

OD

INNOVATOR

APRIL 2018

Q2



A VERY SPECIAL
FIRST ISSUE!



BREAKING DOWN
S I L O S

**IS COLLABORATION
REALLY THE
FUTURE?**



BEST BUY
ENHANCES ITS
COLLABORATIVE
CULTURE



EDITOR'S LETTER

WHAT MAKES A PERSON AN ORGANIZATIONAL DEVELOPMENT INNOVATOR?



Welcome to the first issue of OD Innovator magazine, a publication designed to educate and provide the necessary tools to help organizational development and human resources professionals create positive, dramatic changes in the overall effectiveness in their organizations.

OD innovators are those who are willing to push the boundaries in their organizations and to challenge the status quo to create a true culture of success. It's not an easy task, especially when leaders are stuck in an old command-and-control paradigm and often sideline OD and HR—the necessary leaders of this transformation.

However, more organizations are starting to pay attention. Many of them are in pain. They know that the organizational designs that have gotten them to this point simply will not work in a complex, global business environment.

The innovators are investigating solutions, and that's the opportunity for today's OD leader, whether it's in their title or not.

In this initial publication, we've worked to set the bar high in terms of editorial, so that each piece provides insight into best practices you should consider.

The article “Why Classic Organizational Design Fails to Support a Culture of Innovation” is a good place to start because it talks about a similar problem that the military had in fighting Al Qaeda in Iraq. Those challenges—and their solution of building a “team of teams”—mirror those faced by countless businesses today.

To help start the crucial shift away from a command-and-control mindset, look into “Collecting Direct Reports Won't Create a Culture of Success” and “Why You Need to Upgrade Your Accountability System.” Both articles address the root causes behind the failures of antiquated vertical management operating systems and offer insight into the process of moving forward.

The article “Collaboration: The Future of Leadership Development” offers guidelines for how to educate today's workforce to prepare for tomorrow's challenges. And our cover story shows how the Best Buy marketing department successfully embraced a collaborative process to improve not only their efficiency, but also their innovation—achieving results that have gained the notice of the broader company.

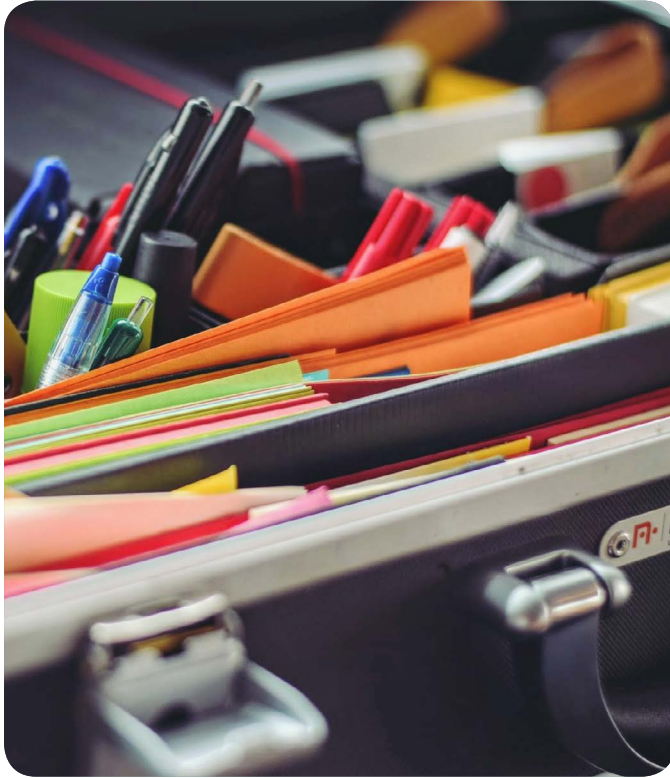
Researching and educating yourself on OD best practices, however, will not be enough. I encourage anyone in an OD role who wants to effect true organizational change to learn from classic sales and marketing playbooks. You have to sell these concepts internally. Hit leadership at their points of greatest pain and offer solutions to their problems. Do some public relations for your efforts throughout the organization, and help leaders understand the risks of not making these shifts or properly training people to work in complex and collaborative environments.

Finally, please share with us your stories of best practices. We've included editorial guidelines for article submission on the OD Innovator website.

Thank you for reading. We encourage you to share your feedback and success stories, and we look forward to advancing the field of organizational development together, one person and one company at a time.

Jason Myers
Editor-in-Chief

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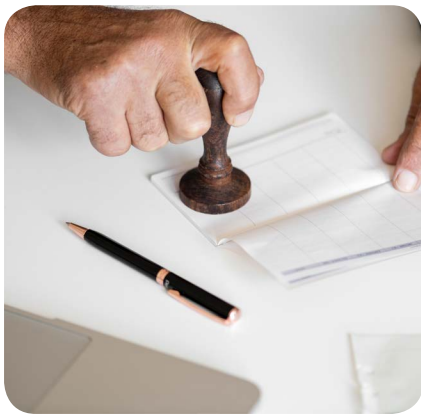
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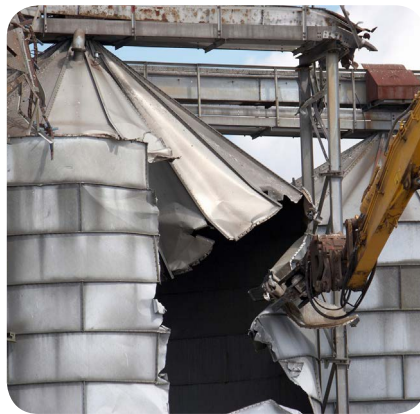
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WHY CLASSIC ORGANIZATIONAL DESIGN FAILS TO SUPPORT A CULTURE OF INNOVATION

Jason Myers, Chief Editor, OD Innovator Magazine

In 2004, the Joint Special Operations Task Force—a collection of the best special operations units in the world—found itself consistently outmaneuvered by Al Qaeda in Iraq (AQI). Despite a 40-year track record of amazing achievements, superior training and funding, the Task Force could not compete against a scattered, local insurgency.

