodology be used. All of that is handled by the team, which coordinates and networks itself and its skills and develops solutions independently.

TASKS OF THE TEAM

ALLOCATION AND PERFORMANCE OF ASSIGNMENTS: The team elects a team leader (who should also have customer contacts) and decides for itself where it will work, when it will meet to exchange information, and which methods it will use to develop solutions. The team has a budget that it can manage autonomously, and it shares responsibility for the overall project result. The final presentation to the customer is preceded by an internal presentation to the manager and members of other teams, all of whom may offer constructive criticism.

MANAGER TASKS AFTER THE PROJECT

KNOWLEDGE SHARING AND DOCUMENTATION: Although managers serve as contact partners for questions or problems, they should avoid exerting any influence on the team until the internal presentation of the project results. The monitoring of progress and performance can easily be conducted via the networked collaboration platform, which can also be used to communicate important events or changes to all project partners. The internal project presentation is the first opportunity managers have to give the team feedback. Managers should only be concerned with the extent to which the result corresponds to the project plan. However, it is important to determine how effective specific methods were and whether or not all team members were able to achieve the objectives they set out in their goal agreements. Managers should also respectfully utilize frank admissions of mistakes as a learning curve for all team members.

TASKS OF THE TEAM AFTER THE PROJECT

FEEDBACK FROM EVERYONE FOR EVERYONE: After the project is completed, team members give each other feedback and document mutually approved evaluations in their business profiles. Such mutual feedback reduces dependence on the evaluations of individual managers or management bodies and helps knowledge workers better assess their own abilities. The evaluations should be drawn up in a way that allows knowledge workers to communicate them and the references they contain to their own networks outside the company as a means of marketing their skills. This doesn’t pose a threat to the company, since there’s always a danger that highly qualified workers could be lured away. That’s why it is even more important for companies to signalize appreciation their employees.

Trust in employees at the startup Jimdo: There are no general rules for home-office working time, vacations etc. Instead, employees enter the number of hours they’ve missed into a time sheet after receiving approval from their teams, which are self-organised.

In five years, the Hamburg startup’s workforce grew from 30 to 180 employees at four locations worldwide.

sizing or experience major growth. A complete restructuring of an organisation—to the extent that this can even be afforded — **should only be carried out in combination with new physical surroundings.** One shouldn’t underestimate the effect that a change of scenery and interior design can have on any change management process.

PEOPLE TEND TO ADAPT THEIR BEHAVIOUR TO THEIR SURROUNDINGS.

This fact should be familiar to anyone who has ever entered a reading room at a library. The sudden silence and the concentration of the room’s occupants immediately rub off on those who enter. Conversely, this means that one could use a certain type of spatial design to elicit a desired change in behaviour, such as a collaborative and mutual-learning approach towards work.

THE MORE STRUCTURES AND SECURITY DISAPPEAR, THE MORE IMPORTANT THE PHYSICAL ENVIRONMENT WILL BECOME.

The increase in communication via all available channels not only occurs in physical surroundings; **it also increases the desire for physical encounters**—e.g. to exchange information or to get a better idea of the person one is dealing with. Nearly all the new organisation models give knowledge workers and project teams more freedom and room for decision-making as to how and where they will work. Companies therefore have to establish clear conditions and appealing options.



Ernst Weichselbaum
Corporate consultant who focuses on fractal organisations.

>> In a fractal organisation, daily operations are conducted without managers because business is transacted directly between customers and those who fill orders or provide services. The rate of contract breach is lower than in a hierarchical organisation with stipulations, sanctions etc.

Companies tend to define themselves in terms of ownership boundaries, which customers have no interest in. Companies should therefore define themselves in terms of interaction boundaries.

ERNST WEICHSELBAUM THE FRACTAL ORGANISATION

The organisational model is based on the fractal factory concept for modern production that was developed by Hans-Jürgen Warnecke at the end of the 20th century. Ernst Weichselbaum has applied the principle of fractal process chains in independently operating units to entire corporate organisations, including offices.

THE BASIC ASSUMPTION

Basically, every business transaction involves two partners: customers with their requirements and suppliers of products and services. The same interaction exists internally between those who stay in contact with customers and can be categorized as “order achievers” and those who work in development, procurement and other departments responsible for filling the orders. Once a customer places an order, the two internal groups are linked by several internal sub-orders via interaction interfaces.

THE STANDARD PROCESS

Because they work in a fractal organisation, the teams only have an obligation to their orders (assignments). They decide for themselves how they will meet them. This focus on the assignment causes everyone to think in an entrepreneurial manner. Supervisors become obsolete, since it is the agreement itself, rather than a person, that sets the assignment. No managers are

needed at the process level either, because the daily business already runs as a standardized process that gives everyone involved a feeling of security and belonging. Such stability is important for ensuring that work on the project level—which is completely disconnected from the daily routine—can be carried out freely and with experimentation.

PROJECT WORK

Once it is disconnected from daily business operations, project work can focus on future challenges or complex tasks. Projects are initiated through employee suggestions, and those who submit proposals usually serve as project leaders who set up their own teams. The team establishes networks of expertise that also extend outside the company, and team members also question and optimize their own standards. The project work safeguards employee vitality and the innovative power of the company.

Information transparency and agile processes are also helpful in the services sector, where customer proximity is always crucial. Although the teams have to be present to a higher degree than elsewhere, they can nevertheless organise themselves more and take on more responsibility so that they can motivate themselves for their challenging tasks through their own successes. Employees in the hotel and catering sector are subject to extremely high work stress. The high share of trainees and the many years spent in different places, which are typical of the sector, cause much fluctuation within the teams. In addition, the teams are culturally very diverse; this is just beginning to become a challenge for most office knowledge workers. The employees at the Schindlerhof country restaurant and conference hotel address such challenges with great motivation, **due to the fact that various monitoring tools allow them to realize that their commitment benefits not only their employer but also their own development.** In many cases, work trains employees for later independence (e.g. when they take over their parents' business). For many others, the success of the business depends on their personal opportunities for achieving a higher standard of living.

SCHINDLERHOF CONFERENCE HOTEL TRANSPARENCY FOR MOTIVATION

Nicole Kobjoll, who runs the family hotel and restaurant in Nuremberg, is carrying on her father's idea of training employees so that they become independently thinking individuals that act in the interests of the business.

BRIEF PORTRAIT

- +++ **CONFERENCE HOTEL** with a restaurant and banquet-ing area in Nuremberg-Boxdorf
- +++ **93 HOTEL ROOMS**, 10 conference rooms, 100-seat à la carte restaurant and 80-seat banqueting area
- +++ **PROPRIETOR:** Nicole Kobjoll
- +++ **ESTABLISHED** in 1984 by Klaus and Elke Kobjoll
- +++ **72 EMPLOYEES** (3 of them part-time) plus 10 assistants, 40 employees have completed an apprenticeship, 31 have not completed professional training, 1 has a college degree
- +++ **5 LEVELS OF HIERARCHY** (managerial authority)
- +++ **6 SERVICE UNITS** restaurant, banqueting, kitchen (incl. cooking school), conference, hotel, housekeeping.

RESPONSIBILITY

+++ **DECENTRALISED:** Each of the six service units selects its own employees and has its own budget. They agree on goals with the management. These goals can be viewed each month by the employees (team leaders, deputy team leaders, all professionals and trainees). The information is also stored and individually linked on the digital tools so that every employee can obtain an overview of his or her own area of influence. To enable employees to act on their own responsibility, every one of them also has maximum freedom in making decisions in their interaction with customers.

TRANSPARENCY

+++ **INCLUSION:** By revealing its turnover figures, the firm requires every employee to think and act as an entrepreneur. The success monitoring results are displayed every day on all the bulletin boards. They allow the employees to see how much turnover was made by each service unit — and how much additional turnover has to be generated to achieve the jointly set target. Networked tools such as the Balanced Scorecard reveal business results and enable comparisons to be made with competitors.

TOOLS

+++ **BALANCED SCORECARD:** The controlling tool used from the service unit level to the employee level. Each service unit works together with its employees to set perspectives and goals in the Balanced Scorecard, which are discussed and reviewed every year. The Balanced Scorecard can be viewed on the employee app.

+++ **EMPLOYEE APP:** Since 2012, an especially created employee app has contained all of the relevant information for monitoring performance: success monitoring results, Balanced Scorecards, GUS logs, quality circle logs, organisational chart, period target plan, trainee assignments, academy courses, annual target plan. The app primarily reflects each individual's personal targets within a service unit.

+++ **MAX: EMPLOYEE SHARE INDEX:** Because the annual (target) orientation meeting was insufficient, Schindlerhof developed the MAX. It serves as a mirror which the employees look into once a month to assess themselves and their performance. Every employee can undertake a variety of activities to positively influence his or her personal development. The share result is incorporated into the Balanced Scorecard and serves as a performance-motivation tool.

In the evaluation centre, employees can compare their performance with the anonymised data of other employees from their team/from the entire company. This gives them an overview of their own "market value" within the organisation. The teams can also view various evaluations in the system, e.g. whether they were able to meet their self-imposed turnover targets. The entire company can also be assessed with regard to the employees' further training, complaints-related costs, and the implementation of employee ideas.

+++ **THE EMPLOYEE ACADEMY:** It provides further training for the firm's own employees as well as other employees from the region. Schindlerhof employees can attend the courses taught by recognized instructors free of charge, but have to do so in their time off. Course participation has a positive effect on the Employee Share Index.



Nicole Kobjoll
Managing Director
at the Schindlerhof
conference hotel

In 2000 Nicole Kobjoll took over Schindlerhof from her parents. The succession was declared Bavaria's best business transfer in the following years and Nicole was named Hotel Manager of the Year 2007. After being trained at the hotel academy in Lausanne, she received further training at hotels in the Spessart and Ticino regions. She then worked at a marketing agency for individually managed hotels in Dublin, at the ACCOR Group's hotel testing unit in France and in the accounting department of a law firm. In addition to winning a variety of awards, Schindlerhof took first place in the 2013 Great Place to Work survey in Germany. Nicole Kobjoll is also the Managing Director of the Glow & Tingle business consultancy firm.

Design thinking for idea generation

This method combines creative and analytical steps and relies on interdisciplinary collaboration. The centre for design thinking is the D-School at Stanford University. Since 2007 the school's Hasso Plattner Institute has also had a branch in Potsdam. Design thinking has its roots in the design theories of the early 1970s. In the 1980s, Rolf Faste began to teach design thinking at Stanford. With the establishment of the design consulting firm IDEO, Faste's colleague David M. Kelley transferred this innovation tool to the field of business in 1991. *Hasso Plattner Institute of Design; D-School, Stanford*



Prof. Ellen J. Langer
Langer is a psychologist
who teaches mindfulness
management at Harvard
Business School

➤➤ **People often claim that** the opposite of order and structure is chaos. But that's only true if people are ruthless and rebellious. If everyone is mindful and has the same goal, their efforts can actually produce a coordinated and outstanding result.

A NEW PERSPECTIVE

Until now, work greatly benefited from past experiences and findings. However, to be successful in the future, we will have to learn from the future. That requires all employees to achieve a new level of openness, mindfulness and creative analysis.

When efficiency becomes important, the way something is done determines how good performance will be. Increasingly complex issues, highly specialised knowledge and customer-focused expertise can no longer be combined in old ways. Methods such as mindfulness training are sensitizing people to a more focused perception of their surroundings, and design thinking workshops enable interdisciplinary stakeholders to think specifically in the interests of customers. Design thinking requires people from a variety of disciplines to work together. It is based on the assumption that complex issues can be resolved more easily if customer problems are viewed from a variety of perspectives. **By means of a dialogue, the process aims to anticipate interests and needs more broadly and to make repeated evaluations so that solutions are ultimately more in line with requirements.**

However, the assumption that a creative process can be completely constructed seems audacious. Dev Patnaik, CEO and founder of the strategy consulting firm Jump Associates, believes that it is more important to put empathic people with hybrid thinking ability at the right places in an organisation. He contrasts the design thinking method with the ability of hybrid thinking. According to Patnaik, recruiting people who can think in an interdisciplinary manner is more important than creating interdisciplinary teams. In many cases, such people are designers or creative individuals from agencies that operate in multiple sectors. However, this ability should also be possessed by business administrators or generally by employees who have learned a variety of tasks and corporate cultures. **For our innovation culture it is, in fact, crucial that we can rub against different points of view** and always question our own opinions. In addition to theoretical instruction (interdisciplinary thinking and empathy are already included in the curriculum for degree programs such as cultural engineering), practical help is provided by physically encountering many different people throughout the day—for example, in sporadically used work rooms or spontaneously used in-between areas.

Hybrid thinking should be easy to do for today's generation of interns. Their ability to pursue multiple options, which is reflected in their diverse careers, makes them more empathising.

PROF. ELLEN JANE LANGER MINDFULNESS AS A SENSOR

Although the term "mindfulness" might sound esoteric, a pronounced sensitivity to one's surroundings is an ability that is sorely needed in uncertain situations — it is also something that people are much better at than software programs. We should therefore train this ability and make good use of it.

HOW DO YOU DEFINE MINDFULNESS?

ELLEN LANGER: Mindfulness is the process of actively noticing new things. When you do that, it puts you in the present. It makes you more sensitive to context and perspective. It's the essence of engagement. And it's energy-begetting, not energy-consuming. The mistake most people make is to assume it's stressful and exhausting—all this thinking. But what's stressful is all the mindless negative evaluations we make and the worry that we'll find problems and not be able to solve them.

WHAT DOES THAT MEAN FOR WORKING?

Take work processes. When people say, "This is the way to do it," that's not true. There are always many ways, and the way you choose should depend on the current context. You can't solve today's problems with yesterday's solutions. So when someone says, "Learn this so it's second nature," let a bell go off in your head, because that means mindlessness. The rules you were given were the rules that worked for the person who created them, and the more different you are from that person, the worse they're going to work for you. When you're mindful, rules, routines, and goals guide you; they don't govern you.

Excerpt used with the kind permission of Prof. Langer and the Harvard Business Review, March 2014

NEW TASKS FOR LEADERSHIP

Management's task is to introduce, adapt and practice a flexible and networked work culture. The challenge here is not the technological infrastructure, but the need to get employees to accept the new culture.

>> In contrast to what is widely assumed, leadership tasks will by no means decrease in self-organising networks and similar structures. On the contrary, leadership is an essential precondition for guiding complex processes and keeping organisations together. We need more leadership, not less!

Martin Spilker
Head of the Competence Centre for Leadership and Corporate Culture at the Bertelsmann Stiftung and personal advisor to Liz Mohn.

The question of how a company should be guided is closely linked to one's conceptions of how society can be managed in its time and in line with its identity. An examination of the various organisational theories and the concepts of leadership that were derived from them over the years reveals that they point to parallel concepts of political systems and social forms and of theories of education and child care. It therefore comes as no surprise that people in the 1970s turned away from the Great Man Theory's authoritarian leadership styles and began to devote themselves to organisation as a unified entity in its own right.