Similar battles are waged daily in Corporate America, as iconic brands and industry leaders struggle to retain market share against a rising tide of small, nimble competitors.

While the advantages of small teams have been well documented, large organizations have the resources and capabilities to tackle massive challenges that would overwhelm a startup. Marshaling those resources and overcoming the inherent inefficiency that hamstrings most companies over a certain size, however, requires a completely new mindset.

General Stanley McChrystal addresses this organizational evolution in *Team of Teams: New Rules of Engagement for a Complex World*. He recounts how the U.S. military had to shed its command-and-control structure to take on a 21st-century enemy.

Private-sector organizations need to do the same.

NEW RULES IN A NEW ENVIRONMENT

After a year of losing to an unconventional enemy, McChrystal and his colleagues began to study, and to understand, their opponent. Whiteboard diagrams—a staple in military and corporate boardrooms—revealed a chaotic tangle of networks “in place of the straight lines and right angles of a military

command.” Moreover, Al Qaeda’s actions on the battlefield correlated more closely to these loose connections than to any familiar, organized hierarchy.

The Task Force represented a world-class, 20th-century organization, one that had mastered the efficiency principles of Frederick Winslow Taylor. An established hierarchy, adherence to strict standards, and ample resources had effectively overcome myriad threats in the 1900s. But as a product of the 21st century, Al Qaeda had the upper hand.

First, members of Al Qaeda did not follow a standard *modus operandi*. Working in the traditional region of Fallujah, operatives donned tribal robes, sponsored festivals to celebrate Islamic culture, and infiltrated ruling councils. In the city of Baghdad, agents wore street clothes and drove vehicle-borne explosives through traffic. Secondly, the organization did not rely upon a traditional hierarchy. Despite the loss of multiple ranking leaders, Al Qaeda continued to operate, unfazed, instead of devolving into anarchy.

Interestingly, the organization’s unusual, yet undeniably effective, structure appeared to have evolved through adaptation instead of deliberate design. As digital natives, Al Qaeda’s operatives used technology to recruit, unite and mobilize those who supported their cause.

As Gen. McChrystal writes, “It was more than just chat rooms and YouTube: AQI’s very structure—networked and nonhierarchical—embodied this new world. In some ways, we had more in common with the plight of a Fortune 500 company trying to fight off a swarm of start-ups than we did with the Allied command battling Nazi









Germany in World War II.”

AN OUTDATED OPERATING SYSTEM

The Task Force studied their failures, their whiteboards and their surrounding environment, trying to understand why their superior resources proved ineffective against Al Qaeda. Finally, they realized their limiting factor, or *limfac*, the one element that stymied their success: their approach to management.

The command-and-control structure, in which each manager oversees the completion of discrete tasks, no longer works in today’s complex world. Common to militaries and most industries, this operating system revolves around the pursuit of efficiency, extracting the greatest result from a minimal investment of time, energy or money. Such reductionist planning relies upon highly efficient execution of specific, repeatable processes on a large scale. Recent advances in technology, however, have made the 21st century faster, more connected and less predictable.

Trying to overcome modern challenges—

from a dispersed terrorist organization to a Silicon Valley startup—with an outdated operating system only leads to continued failure. And yet, countless private and public organizations attempt to do exactly that when they restructure (usually at the suggestion of a big consulting firm) to solve their problems.

Simply put, what used to work won’t work now.

CULTURAL SHIFT: BEYOND THE BOXES

In *Team of Teams*, Gen. McChrystal describes how the Task Force had to do more than adopt new tools and tactics; they had to embrace an entirely new mindset. “Almost everything we did ran against the grain of military tradition and general organizational practice,” he writes. “We abandoned many of the precepts that had helped establish our efficacy in the twentieth century, because the twenty-first century is a different game with different rules.”

Cathy Cassidy, managing director of the Matrix Management Institute,

encounters these same challenges on a daily basis in the private sector. Business leaders turn to management experts and consultants, many of whom gained their experience in the late decades of the 20th century. By this time, the limitations of the efficiency-first hierarchy had already emerged, as demonstrated by the failure of Matrix Management 1.0, which embraced dual reporting.

And yet, most of the management literature continues to focus on traditional organizational design, as represented on a classic org chart.

“Organizations in the 70s and 80s were different,” says Cassidy. “They weren’t as global. They weren’t as complex. It only makes sense that, if you’re trying to use a solution that was meant for 40 years ago, you’re not using the most up-to-date methodology and approach.”

Just as the Task Force in Iraq needed to evolve to match the adaptability of Al Qaeda, organizations in the private sector also need to look beyond the traditional hierarchy to address modern challenges.

One company turned

to Cassidy for assistance after spending millions of dollars on an eighteen-month effort to restructure their organization. She met with a leader, who ran a complete line of business. He was concerned because he had to meet his division's sales goals, but sales no longer reported to him.

"We talked about the work, from start to finish," she says. "I asked, 'How do you serve your customer?' It was an interesting conversation because we focused on the work stream and not the reporting boxes.

the Task Force's operations in Iraq as F3EA: *Find* the target; *Fix* the target's position; *Finish* the target and remove the threat; *Exploit* the target for available intelligence; and *Analyze* acquired intelligence. Repeating this cycle allows teams to fine-tune their operations by adapting to the current situation. Industry innovators use a similar process to test new concepts, killing those that don't work and adopting those that do.

Innovation: The New Competitive Equation, a 2015 study of more than 200 global executives published



"At first, he kept going back to the boxes, and I said, 'Let's not worry about the boxes. Let's worry about how things happen.' When we were done, a light bulb went off. He said, 'Oh, this isn't about where people report. It's about getting the job done across the system.'"

Exactly.

MODERN MANDATES: ADAPTATION AND INNOVATION

Thanks to disruptive organizations like Amazon and Google, as well as a growing library of books like *Team of Teams*, the business community is finally starting to recognize the importance of adaptation. The most successful players have a proven track record of innovation, driven by active feedback loops.