More attention was given to communication—in part because office and administrative work was increasing, but also because society was becoming more differentiated and emancipated, and people were demanding a greater say. Decisions and interrelationships were publicly discussed, and people called old dependencies and blind obedience into question. The systemic leadership and organisational theories that arose in the 1980s (Niklas Luhmann) rejected the leader's pre-eminence and declared that an organisation's overall structure was a kind of independent organism with frequently uncontrollable communication processes being responsible for an undertaking's success or failure. The transfer of responsibility from the leader to the communication within and by the organisation for the first time took into account the complexity that interpersonal communication naturally produces.

FROM GREAT MAN LEADERSHIP TO INDIVIDUAL EMPOWERMENT

A management by objectives approach that is derived from the Great Man Theory and spreads like a cascade through the various levels of the hierarchy fails to gain the commitment of the people whose work it calls for. Germany's current participatory social structure is more in accordance with leadership models that strive to produce a mutual construction of reality and then empower individual employees to contribute their own expertise. The responsibility of leadership is much rather to orchestrate skills and interests and to empower each individual employee to do the best he or she can.



Dörte Maack Management trainer, *Dialog im Dunkeln*. Dörte Maack requires managers to perform tasks in pitch-black rooms. The lack of sight often causes people to reassign responsibilities and have more trust in others.

"Before a task is solved, I often hear bosses saying that they would first like to hear suggestions, but in the same breath exclaiming that they themselves recommend something. But when bosses suggest something, it's carved in stone and not a joint collection of ideas. Many business leaders feel pressured to think they have to be cleverer, faster and better than their teams, and that they always have to show the team that this is the case. In doing so, they often encounter situations in which this approach is counterproductive. In most processes, it is much more beneficial if business leaders take on the role

of a good moderator." "At information events, people who don't know each other have their first encounter with darkness and everyone says why they should be the ones who take charge of the group. What's interesting is not what a person says, but how he or she says it. It takes place on a very emotional level. When the members of a group then select someone to lead them, it's mostly a person who admits that he or she is somewhat insecure but keen to take charge and who, despite the darkness, gives the listeners the feeling that 'he or she sees me and not just himself or herself.'" However, if someone claims that they are used to leading and telling people what to do, so everyone should listen to them, the others will take notice of this, but it won't convince them to entrust themselves to him/her, because people like that are obviously used to focusing only on themselves."

Motivation and individual initiative

The share of employees in Germany who are ready to quit their jobs has dropped from 24% last year to 17% today. However, 67% only do what they have to do; that's 6% more than in the previous year. The share of highly committed employees rose by one percent to 16%.

Commitment Index Germany Gallup 2013



Dr. Josephine Hofmann
Business Performance Management
Fraunhofer IAO

>> Wrong priorities

We have observed a great discrepancy between "actual" requirements and the company-specific or individualistic cost-benefit assessments and decision-making frameworks that have been dominant to date.



A company's success cannot, by itself, serve as the main motivation for employees in our individualistic society. What's just as important is that employees and leaders agree on how everyone can benefit and learn from a project. In accordance with this, the latest human resources policies give individuals more freedom. However, the individual promotion of the employees' development inevitably interferes with the operation of an organisation that equates employees with the positions they occupy and still has a hierarchical structure and top-down class consciousness. "Special treatment" and individual privileges need to be justified within the various levels of the hierarchy and require a clear normative structure, which basically comes down to an individual performance measurement. This, in turn, is difficult to determine. The importance of increasingly individualised support is also reflected in the human resources departments, which have shifted their focus in recent decades from personnel structures to a results-based orientation and are now concentrating more strongly on boosting individual performance.

IN THE NETWORKED ECONOMY, INDIVIDUAL EMPLOYEE DEVELOPMENT IS INSEPARABLE FROM A COMPANY'S SUCCESS.

Individual support is impeded by the traditional divisions between a company's management and its workforce, which still affects employees' self-image and motivation. Knowledge workers need to know the context in which they operate. However, if employees aren't initiated into a company's strategies and don't take on business responsibilities until they take over a management position, they won't begin to think in the interests of the company until they become executives. A self-created consequence of this is the impression that "underlings" primarily pursue their own interests — which are often in conflict with those of the company. The antagonism between managers and employees continues to foster a strongly hierarchical and restrictive information policy on the part of the company's leaders and causes the workforce's representatives to be willing to go on strike. Both sides continue to try to impose their will and to externally manifest the cultural divides that they have overcome long ago by working together and implementing cooperative measures (e.g. in times of crisis and Germany's Agenda 2010 programme).

In addition, management tools have rarely been updated to bring them in tune with the times. Dr. Josephine Hofmann, who heads the research unit Business Performance Management at Fraunhofer IAO, has noticed that "traditional business objectives and key performance indicators continue to dominate incentive and control systems in real life. Development and employee-oriented targets are rarely thoroughly defined and cascaded. The focus remains on the traditional parameters of turnover development, quality targets and other profitability-oriented objectives." However, human beings — with all of their individual needs and development potential — are today becoming the true key asset. Says Hofmann: "With the increase in knowledge work in absolute terms and its growing contribution to value added, it is the employees and not the companies who now dispose of and control the most important resources: the employees' knowledge, experience and networks."

Martin Spilker Head of the Competence Centre for Leadership and Corporate Culture at the Bertelsmann Stiftung, and personal advisor to Liz Mohn.

"Organisations are experiencing an incredibly heterogeneous situation that cannot be described in today's terms. There is a wide variety of speeds, of attitudes towards work, of remuneration models, of employment options and of career and advancement models. At the same time, we are also seeing a new level of heterogeneity with regard to organisational models within and between organisations. Organisations simultaneously have networks, task forces, hierarchies, solitary workers and pro-

ject teams. For the employees, this means that they can no longer rely on their previously obtained skills and qualifications. In some cases, an outstanding programmer who lacks a high school diploma can earn more money and advance faster than a long-serving employee. For organisations, this conversely means that the working environment will become prone to more conflicts! Organisations will have to deal with more tension in the future. But are they prepared for it? It could be that the interaction on today's labour councils will open up new possibilities of mediation and ensuring reconciliation."

According to the human resources managers surveyed, the best ways to motivate young employees is with structural factors such as flat hierarchies and personal interaction (64%), personal feedback (61%) and advancement opportunities (52%).

However, young people's wish to work on their own responsibility tends to be greatly underestimated by older human resource managers and managing directors in particular. The same applies to young employees' wish to do meaningful work that helps them learn new things, gives them clear objectives and enables them to obtain personal feedback.

bsa 2013/14
Telephone survey of 450 privately run companies

Particularly in view of the increase in knowledge work, the subject of leadership and management efforts and the key element for achieving improvements is the employee, with all of his or her individual needs and development potential.

Zukunft der Führung
SIB study, 2013

LEADERSHIP IN TRANSITION BETWEEN TWO WORLDS

Guiding a workforce through the digital transformation process requires the utilization of both “old” and “new” management concepts.

Unattractive corporate structures

One third of all human resources directors and CEOs assume that new employees have at least some problems with existing corporate structures.

bso 2013/14

Telephone survey of 450 privately run companies



If I say that my employees are sovereign partners, but still subject them to increasing time pressures and fail to provide necessary resources, then their freedom in such a cage will be useless.