Gen. McChrystal describes the process that drove

by the Business Performance Innovation (BPI) Network, found that 79% of respondents rated their companies' commitment to innovation as "very high" or "growing." At the same time, surveyed executives also identified several institutional barriers to innovation, including fear of failure (42%), organizational silos and roadblocks (37%), and organizational structure and resistance to change (30%).

In short, outdated operating systems are preventing organizations from evolving.

PREPARING TO UPGRADE

Organizational transformation does not happen overnight. In *Team of Teams*, two years passed from the time the Task Force identified its *limfac* until its evolution into a network became second nature. While the following recommendations are not quick fixes, they offer a starting point to prevailing in today's market.

Recognize limitations. To move forward, organizations need to make an honest assessment of where they stand. What obstacles prevent them from moving forward? Examining the highest levels will often yield important clues as executives' attitudes and actions set the tone for the larger entity. In many cases, limitations arise from an outdated, command-and-control structure that quashes creativity. An objective evaluation may require outside assistance to provide clear-eyed perspective.

Embrace failure. The world is changing too quickly for companies to rely upon historic systems and processes to generate future success. Today's market requires organizations to "evolve or die." Instead of banking on one or two large, risky initiatives, companies should pursue many small experiments that can produce incremental shifts in

their value proposition. Practiced consistently, this process of learning from failures and incorporating successes will yield significant changes over time.

Take the long view. Many large organizations focus on short-term goals and their effect on stock price. This perspective demands immediate success, penalizing those efforts that don't improve the bottom line. Unfortunately, innovation and adaptation take time. Organizations need to adopt a wait-and-see approach to give new ideas the space to thrive and bear fruit. Over-emphasizing the results of today puts tomorrow at risk.

Like the Task Force of 2004, many companies are using 20th-century systems to operate in the 21st century. Only by adopting a modern mindset can organizations survive and thrive. **OD INNOVATOR**



ORGANIZATIONAL TRANSFORMATION:

REQUIRES MORE THAN CREATIVE CORPORATE SPEAK

Jason Myers, Chief Editor, OD Innovator Magazine

It's no secret that companies sometimes do crazy things. Shows like *The Office* and the comic strip *Dilbert* have become cult classics because they reflect corporate dysfunction with horrifying and hilarious accuracy.

The practice of renaming things is one of the more mysterious organizational moves. Something isn't working, so leadership decides to fix the situation by calling it something else. Casualties frequently include job titles, which may evolve from something straightforward like "account manager" to the colorful "customer success engineer" in a matter of months—often without any operational adjustments to support the change.

Positioned at the nexus of strategy and execution,

organizational development professionals often have a front-row seat to these bizarre customs, as well as keen insight into the underlying issues.

NEW NAMES, NEW THINKING

Sometimes new language stimulates new thinking. When the current terminology triggers habits and behaviors that no longer work, renaming can be a smart move. Specifically, the shift in vocabulary should support positive change by reminding team members to apply an improved approach.

Consider the word "governance." In the not-for-profit world, governance describes the dual responsibilities of trustees or directors to achieve an organization's social mission while ensuring its viability. In some





IDENTIFY GROUND ZERO

OD professionals have a unique opportunity to educate leadership about core issues. They understand the larger business strategy and support implementation through recruitment and personnel development.

One effective method for bringing challenges to light uses experiential learning through working sessions. A facilitator guides stakeholders through the problematic process, such as project management, using a real-world scenario. In the project-management example, team members start the working session by following usual procedures. The controlled environment simulates the pain created by the broken process, allowing leaders to watch the problem unfold. The facilitator then helps the group troubleshoot the issue. Together, participants conduct a root cause analysis, in which they identify the different factors that contribute to the problems at hand. They dig deeper and deeper to arrive at the fundamental flaw, from which the other issues arise.

For instance, project management often suffers from the base assumption that authority is required to get things done. Working from this core belief, all solutions will have an authority factor. Unfortunately, such systems don't support the cross-functional nature of projects,

corporations, by contrast, governance describes a vertical or hierarchical approach to management, in which decisions are handed down without question or collaboration. This latter example describes a situation in which renaming can help drive positive change. Stakeholders may choose to replace "governance" with "steering," for instance, to reflect a more horizontal or cross-functional approach. Changing an organization's lexicon in this manner helps to create a binding commitment to the new behavior, giving team members a fresh start with updated language. In this case, the practice of renaming supports the implementation of a solution to an existing problem.

NEW NAMES, OLD PROBLEMS

More frequently, however, shifts in organizations' terminology fail to deliver the desired transformation. Why? These moves are often superficial, made without investing the necessary resources in exploring, and resolving, the underlying issues. Consequently, the same problems keep occurring; only the labels have changed. It's the lexical equivalent of rearranging deck chairs on the *Titanic*.

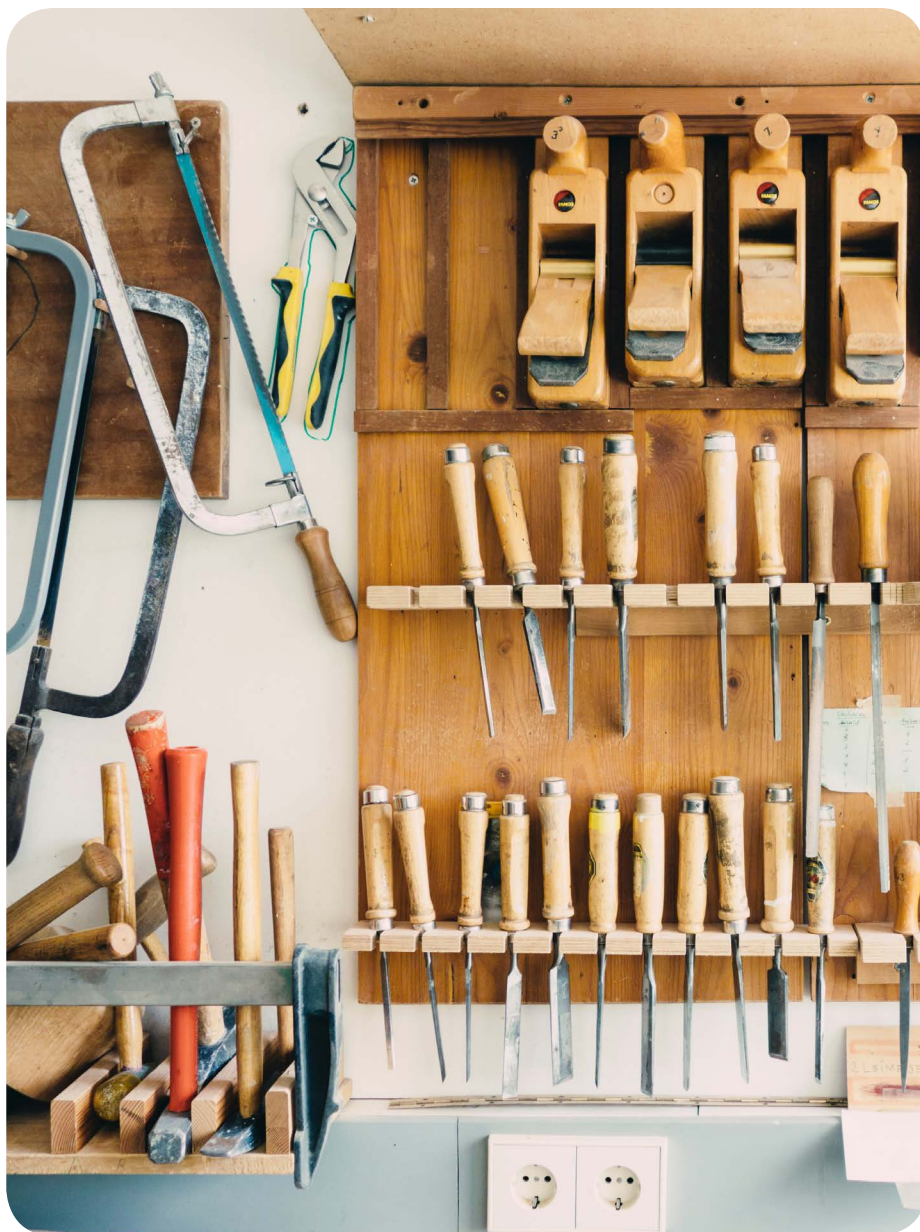
As one example, many organizations have problems implementing

projects, those initiatives that support innovation and transformation. Instead of examining the reasons behind missed deadlines and project backlogs, management might rename "projects" as "initiatives" or "plans" or "special tasks." Organizations change the words they use to describe something, but they don't change the associated work approach. This tactic accomplishes two things: it covers up the symptoms, while freeing people from altering their behavior—at least for a little while. But eventually, the pain exceeds the tolerance threshold, and the cycle continues until leadership finally addresses the root cause of the trouble.

While the practice of renaming problems instead of resolving them may sound crazy, we've seen it countless times over the past two decades. In fact, some organizations make the situation even worse by banning troublesome words altogether, like "plan" and "risk." The leaders involved are often intelligent, competent professionals; they simply don't realize that better solutions are available.

The first step toward meaningful change requires recognizing this verbal shuffling for what it is: a stopgap measure that fails to correct a broken process.

"CONSEQUENTLY, THE SAME PROBLEMS KEEP OCCURRING; ONLY THE LABELS HAVE CHANGED."



which require collaboration and flexibility. Attempting to manage organizational initiatives through a hierarchy that prioritizes individual groups over team performance does not work.

As Albert Einstein said, “We can’t solve problems by using the same kind of thinking we used when we created them.” Fixing broken systems requires acknowledgment of their deficiency and objective analysis of the underlying causes.

PROVIDE NEW TOOLS AND TECHNIQUES

Once root causes have been identified, OD professionals again play a key role in the solution. Training programs can help organizations overcome the primary problems. In addition to educating employees and helping them develop specific skills, training can also transform thinking and move people through a paradigm shift. For example, if authority-based thinking is paralyzing project management, specialized training can help leaders learn how to manage teams without authority. The program starts by reframing participants’ approach to leadership and emphasizing collaborative decision-making, demonstrating why traditional hierarchies

and reporting relationships fail to support the flexibility and adaptability required to succeed in today’s complex world.

Then, training can provide tools and techniques that support the new paradigm. Like carpenters and mechanics, organizations need the right tools for the job at hand. Six Sigma, for instance, works beautifully for helping organizations analyze and improve business processes, but the methodology isn’t designed for project management. Training in collaborative project management provides new skills to support new thinking. Beyond helping team

“IN ADDITION TO EDUCATING EMPLOYEES AND HELPING THEM DEVELOP SPECIFIC SKILLS, TRAINING CAN ALSO TRANSFORM THINKING AND MOVE PEOPLE THROUGH A PARADIGM SHIFT.”



members learn to communicate more effectively, such a program can provide a structured process for fostering collaboration, analysis and consensus.


ENGAGE IN HANDS—ON APPLICATION

As every OD professional knows, training only goes so far toward changing a person's behavior, especially when attempting to override deeply ingrained habits. Where possible, combine skill-based training with hands-on working sessions that allow employees to use their new tools and techniques in real-world situations. Applying training concepts to an actual business situation allows people to engage with the course content in a meaningful way, helping them to learn and absorb it. Seeing the benefits of training firsthand encourages employees to continue practicing their new skills, an important step toward sustained change.

Coaching can also reinforce training and improve the long-term impact. After completing a program, employees speak with a coach and ask questions about how training concepts apply to their work. These follow-up conversations provide an additional level of accountability and incentive for people to practice what they've learned.

FINAL WORDS

Shakespeare wasn't an OD professional, but he was definitely on to something with his immortal lines from *Romeo and Juliet*: "What's in a name? That which we call a rose / By any other word would smell as sweet." Conversely, most organizational renaming fails to fix broken business practices.