Thomas Sattelberger

Chairman of the BDA/BDI MINT Zukunft schaffen initiative



It is the task of those who lead to decide how much input from others they want. At Dialog im Dunkeln, managers are asked to find their way out of a completely dark park. Many managers say heroically, “I’ll go ahead and you follow me!” This makes no sense, because the manager cannot see where he’s going, and he might walk in circles—with the team following because he gave them no responsibility to think for themselves.

Dörte Maack

Manager trainer at Dialog im Dunkeln

THE OLD WORLD

The traditional authoritarian view of leadership equates it with the process of implementing a measure. This view assumes that change can be controlled in a targeted manner. This assumption is in turn based on the idea that everyone involved in a process of change shares ONE common understanding of the goal of a measure, and that this understanding can be generated by the provision of facts and figures. Although this assumption ignores the different (local) rationales of those involved in a process, it nevertheless forms the basis of the approaches used by many strategic consultants, numbers-focused controllers, and even controlling software. Individuals under pressure to assume responsibility and succeed also tend to believe that the stringent pursuit of stated objectives is their only viable option. Their attitude is: “This is the only realistic plan. It has got to work.”

LEADERSHIP ACCORDING TO A PLAN

Management approaches that use pre-formulated solutions ignore the difficulty of reliable planning today, as well as the nature of our modern participative and emancipated societies. Nevertheless, they can be very useful for making fast decisions in organisations that still have hierarchical structures. Employees with an authoritarian mindset expect a clear allocation of responsibilities and are not necessarily eager to take on responsibility themselves. The absence of predefined solutions or proven methods for solving complex problems requires that employees have confidence in their abilities, and possess the necessary experience and creative flexibility—attributes that rigidly managed employees don’t necessarily have but definitely expect to see in their supervisors.

THE PRIMACY OF NUMBERS

Even more severe than the effect of a partial reversion to old hierarchical structures is the impact of blind faith in facts and figures on the transformation process. Because stock corporations must constantly produce reports and technology can collect data almost in real time, management decisions are now subject to “objective” planning stipulations and permanent results monitoring — unless software and algorithms are making the decisions themselves. The relevance of facts and figures for management strategy could in the future be transferred directly to the teams, automated and transparently simple as a tool.

THE NEW WORLD

The new world view is one of management as an open invitation to discuss how to find the best solution (for everyone). Here there is no simple concept or plan. Instead, a solution is derived from the various ideas and concepts contributed by those who participate in a collaborative group process. Participation by all means that everyone bears responsibility. This also ensures that everyone remains motivated during the solution implementation phase. The motto, so to speak, is “We brought together our ideas to develop a solution, and each of us learned about the ideas of the others and compared and contrasted them with his or her own.” Here facts are generally subordinate to the quality-driven process of developing a solution. Instead, facts are mainly relevant for final decisions or amendments to the goal reached by consensus.

CONSENSUS-DRIVEN LEADERSHIP

This “withdrawn” and discursive management style accommodates the desire for participation and the goal of raising employee commitment. When a process of change is launched, an invitation to all employees to participate is certainly the best way to ensure the best and most practical solution, especially since employees experience the consensual process as the new management style in action. Still, a discursive leadership approach doesn’t simply mean never-ending discussions. The idea is to achieve greater transparency, attain majority support for strategies, safeguard diversity, and coordinate different approaches to work.

REFLECTION AND PERCEPTION

Whereas the proofs offered in mathematics and the natural sciences make them seem superior, the logic of both could soon be transferred to algorithms. The task of human knowledge workers would then be to link logic, the natural sciences, and the humanities with creativity, reason, and experience. It’s thus not surprising that philosophers such as Ronald Dworkin played a role in the Obama administration’s healthcare reform in the USA. In view of the increasing complexity and volatility of our world, we should also be questioning whether our assumptions and certainties are suitable for the future, or whether they need to be redefined and reevaluated. Making people more aware can help them better perceive the here and now and generate win-win synergies with like-minded partners.

A DIFFICULT TRANSITION

The two world views described above are merging during the protracted transformation process. Managers sometimes face contradicting expectations, and in some cases they are forced to correct certain approaches — ones that had previously made them predictable for their employees. This leads to uncertainty and “collisions”. Managers thus face a difficult challenge. On the one hand, they must accommodate the old desires for security, status, and relief, or else compensate for them; on the other hand, they have to implement a discursive approach that also includes the creation of new opportunities for everyone. If everyone is to be brought onboard, a manager will have to work in both directions and thus run the risk of not being taken seriously as a protagonist of change. However, if a manager and dedicated pioneers present themselves as models for the new work culture, and the manager then supports only those who are committed to that culture, then he or she might alienate employees who stand to lose from it or feel overwhelmed by it. It thus makes sense to determine whether a consensus-based leadership style is the best one for all processes and knowledge workers. The extent to which the new style has to be scaled back depends on the type of organisation in question, the workforce, the degree of specialization, the customer/market strategy, and the degree of its digital networking.

DARK HORSE JOINT YET EFFICIENT DECISION-MAKING

Companies normally have problems when they try to foster creativity in rigid structures. The 30 men and women who founded Dark Horse had the opposite problem: How to create the right structures around creative minds.

BRIEF PORTRAIT

Dark Horse works closely with its clients to develop products and services for them. It also helps corporations, medium-sized businesses, NGOs, and public institutions become or remain innovative. In addition, the agency helps organisations learn to view the expectations their Generation Y employees have regarding their work environment as an opportunity rather than a threat. Dark Horse uses co-creation approaches such as design thinking, service design, and culture hacking. The agency’s founders got to know each other while studying at the HPI School of Design Thinking at the University of Potsdam.

POST-HIERARCHICAL

Dark Horse is home to 30 equal founding partners from 25 different fields who work together without hierarchies. The agency is organised as a limited partnership, which means the partners directly share in the success or failure of the company. Each project team makes its own operational decisions; the founders make strategic-corporate decisions together. This post-hierarchical management system also makes use of sociocratic decision-making processes. The idea is that strict hierarchies prevent true innovations and that evaluating ideas or inspirations on the basis of who expressed them prevents people from working towards open-ended results.

RESOLVING CONTRADICTIONS

Decision-making in large groups is usually inefficient, time-consuming, and conflict-ridden. In order to resolve this contradiction at Dark Horse, the founders make strategic decisions using sociocratic principles. Unlike a democracy, a sociocracy doesn’t focus on the “quantity” of an opinion but instead on the quality of the arguments behind it.



SOCIOCRACY

is a system enabling consistent self-organisation at entities of different sizes. In the mid-20th century, the Dutch reformist educator Kees Boeke expanded the sociocratic principle (equality of individuals) to include the principle of consensus: a decision or initiative does not need to be voted on, but is to be adopted if no one present justifiably objects that it could endanger the achievement of common

goals. In other words, not everyone in a community has to be polled. Instead, as Boeke’s student Gerard Endenburg states, the important thing is to develop a common understanding of consent as support for change as long as change doesn’t threaten the achievement of common goals. Sociocracy thus promotes a willingness to change and seek solutions.

STRICT FREEDOM

Decisions that have been made can be implemented immediately without having to go through official channels and without the danger of internal resistance. In order to speed up meetings, each agenda item is strictly divided into information, opinion, and decision segments. Only after everyone has understood all the relevant information can opinions be expressed in turn and a decision made. Dark Horse has introduced a system of hand gestures in order to avoid discussions about the order in which opinions should be expressed, or statements such as “I wanted to say that too.” This way everyone’s opinions can be made known without unnecessarily lengthening meetings. In general, the approach used at Dark Horse ensures the partners can further develop their company both jointly and efficiently. Dark Horse also operates with a system of equal participation, whereby each partner works in projects and also takes on business tasks and responsibilities in parallel.