But today's OD professionals have the opportunity to facilitate meaningful organizational change. While they have long had the perspective to help address such challenges, these leaders now work more closely than ever with—if not part of—the C-suite. A strong voice and innovative training resources are all it takes to stop the madness of renaming.  INNOVATOR

OD TRAINING ENHANCES COLLABORATIVE CULTURE OF **BEST BUY**

Mistina Picciano, Managing Editor, OD Innovator Magazine



When tasked with leading development of a new digital capability for electronics giant Best Buy, Marketing Strategy Director Carolyn Solares quickly recognized the need to arm the project team with new skills. The project scope encompassed not only marketing, but also e-commerce, operations, and information technology. The horizontal nature of the work required close collaboration both within the various marketing functions and with colleagues in other departments. To overcome this challenge, she turned to organizational development (OD), which gives people the knowledge and tools needed to effect successful organizational change in a rapidly changing, complex environment.

Several months earlier, she had brought in Cathy Cassidy, Managing Director of the Matrix Management Institute (MMI), to provide collaborative project management training to her immediate team. Watching her team embrace OD principles in problem solving and project management encouraged Solares to approach leadership and request MMI's assistance in training a larger, cross-functional group to support the digital platform development.

"MMI's methodology focuses on high-performing teams," said Solares, who had completed a "train the trainer" program early in her career. "Having an identifiable structure in place empowers team





members and keeps them anchored in the work.” She already had a high-performing team in place, one supported by a culture of collaboration. Intuition told her that applying OD principles would capitalize on these strengths across a broader team.

HANDS-ON PLANNING

In October 2016, Cassidy launched a three-day planning session by introducing the matrix-management concepts of collaborative project management training, anchoring each in the specifics of the project at hand. Team members learned about the tools and techniques in the context of a real-world challenge.

She then guided the group through an interactive planning process that

would drive their efforts in the months ahead. Armed with colorful sticky notes, the team gathered around whiteboards, where they defined the scope and identified deliverables for each stage of the project, across functions. This co-creation process—which engaged all attendees in discussing and debating options to make the best possible decisions—enabled team members to see the project as a whole. Participants not only saw how their individual actions contributed to the final outcome, but they also realized the interdependent nature of their work.

“At a macro view, those sticky notes represented a future customer-facing product, but at a micro view, each sticky note represented someone’s job to do,” said Daniel Peterson, Marketing Manager at Best Buy.

“This leads to clarity, and clarity leads to focus. Enabling talented people to focus is how great products are made.”

In addition, working collaboratively helped the team document the process, which supported decisions about scope, timing, and resources. “When you make decisions collaboratively with all the stakeholders involved, you’re negotiating deliverables in the moment, and it’s a seamless process,” said Cassidy. “Most project leaders know that strong planning gives them the best shot at producing a strategy that’s agreed upon and doable.” For Best Buy, it helped the team secure buy-in and support from others in the organization, as well as gain commitments for each deliverable.



using the co-creation process to map their specific responsibilities and create a fully integrated project plan.

Senior IT Business Analyst Adam Fudge was among those heavily involved in building and executing the project plans. He noted: “Our project impacted many business teams across the enterprise and required numerous systems to deliver a complex solution. The tools and collaboration techniques [provided by Matrix Management Institute] enabled our teams to better organize and execute within the many work-streams required to bring the solution to life.”

MUTUAL ACCOUNTABILITY

Moving the project across departments and functions required clear, proactive communication of deliverables and acceptance criteria. For example, instead of waiting for technical teams to request resources, business teams would ask what was needed, and then confirm the specifics of the request, including what was needed and when.

“We created clarity up front,” said Solares. “We opened the lines of communication to make sure we were in sync. The mutual accountability built more trust, which led to us hitting our timelines.”

LEADING WITHOUT AUTHORITY

Through the collaborative planning process, eight distinct sub-projects emerged, with 50 to 100 people working on the project at any given time. The complexity of the moving pieces required additional project structure. Sub-project leaders stepped up to maintain momentum within and across work-streams.

Senior Marketing Manager Mariona Belles led multiple sub-project teams and actively used the Matrix Management tools. “The collaborative tools we incorporated helped us to bring the teams to a different mindset and elevated the quality of the teamwork,” she said.

This example demonstrates a key principle of matrix management: leadership without authority. “Successful operation in a matrix is not driven by level or by function,” said Cassidy. “You simply need someone who can engage stakeholders across the organization, who has the right tools and skills from a facilitation perspective.”

A SMOOTH LAUNCH

The new digital offer platform launched in March 2017, five months after the initial planning sessions. The team anticipated and planned for a number of operational and technical challenges, but no one was prepared for the relaxed atmosphere during the rollout.

“I don’t think the teams fully believed their efforts to manage risks would actually work,” said Solares. “They kept waiting for the other shoe to drop. But it never did.”

MAINTAINING MOMENTUM

After three days, the Best Buy teams had developed the framework of an integrated plan that showed how the project would progress across the functions during the months ahead. Seeing the concrete results of applying MMI tools inspired participants to continue using them.

“THE COLLABORATIVE TOOLS WE INCORPORATED HELPED US TO BRING THE TEAMS TO A DIFFERENT MINDSET AND ELEVATED THE QUALITY OF THE TEAMWORK”

- MARIONA BELLES, SENIOR MARKETING MANAGER, BEST BUY

A COHESIVE PLAN

The teams spent several weeks refining the milestones and sub-project plans. While Solares stayed actively engaged, she served more as a facilitator and coach than as a traditional project manager. The teams continued

The smooth launch resulted in the Marketing Executive Team recognizing the project team with the Q1 Team Choice Award. In addition, many team members ranked this collaborative work among their top achievements in 2017.

Marketing Manager Russ Uecker worked on the project team and continues to support the capability. “I have had the opportunity to work on many different projects, but I consider this one of my proudest accomplishments,” he said. “Launching a new capability in an established company like Best Buy can be a challenge, but the work put in by each member of the project team made this the smoothest launch I have ever been a part of. That smooth launch led to exciting questions of future capabilities from teams instead of questions of process change.”

LESSONS LEARNED

In addition to facilitating a successful platform launch, using the MMI tools and techniques yielded several key insights with long-lasting benefits.

Projects vs. Processes. Initially, the marketing team approached the digital platform project like a marketing campaign, which also involves cross-functional collaboration. These familiar endeavors, like other repeatable processes, have defined stages, and the people involved are familiar with their roles and responsibilities. However, the Best Buy team quickly realized that this proven process did not apply to their current project, where they were building something new. They needed to bring a fresh perspective to the current challenge. “Companies execute strategy through projects, which create a unique deliverable,” said Cassidy. “This new platform was driving a piece of the Best Buy strategy. Once the team identified this as a project, they could apply the right tools.”

Departmental Collaboration. One unexpected, yet natural benefit of using the tools was greater collaboration within each corporate function. Embracing the training concepts in their daily work made employees aware of how cross-functional their individual departments were. In Cassidy’s experience, “There’s always a handoff. A lot of people think, ‘We’re all in marketing or engineering or sales, so we’ll work well together,’ but at a corporate level, these departments are big enough that specialization makes them cross-functional.” Consequently, OD principles can have a significant benefit on an organization’s effectiveness when applied at the departmental level.

Essential Skills. Perhaps the greatest value that Best Buy realized lay in the wide-ranging applicability of the collaboration skills. As the project progressed, team members saw how the tools and techniques applied universally, regardless of their department or role. The MMI training provided the framework and vocabulary for advancing the project across functions.

“This particular project happened to be driven by marketing,” said Solares, “but it could have been owned by e-commerce, operations, or digital technologies. The work is becoming so fluid that the skills transfer across departments.”

Solares considers OD and the MMI methodology a vital complement to traditional project management. The collaboration tools and process shift focus from each department’s responsibilities to a larger, shared goal. These skills became especially important when undertaking a new project that will drive future business processes. “We already knew how to collaborate in running our core business,” she said. “The MMI tools allowed our teams to bring that collaborative spirit and efficiency into new initiatives as well.”

Since launching the new platform, Cassidy has returned to Best Buy to provide project leadership training to 25 more employees. And participants have responded enthusiastically to the training and tools. Solares notes, “A project doesn’t have to be massive for teams to feel empowered and to unlock value for the organization. We continue to see that.” **OD INNOVATOR**

“I HAVE HAD THE OPPORTUNITY TO WORK ON MANY DIFFERENT PROJECTS, BUT I CONSIDER THIS ONE OF MY PROUDEST ACCOMPLISHMENTS. LAUNCHING A NEW CAPABILITY IN AN ESTABLISHED COMPANY LIKE BEST BUY CAN BE A CHALLENGE, BUT THE WORK PUT IN BY EACH MEMBER OF THE PROJECT TEAM MADE THIS THE SMOOTHEST LAUNCH I HAVE EVER BEEN A PART OF. THAT SMOOTH LAUNCH LED TO EXCITING QUESTIONS OF FUTURE CAPABILITIES FROM TEAMS INSTEAD OF QUESTIONS OF PROCESS CHANGE.”

- RUSS UECKER, MARKETING
MANAGER, BEST BUY

COLLABORATION THE FUTURE OF LEADERSHIP DEVELOPMENT

Jason Myers, Chief Editor, OD Innovator Magazine

In 2016, U.S. corporations spent nearly \$162 billion on employee training and education. However, this investment rarely improves organizational performance, a reality experienced by many companies and explored in the Harvard Business Review article “Why Leadership Training Fails—and What to Do About It.”

The failure of training as a change strategy stems from several factors, ranging from ineffective educational methods to corporate environments that undermine implementation of training concepts. Another culprit lies in the fact that many training programs, particularly

those focused on leadership development, emphasize the wrong skills. Nearly two decades into the 21st century, the majority of leadership training relies on concepts established more than a century earlier, when the automobile and radio represented cutting-edge technology.

This article explores the skills—and underlying approach—that distinguish modern leaders.

SHIFT IN MINDSET

Most programs in leadership development emphasize skills to help individuals manage the employees who report to them. These courses are based on outdated management systems that depend upon vertical, authority-based leadership. Such a program is designed to help a sales manager, for instance, learn best practices for leading a sales team. This type of specialized training can be beneficial, but it won't help leaders succeed and thrive in today's complex, collaborative environment.

In identifying and evaluating leadership training programs, organizational development (OD) and human resources (HR) professionals need to look for options that address the horizontal nature of modern organizations. Most business processes have become cross-functional, requiring close collaboration from multiple teams. Not only is it impossible for a single leader to have all the best possible answers, but it is also unlikely that one person will have authority over all participants. Successfully leading teams without control demands both a shift in mindset and the attendant skills to support this paradigm.

In today's environment, effective leadership depends upon mutual partnership instead of authority, and the required skills—which focus on relationship management and collaboration—reflect this fundamental change.

INDIVIDUAL SKILLS

Even though most organizations continue to operate under authority-based management systems, the cross-functional nature of modern workflows creates opportunities for employees at every level to serve as a leader. This situation, in turn, offers OD and HR professionals new possibilities for shaping leadership development programs. Hands-on training in

the following areas can have far-reaching benefits throughout an organization both in productivity and in employee engagement and satisfaction.

Self-Empowerment. Even in companies where leadership stems from authority, control remains an illusion. The old model of empowerment focused on leaders empowering other people. The new model focuses on individuals empowering or controlling themselves, regardless of what lines appear on an organizational chart. Specifically, people can control their attitudes, beliefs, words, tone, body language and, most importantly their actions. Adopting a positive outlook helps people see potential opportunities, even in uncomfortable situations. In a

leadership role, self-management—or being an empowered adult—involves staying open to possibilities and turning one's sphere of control inward, choosing to act in a way that benefits the team and the organization as a whole.

Partnership-building. Modern leaders need to excel at building partnerships, win-win relationships between empowered adults, in which both parties are equals. Reliance on partnerships represents a dramatic shift from traditional business relationships, where one party wields power over the other—such as a customer over a supplier, a manager over a direct report. Shifting to a partnership removes resentment and engages both parties in finding the best possible solution.



Effective communication. Not surprisingly, communication skills have become more important than ever. Leaders need to master the art of conveying information—online and in person—with colleagues at every level of the organization. Open, honest dialogue plays a key role in building trust and establishing partnerships; it also determines the success or failure of accountability systems. Communication helps create a culture of success at the start of a project, as both parties agree upon scope and deadline. Maintaining open dialogue throughout the endeavor keeps team members informed and allows early intervention when problems do arise.