Christian Beinke

Dark Horse co-founder and partner



Two things were important to us while we were establishing and developing our company: we wanted to be innovative and happy with our work. We found out that these two things often go together. Sociocratic decision-making has helped us here.

Christian Beinke, 31, has a degree in mechanical engineering. After studying Design Thinking at the Hasso Plattner Institute, he and 29 others established the Dark Horse agency.

30 limited partners:

Dark Horse’s permanent employees are also its owners. In this “KG” limited partnership, all earnings are transferred to partnership accounts, and all active founding partners equally share all risks and profits. However, partners can also sign temporary waivers that allow them to reduce their activity for a time in order to pursue other projects or take sabbaticals or parental leave. They can later resume full activity at any time.

Related to sociocracy is the holacrastic organisational method developed by Brian Robertson and Tom Thomson in 2001. Their HolacracyOne model was implemented, amongst others, by the online retailer Zappos.

3 GENERATIONS IN THE OFFICE

WE CAN EXPECT THE YOUNG GENERATION TO PUSH FOR CHANGE WITH REGARD TO NETWORKED STRUCTURES. BUT JUST HOW MUCH CHANGE CAN A MINORITY IN THE OFFICE ACHIEVE?

Reward philosophy of baby boomers and Generation X
Power and privilege are the most important rewards for skilled workers socialized in the industrial economy.

Reward philosophy of Generation Y
Active participation in an exciting project and appreciation by the community.

The professional success of Generation X and baby boomers
is based on their ability to subordinate themselves and their lifestyles to the demands of their jobs. When workloads increase, this can lead to frustration, which lowers performance and professional status. The downward spiral of external control can even lead to a mental disconnect from the job.

Reverse mentoring
Managers and board members at Beiersdorf can “book” a digital native intern in order to gain direct knowledge of Generation Y media expertise.

It used to be the case that young employees learned from older ones, and their increasing numbers served to rejuvenate a company. These days, (comparatively few) well-educated digital natives face a majority of older employees who have very little desire for change, as was reported in an Allensbach Institute survey conducted in 2013. At the same time the digital structural transformation requires decision-makers in particular to be committed to change. This creates a tremendous challenge for the companies.

NEVER BEFORE COMPANIES HAD TO MANAGE STRUCTURAL TRANSFORMATION, NEW MEDIA-USE HABITS, AND AN AGING WORKFORCE ALL AT THE SAME TIME.

Companies now realize that large bureaucratic structures and formal hierarchies make them unattractive to well-educated young professionals. Still, many of today's companies haven't done much to meet the expectations of the new generation regarding issues like participation and influence, self-organisation, teamwork, and a proactive willingness to cooperate. Most young people have been working in flexible cooperative alliances via social networks for some time now, and they've made it clear to their managers that they expect to be able to do the same in their work environment. The companies' response to recruiting difficulties has been to invest in (mobile) hardware and things like new snack rooms in order to attract digital natives—who don't seem too impressed. Indeed, such measures only work if they make the culture among the entire workforce more relaxed and help give employees greater autonomy.

MOST COMPANIES DON'T EXPLOIT THE OPPORTUNITY TO INCORPORATE THE COOPERATIVE WORK HABITS OF DIGITAL NATIVES INTO THEIR ORGANISATIONS.

Media-savvy digital natives have built-in networking talent. Their “What's in for me?” attitude turns value chains upside down, creating a situation in which product expertise is replaced by customer requirements as the initial focus of the development process. The digital natives' own mobile sharing habits and consumer behaviour can help companies predict whether their products will be successful. In addition, the way digital natives communicate and learn, as well as the networking strategies they utilize, their perception of status, and their values offer a preview of the consumers to come and how to interact with them. If companies were to more strongly incorporate Generation Y members into decision-making processes, the digital natives could contribute their networking expertise and knowledge of new consumers requirements and cooperation possibilities. This would benefit both the company and its Generation Y employees. Unfortunately, the new employee generation is still not present in sufficient numbers, nor is its education and media expertise sufficiently homogeneous to ensure consistent structural transformation. It is also being held back by a majority of older workers whose understanding of economics, value creation, and work organisation is a product of the alalogue machine age.

The multi-optional Generation Y.
(Born 1979–1999)

Digital natives apply their multi-optional world view to their career planning as well. Varied and interesting assignments with pleasant colleagues—including the associated positive responses in social networks—are more important to them than long-term company loyalty.

Generation X: Uncomfortable with change
(Born 1965–1978)

The middle generation would like everything to stay the way it is. Its aversion to change is also a result of perceived pressure, as half of Generation X members say they suffer from stress and one third would like to retire early.

(Allensbach Institute 2013)

Divided baby boomers
(Born postwar–1964)

Whereas freelance baby boomers remain active for a long time, employees feel stressed and burnt out as they approach retirement. This is probably due to the freedom/restrictiveness they have experienced in their professional lives.



Two thirds of young, educated professionals in the publishing industry need only take part in two training programs to realize they have no desire to work in this rigidly structured sector. Nevertheless, industry executives don't understand why they can't find experienced digital natives to help out with the digital transformation.

Katja Splichal
Director of Online Operations and Digital Learning at the Ulmer Verlag publishing house.

The older generation senses that competition in the digital economy operates according to principles similar to those that apply to the way digital natives view the world around them. However, they are not yet ready to accept the fact that the new work culture requires the repudiation of the old way of doing business. For one thing, the continued success (for the time being) of the German economy seems to indicate otherwise. For another, such a repudiation would call their own careers and experiences into question. Still, despite their lack of inner conviction, many are aware of the changes that are occurring. Baby boomers and the Generation X cohort understandably have doubts as to whether their media skills and level of efficiency are sufficient for addressing the coming challenges. However, instead of accepting their deficiencies and learning from their younger counterparts, they deride the new forms of communication as superficial.

A GENERATIONAL CONFLICT IS COMING

The older generation believes values such as self-discipline, hard work, and the performance of duty are the “right” ones for the working world. This could lead to conflict, because many digital natives clearly reject the dutiful work ethic of the older generations. They don't want to be controlled at work the way their parents are.

CONSTANZE BUCHHEIM NO PRESSURE TO ADAPT

The founder and CEO of i-potentials GmbH, which specializes in recruiting and conducting executive searches for companies in the digital economy, sees in her daily work how far apart the ideas and goals of young knowledge workers are from those of their older colleagues.

WHAT ARE THE DIFFERENCES BETWEEN THE EXPECTATIONS OF GENERATION Y AND GENERATION X WHEN IT COMES TO WORK?

CONSTANZE BUCHHEIM: Generation Y has never learned what it's like to deal with existential threats, as the generation of its parents did (from their parents). This puts Generation Y on the next level of Maslow's hierarchy of needs. Generation Y isn't attracted by material incentives because its members believe in their abilities and already assume they'll make good money anyway.

SO THERE'S NO ISSUE OF SHIFTED PRIORITIES?

There's a lot more involved here—specifically, a transformation of values. The Generation Y cohort experienced their parents as workers who obeyed their employers and gave up part of their lives for their job—and suffered as a result. Like the baby boomers before them, the Generation X cohort subordinated their lives to their jobs, made sacrifices that weren't rewarded, and basically remains dissatisfied with their situation. Having observed this, members of Generation Y decided that they wanted to and were willing to work but would not give up any plans they had made for their lives in order to do so. They refused to live like their parents, which would mean spending 60% of their day at a place where they don't feel comfortable. The idea is that work should be fun and be redesigned. It should feel good. Generation Y decided not to sell out or settle for anything less than its ideal.

WHAT DOES THIS MEAN IN TERMS OF LEADERSHIP?

The Generation Y cohort is very open to new things and extremely interested in feedback, which it regularly requests in order to continually improve itself. Members of Generation Y want to be acknowledged as individuals with specific proclivities and qualities; they want their employer to tell them that they are valuable and will be given career opportunities. They're also want to work at an attractive company that offers all the perks.

WHAT DO YOU MEAN BY “PERKS”?

The things that make workers feel comfortable and at home in the workplace. Unfortunately, some employers only scratch the surface here. They see fruit and fancy snacks among Apple laptops and think o.k. that's it we should have this in our company too. But snacks and drinks are only the minimum here; the important thing is to have a shared commitment to creating an environment in which each person knows that all the others are there because they want to be. Ideally, the team should establish flat hierarchies and have a say in both the choice of tasks performed and the managers who will supervise them. The employer's job would then be to provide the necessary resources, support development potential, and meet employee demands regarding transparency, work atmosphere, ergonomics, and technical and design standards. That's how you create a workplace that feels like home.

Baby boomers are still in control
Although individuals over 50 account for only 24% of employees even at large companies, the boomers nevertheless occupy half of all executive management positions.

bso study 2013/14
Telephone survey of 450 private companies



Constanze Buchheim
Founder and CEO of i-Potentials

Constanze Buchheim is an expert on work and careers in the digital age. After studying business administration, Buchheim began her own career at the e-commerce company Spreadshirt, where she set up the HR department in 2006 and 2007. She quickly realized how difficult it is for young and fast-growing companies in the digital economy to find the right employees. In 2009 she established i-potentials GmbH, a human resources consultancy specialising in recruiting and executive searches for companies in the digital economy. Constanze Buchheim is a certified coach who serves as an expert on working in the digital age on an advisory board at the German Ministry for Economic Affairs.



Philipp Riederle
*Author, speaker,
corporate consultant*

Philipp Riederle's career began when he hacked an iPhone at the age of 14 and shared his knowledge (My iPhone and me) on the Internet. Today the digital native is one of Germany's youngest corporate consultants. His most important service is to explain to the "old economy" how today's young people like to work and how young consumers like to shop.

The generational conflict is not just due to differences in media use and communication; it's also caused by different values and work ethics.

Communication problems
40% of human resources directors and CEOs in private companies have reported differences in communication behaviour among the three employee generations presently in the workforce. In nearly one out of every three such cases — i.e. at 12% of the companies — these differences repeatedly cause problems in daily operations. Interestingly, younger human resources directors notice more differences in communication habits than their older colleagues do.

bso study 2013/14
Telephone survey of 450 private companies

PHILIPP RIEDERLE WE WANT TO WORK IN A DIFFERENT WAY

Digital native Philipp Riederle talks about Generation Y's values, attitude towards work, expectations, and visions for the future, many of which are fundamentally different from the current norm.

IN WHAT WAY DOES YOUR GENERATION WANT TO WORK DIFFERENTLY THAN THE ONE THAT CAME BEFORE YOU?

PHILIPP RIEDERLE: The most important criteria for my parents' generation when selecting an employer was to be able to earn as much money as possible and attain a certain social status. These things are the least important aspects for my generation. We're interested in work that offers meaning, personal fulfilment, and an ideal work environment. This attitude mainly results from the stable upbringing most of us have had. Our parents also taught us other ideals and values that they themselves were brought up with.

HOW IMPORTANT IS YOUR GENERATION'S MEDIA EXPERTISE?

The fundamental changes that have occurred in the area of information and communication technology were more or less already in place while we were growing up. We therefore have different concepts regarding how work should be performed, the structures we need, and the way we exchange information, cooperate, organise responsibilities and further develop our skills. When several generations work together, it's important for each to understand where the others are coming from.

HOW MUCH STRUCTURE DOES YOUR GENERATION NEED?

That varies sharply depending on the profession, tasks, project and situation in question. Given the fact that we were brought up to be very independent and that freedom always tops the list of our values in various surveys, the likely answer of my generation to that question would be "As little as possible and as much as necessary".

WHAT ROLES DO HIERARCHIES PLAY FOR YOU?

Our acceptance of them depends on many aspects, such as how one defines authority—does it come from promotions, titles, and positions, or does it have more to do with substance and experience? How are decisions made? To what extent can I work independently, and will I be trusted? Who can I learn from? Who takes on responsibility?

HOW ARE AREAS OF RESPONSIBILITY DEFINED?

The more work is marked by personal responsibility and independence, the more important it becomes to precisely and clearly define tasks, their duration, and the expectations placed on each individual. This process

should not be standardized; it needs to be both individualized and cooperative so that the proper expertise can be applied to a task or project.

WHAT WILL MANAGERS DO (MORE OF) IN THE FUTURE, AND WHAT WILL THEY NO LONGER DO?

For us, work means developing and implementing things we're passionate about, achieving something great, pulling together and knowing why we do what we do. We don't work for our bosses; we work for the goals we set out to achieve. That's why good managers work for us. The create optimal conditions that enable us to do the best work possible in each assignment. They are our role models, mentors, coaches, partners and advisors—anything but powerful "commanders".

WHAT IS IT THAT THE "OLDER PEOPLE" DON'T UNDERSTAND?

The working world is currently undergoing the biggest type of change imaginable. Digitalization, automation and robotics will completely do away with the conventional notion of work. There will be fewer and fewer young people in society in the future—and companies are already having trouble finding sufficient numbers of skilled professionals. We, however, are aware of our (global) opportunities for personal fulfilment, and we have more choices than any generation that came before us. We will simply stay away from organisations that refuse to adapt to the needs and requirements of Generation Y. It's really not that difficult to accommodate us, but many companies (still) don't have the courage to deal with us.

HOW CAN YOU TELL WHICH MEMBERS OF YOUR GENERATION ACTUALLY HAVE THIS NEW ATTITUDE AND WHICH ONES WERE SIMPLY BORN IN THE GENERATION Y DECADES?

Like every other generation, ours also has its loud and quiet members, strong and weak individuals, those who like to be at the forefront and those who prefer to stay in the background, those whose drive cannot be stopped and those who need to be pushed. In that sense, nothing has changed. The only difference is that today's "loud" and "strong" individuals will make their demands and refuse to compromise, while the "quiet" and "weak" ones will be more inclined to accept existing structures or simply move quietly on to the next job without ever having done for a company the things they would have been able to do given the right conditions.

"What would you do if you weren't afraid?"

reads a poster at Facebook headquarters. This phrase (which is assigned in its origin to Eleanor Roosevelt) has inspired the author, Facebook manager, and women's empowerment advocate Sheryl Sandberg to link her personal goals with those of the company.

Senior expertise

In 1999 Bosch established its BMS consulting subsidiary with a staff of 900 senior citizens (all former Bosch employees) between the ages of 60 and 75. Last year the company employed 1,600 temporary "senior experts", from retired foreman to former managers, who mainly provide consulting services. Other companies, such as Daimler and the Otto Group, have similar programs.



Thomas Vollmoeller
CEO of XING



Our network "for a better working life" brings together knowledge workers from different companies who discuss ways to improve the work environment.

Generation Y people can afford to act more freely than previous generations. Because of the current shortage of skilled workers, they're not being pressured to adapt; instead, they're demanding participation and treatment as equals. They want to take on responsibility quickly and prefer constructive feedback to critical monitoring. They also judge work assignments on the basis of their meaningfulness, and their own interest in learning—and they will leave a company that fails to understand this.