Flexibility and agility. Today's world is changing at an unprecedented pace. Leaders can no longer rely on past approaches to navigate present conditions. Instead, individuals must be able to analyze challenges with an open mind and make decisions under rapidly changing circumstances. Then, they need to implement, assess, and adjust those decisions on the fly. By developing training programs that allow participants to practice personal adaptability in increasingly challenging situations, OD and HR professionals can groom leaders who excel at managing complexity.

COLLABORATION SKILLS

Many organizations believe they practice collaboration when they

actually follow a directive, or authority-based, approach to project planning. The process starts with a project leader soliciting input from team members. She creates a plan and presents it to the group for feedback. Then, she adjusts the plan and issues individual assignments, based on their collective efforts.

True collaboration, however, involves all team members in planning and gives ownership to those individuals. Together, they work through a structured process to arrive at a consensus, supported by commitment. Today's complex environment requires leaders who can guide teams using collaborative methods.

Team-building. A leader's first job is to build a high-performing team. Hand-picking a number of stellar individuals doesn't guarantee that they will work together well. The leader sets the tone and establishes the culture of the team in the initial kick-off meeting. Team members are asking themselves, "Am I going to have a say? Is this going to be worth my time? Am I going to get along with these other people? Will this be fun at all?" The team leader answers these questions by her actions in the first one or two meetings. Moving forward, the leader manages group dynamics and builds trust through honest communication and meaningful commitments that support the team.

Facilitation. Even the most skilled individuals do not have all the answers. Consequently, leadership training needs to reflect the fundamental shift from command-and-control to facilitation. Successful leaders apply the full talents of the team to the task at hand by engaging each member in the co-creation process. Team leaders guide group members through structured collaboration whereby they determine the best possible decisions to solve problems, create plans, and produce deliverables through consensus.



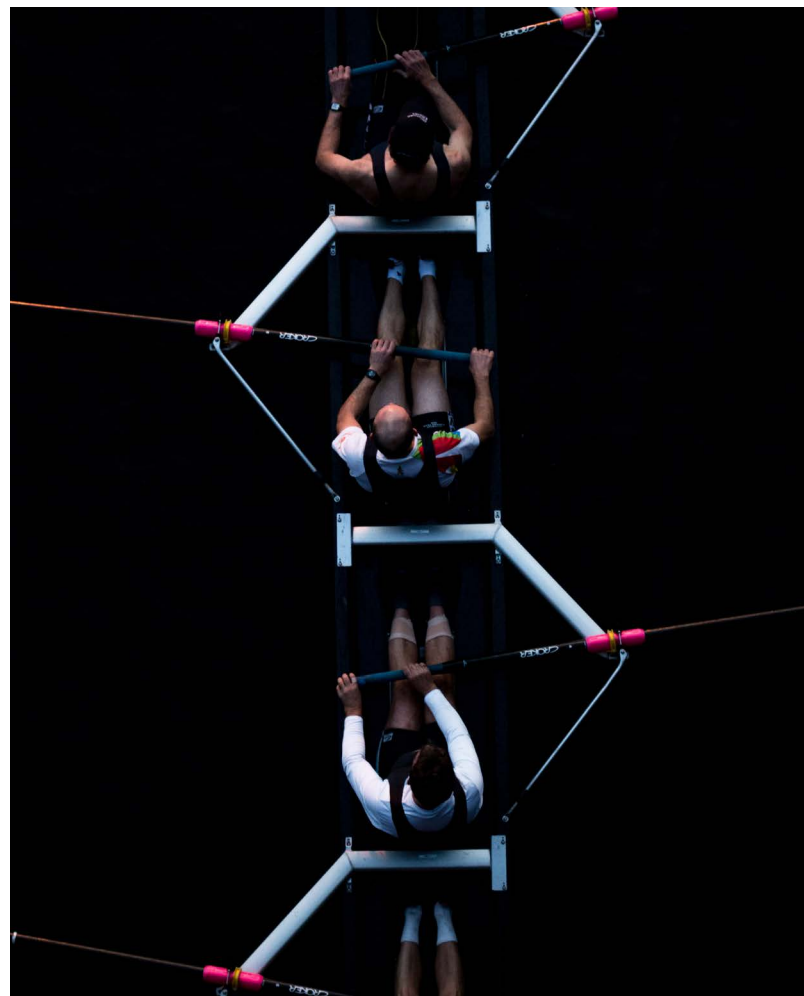
“AS A RESULT, OD AND HR PROFESSIONALS HAVE AN UNPRECEDENTED OPPORTUNITY TO EFFECT LONG–LASTING, WIDESPREAD CHANGE WITH PROGRAMS THAT TEACH LEADERS TO MAXIMIZE TEAM PERFORMANCE THROUGH FACILITATED COLLABORATION.”

Visionary guidance. Often, cross-functional initiatives break down because the individual functions focus on their specific contributions. By facilitating co-creation, team leaders help members see their responsibilities in context, whether as part of a project or a company-wide strategy. Painting the collective vision together puts everyone on the same page and allows teams to create an integrated plan to achieve the desired results.

Shared accountability. Less of a skill and more of a mindset, shared accountability recognizes the need to optimize the collective results over individual performance. The co-creation process helps individuals see how each deliverable affects the other team members, while securing consensus and commitment up front. Each member is accountable to the team as a whole, while the leader has individual accountability for team performance. Everyone sinks or swims together. This proactive approach keeps everyone focused on the shared goal.