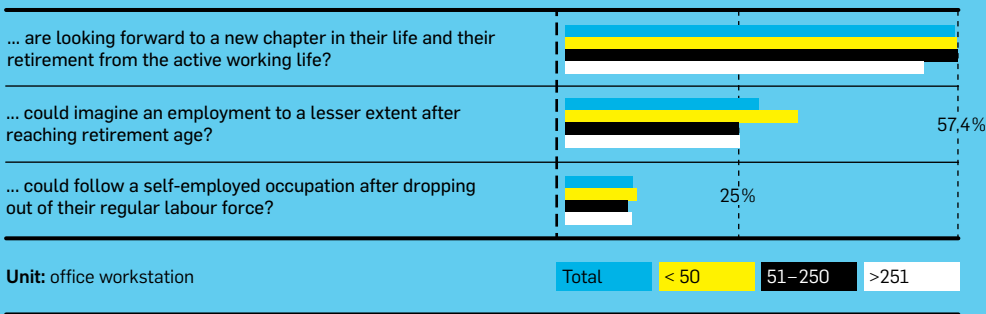
BASICALLY, GENERATION Y WANTS THE LIBERAL VALUES OF THE BABY BOOMERS TO BE INCORPORATED INTO THE WORKPLACE.

Indeed, participation and having a say in things were also very important to baby boomers, who successfully fought against established conventions in society. However, their ideology of individual emancipation was not directed at companies, so their values never made it into the corporate world. It is exactly such values that the digital natives are seeking to introduce to help the business world — and to further their own development, which they will need to do in the digitally networked future.

"WHAT'S IN IT FOR ME?" SHOULD ALSO BE QUESTIONED BY THE OLDER GENERATION.

After years of loyalty to a company, not much remains from a once fulfilling job. Even those who have spent their lives in a high-level position will at some point realize that without the corporate logo and their own (social business) network, they're not worth much any more on the market. If the desire for a full and active life before and after retirement is to be fulfilled, the last hope for knowledge workers lies in networking as a means of expanding their personal contacts beyond what was possible in the companies they work for. It thus becomes clear that a focus on social developers and social partners known only from the company leads not to security but rather to dependency over the long term. The top priority for both companies and employees in the networked work culture will be to create networks of expertise and resources across different disciplines and companies that will help individuals and organisations optimize their performance. If older workers would realistically update their vision of their own future, this would go a long way towards bringing the generations closer together. Knowledge workers who establish solid networks would be able to act more independently and even secure the type of work opportunities after retirement that virtually no HR manager would even consider for them today.

WHAT DO YOU THINK? WHAT PERCENTAGE OF YOUR OLDER EMPLOYEES ...



Theory Y
Douglas McGregor
*Management
theoretician*

As early as 1960, Douglas McGregor claimed that people could motivate themselves to achieve higher performance and greater work discipline if they were to work towards goals they believed to be worth their efforts. McGregor thus applied baby boomer values such as emancipation and the pursuit of meaningful goals to the working world — values that are now making their way into the office environment with Generation Y.

It might be possible to solve the generational conflict, because the networked lifestyle and work concepts of Generation Y basically correspond to baby boomer values and can also serve as a survival strategy for an aging Generation X population.

No desire to keep working
HR managers not doing a good job

A survey of human resources directors found that they could imagine only around 25% of their older office workers having any desire to work at some minor job after they retire. The HR directors also felt that only 12% might do some type of freelance work.

bso study 2013/14
Telephone survey of 450 private companies

KNOWLEDGE WORKERS ON THE MOVE

Flexibility and interdisciplinary require physical and mental agility. Physical movement inside and outside the office stimulate mental agility. So why offices aren't offering more movement?

If different people from different generations are to cooperate, then walls have to be torn down — walls in peoples' heads and in the places where they work. The more established a routine is, and the more employees define their work by it, the longer it will take to break it. It takes a lot of effort for people to redefine themselves as knowledge workers and search for new, individual forms of work. It's therefore not surprising that established employees and new staff at many companies have two different attitudes when it comes to work. Whereas older employees move more or less without thinking from their cubicles to lunch and conference rooms in a daily rhythm, younger ones search for, or try to establish, a friendly, interesting and communicative environment. "We've observed that younger employees frequent different meeting points than older ones," a human resources staff member reported in a telephone interview without being asked that specific question. Workers who keep to themselves not only avoid confrontation but also lose out on the possibility of understanding and learning from their coworkers.

ELIMINATING POSSIBILITIES FOR PHYSICAL EVASIVENESS.

If the agility needed for a successful transformation is prevented not only by an outdated organizational structure but also by different cultures of work, then a company will need to offer incentives to get everyone interested in experiencing the new networked culture. Open spaces are a good option here because it's easier for employees in open areas to learn from one another and choose a workstation that is more in tune with their assignments. Offices with appealing communication zones can also be combined with other spatial concepts. Ultimately, however, the spatial concept is not the most important aspect. That's because our previous understanding of the workplace doesn't fit with the implied boundlessness of the networked culture of work. Everything "has been too focused up till now on the workstation and the surrounding office," says the architect Dietmar Leyk. Over time, people tend to view their workstation as their property. However, the feeling of security conveyed by small spaces also limits the employee's perceived radius of influence, which in the networked culture would be expanded and — depending on team connections and areas of responsibility — could also vary.

The elimination of hierarchical structures will increase employees' need for security as a compensating factor. Leyk believes the problem of generating such a feeling of security throughout the entire workplace has yet to be solved. Nevertheless, architectural design must create different types of inviting work atmospheres in order to liberate employees from the notion that they should only do their work at one single station assigned to them.

MOVEMENT IS NEEDED IF NORMAL ROUTINES ARE TO BE BROKEN AND OLD WAYS OF THINKING ABANDONED.

Employees need some type of external stimulation to get them to switch from being passive recipients of orders to active and independent workers. This new attitude should be tested at various levels and applied to work content, procedures, spaces, and emotional and sensory aspects.

Poor learning curve for office workers

A total of 76.8% of German office workers still gain knowledge on their own. Only 56% learn from coworkers. One can thus assume that only the most necessary new approaches are integrated into established work routines, and although these should be practiced, they remain isolated in one or two-cubicle offices.

Deutscher Digital Index 2013, Büroangestellte mit Computerarbeitsplatz

>>> The idea here is to "take in" rooms rather than just accept them. It's also important to be able to recognize a room as a learning medium.

Educator Daniela Rätzl at the BDA (Association of German Architects) Schools, Life, Learning symposium in 2014 in Leipzig.



Dietmar Leyk
Architect and Partner at
Leyk Wollenberg
Architects

>>> Up until now, the basic architectural idea has been to create a feeling of security in one's own home. This "security" has only been simulated outside the home. Employees who create a living-room atmosphere at their workstations can also be annoying because it makes it seem like they're staking out their turf.

Natural light affects our internal clock. Our day-night rhythm affects, among other things, the types of hormones that are released in our bodies, how well we digest food and how well we can concentrate. Light fluctuations and weather-related gray shifts in light are better for our health than static artificial light. That's why desks should be located near windows, as was confirmed in a study in the USA.

Prof. Phyllis Zee
Associate Director at the
Centre for Sleep & Circadian Biology, Institute for Neuroscience, Northwestern University, Chicago



Dr. Dieter Breithecker
Director of the Federal Institute for Posture and Mobilisation Support (Bundesarbeitsgemeinschaft für Haltung- und Bewegungsförderung e. V.)

>>> 400,000 impressions per second are processed by our subconscious without us feeling as if we're exerting ourselves. On the contrary, this lively automatic activity releases hormones that we need for learning and concentrating.

Before a company completely restructures itself, its employees should first be given a taste of what the networked work culture feels like. This means that employees (especially those who have been socialized in the hierarchical system for many years) should repeatedly be given incentives over a long period of time to abandon routines (including always working in the same physical location) and to start working for limited time periods to achieve goals at other workstations with colleagues who work differently than they do. If such a change is combined with a successful shared experience through interaction that results in an employee adopting a new perspective after observing a colleague, the associated positive memories will lead the employee to take the initiative more often in the future, and encourage him or her to seek out interdisciplinary contact.

SENSORY STIMULATION THROUGH ARCHITECTURE

Having employees switch workstations also has a positive secondary effect, as studies have shown that an enhancement of the surrounding environment brought about by new people, changed light conditions, and a more direct connection to the outside world subliminally stimulates the human metabolism and improves the hormonal balance. This, in turn, improves concentration and receptiveness. Such sensory stimuli can include rooms with many windows and contact points with different types of pleasant surface textures.

Whereas mental agility is promoted by the pressures of digital change, physical agility (which is just as necessary) can be improved through more appealing interior design.

Dynamic ceiling lights

A ceiling lighting system at the Fraunhofer Institute in Stuttgart simulates light conditions on a cloudy day. The system uses LEDs of different colours that are mounted behind a diffuser film and switched on in a way that creates white-gray-blue zones that resemble clouds. The "Virtual Sky" prototype consists of 34,560 LEDs spread out over 34 square meters.

Dr. Matthias Bues
Fraunhofer LAO

DR. DIETER BREITHECKER SENSORY STIMULUS

Dr. Breithecker recognises a neglected power in our office environments. Via "environmental enrichment" we could integrate much more stimulating aspects and therefore enhance our physical, mental and emotional well-being. What does this mean for the new workplace?

WHAT TYPE OF MOVEMENT DO YOU REFER TO WHEN IT COMES TO THE KNOWLEDGE WORKER?

DIETER BREITHECKER: Mostly subconscious muscular activities that positively influence our physical and mental well-being throughout the day. For example, restless sliding around or rocking back and forth, tipping on chairs, leg movements and shifts made while standing, walking around, drumming fingers on a desk, gesturing while talking and so on. The associated muscular contractions release molecular semiochemicals (including proteins, enzymes and hormones) that trigger physical-mental-emotional interactions.

WHAT IMPLICATIONS DOES THIS HAVE FOR OFFICE WORK?

The call for greater mobility and flexibility must be applied to the work environment as well. If physical and mental well-being is to be ensured, work spaces must also subtly elicit the type of movement that promotes self-organised and primary mobility in the office. By comparison, singular preventive approaches that focus solely on orthopaedic and traditional ergonomic aspects — for example, swivel chairs — are just as insufficient

here as a focus on recommendations for specific forms of exercise, rest time, or periodic sitting-posture changes. Just four hours of uninterrupted sitting is enough to bring our entire metabolism out of balance.

HOW SHOULD MOVEMENT IN THE OFFICE BE SUPPORTED?

Office spaces must be designed in line with both the activities that are performed in them and the individual sensomotoric needs of people. The key thing here is to use the most natural type of sensory stimulation possible (e.g. natural light, fresh air). A stimulating physical environment activates our deep sensitivity (the vestibular-proprioceptive system) and promotes interaction between physical and mental processes. We should therefore view offices more like anthropogenic spaces and use them to offer a suitable environment for people, who are complex organisms, to develop in. This point of view clearly rejects approaches that seek to continually reduce space in order to achieve spatial efficiency. After all, it makes no sense to demand sufficient space for hens, for example, but not for human beings in schools and offices.

MORE MOVEMENT GETS PEOPLE TOGETHER.

Movement doesn't mean homelessness
Moving between different types of offices doesn't necessarily translate into non-territoriality. People who work in a non-territorial manner can be found in 11% of all companies. A total of 3% of employees work this way, and another 21% could imagine doing so in the future. (1% of Gen Y members work this way; 28% could imagine doing so)

bso study 2013/14 incl. a Forsa survey of office workers



Bernd Fels
Partner at if5 anders arbeiten GmbH & Co. KG

Highly flexible buildings will become obsolete, because flexible users will search for the best environment for their assignments. Traditional office occupancy concepts (everything at the edges, everyone in a row) will be replaced by office landscapes with special personalised solutions.

If everyone is to experience a new work culture, it's important to create spaces that look and feel different than the traditional office environment but are appealing enough to get older employees to try them out. Such an approach must also include spaces that more effectively support (as described in the main study) the various knowledge worker activities of today (concentration, relaxation, learning, creative thinking, networking, collaboration). In this way, employees who enter such spaces immediately begin to feel the way they should for the type of task they are to perform. (See the NEW WORK ORDER study, pp. 36–37). “Architecture can break up rituals by suggesting other forms of movement or creating new territories,” Leyk explains. What's needed are clearly designed spaces that are initially used voluntarily and sporadically by employees, who then eventually begin repeatedly using them on a temporary basis. These spaces should not resemble the familiar “office” or “conference room”.

IT'S NOT ABOUT THE FLEXIBILITY OF BUILDINGS BUT ABOUT FLEXIBLE USE.

Here, the share of building space accounted for by offices can decline and the share of special areas can increase. “Circulation areas, as well as outer surfaces, will also increasingly be used as temporary work spaces in the future,” says Fels. This development can already be seen with mobile freelancers. That's why many freelancers have difficulty imagining a return to the office environment — they don't want to “step back into the ranks”.

If you consider the self-driving vehicles that are already being developed, and which could be used as mobile offices in the future, it becomes clear just how far the radius of a networked work culture could be extended, and how much we need to free ourselves from entrenched ideas of what an office should be like and how work should be conducted.

SPACES SHOULD REFLECT THE CONCEPT OF NETWORKING.

Loose cohesion supported by shared assignments and content, free interaction between individuals with various areas of expertise, coincidental encounters that generate spontaneous ideas — spaces are needed for all of these things. Despite the vast variety of communication channels today, it is wrong to believe that the networked work culture of an agile organisation no longer needs common spaces or emotional ties. On the contrary, networks are strengthened by virtual and physical exchanges. Physical exchanges not only make up for a type of sensory deficit; the use of simple and almost makeshift approaches can turn the locations where they occur into “spontaneous workstations”. That's why it's just as important to consider how one can initiate different types of encounters as it is to decide how work should be organised.

Open space at the World Bank
The 11th floor of the World Bank's headquarters is designed as a single open space. World Bank President Jim Yong Kim and his team all work together there when they're in Washington. The open space is also available for use by senior executives any time they feel like getting out of their own offices.

This setup allows executives to quickly obtain important information from the president or members of his team —not to mention the type of spontaneous support they could never receive when shut up in their offices. The exclusive club-type atmosphere in the open space makes up for the “loss of prestige” that working in one's “own” office entails.

METHODOLOGY & IMPRINT

The NEW WORK ORDER study was conducted by trend expert Birgit Gebhardt on behalf of bso Verband Büro-, Sitz- und Objektmöbel (Association of Office, Seating and Object Furniture) and ORGATEC, the leading trade fair for offices and facilities.

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EXPERT WORKSHOP “Management Styles for the Future” with Dr. Josephine Hofmann and Dr. Heiko Roehl within the framework of the Bertelsmann Stiftung's “Life & Work Perspectives in Germany” expert commission.
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