The concept that “the whole is greater than the sum of its parts,” attributed to Aristotle, remains as relevant as ever in today’s interdependent environment. The mutable modern world calls for

leaders who can create and harness the power of high-performing teams. Moreover, the collaborative, cross-functional nature of today’s business processes allows employees at all levels to serve in leadership roles. As a result, OD and HR professionals have an unprecedented opportunity to effect long-lasting, widespread change with programs that teach leaders to maximize team performance through facilitated collaboration. **OD INNOVATOR**



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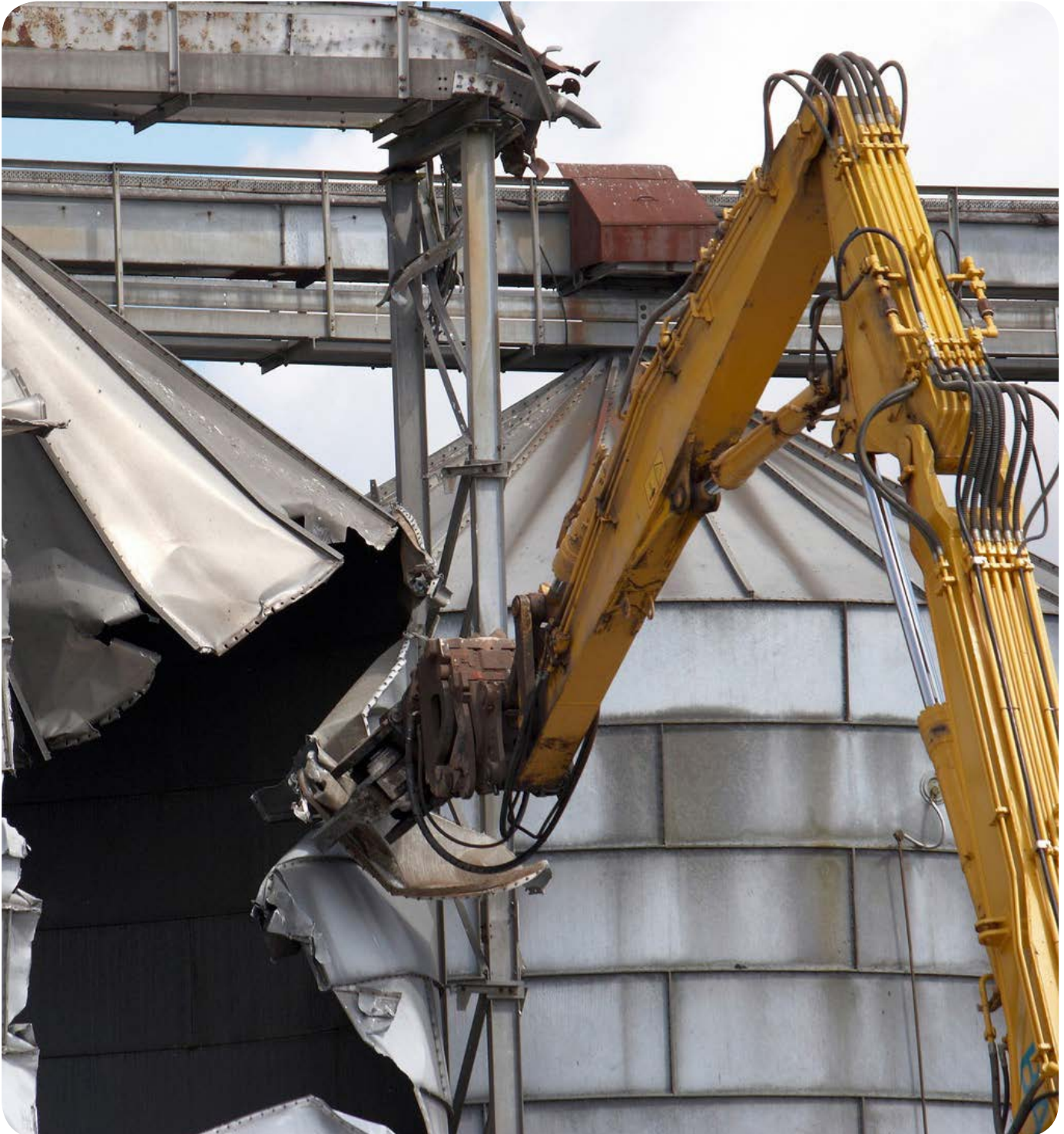
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5 SYMPTOMS OF FUNCTIONAL SILOS AND HOW TO FIX THEM

Cathy Cassidy, Managing Director, Matrix Management Institute



Smashing functional silos has become a rallying cry in management circles, especially during the past decade. The pain points behind this leadership imperative go back nearly 30 years, when Phil Ensor coined the phrase “functional silo syndrome” to describe common challenges in manufacturing organizations. Since then, the crippling effects of workplace silos have worsened, magnified by the disruptive effects of technology, yet many companies are no closer to overcoming these organizational difficulties.

FUNCTIONAL SILOS AND SYMPTOMS

Typically, organizational leaders start looking for ways to break down silos because they’re experiencing one—and usually more—of the following five problems.

Ineffective Strategy Implementation. Vertical silos can hinder the ability to execute strategy. Specifically, each department breaks down the broader

plan into the discrete tasks that fall under its area of expertise. This approach makes practical sense, but it often creates problems. First, these strategic directives must compete with other priorities in each department. In addition, this divide-and-conquer method of implementing organization-wide strategy leads to inefficiency, resulting in redundancies and gaps.

Too Many Active Projects. While business processes drive day-to-day operations, projects or initiatives support innovation and transformation. Initiatives provide the means for strategy execution. Unfortunately, most departments are too focused on daily processes—typically because these tasks drive their performance reviews. Deadlines get pushed back, and the organization falls further behind due to lack of innovation.

Customer Dissatisfaction. Failure to improve business processes results in lost market share as customers turn to competitors that offer a better product, service or overall experience. Even if the independent departments operate well, lack of internal communication and coordination can create a disjointed customer experience. For example, sales representatives from multiple divisions may call on the same client, or the operational team may follow different standards than those set by peers in business development.

Inefficient Operations. Functional silos tend to foster competition between divisions as teams try to outperform one another. Such internal strife hurts the larger company, which depends on the success of all its constituents. Attempts to collaborate—while beneficial to the overall organization—can spark jealousy and turf wars among managers who perceive a threat to their authority.

High Employee Turnover. Employees in organizations that operate in silos often have low morale due to lack of engagement. Individual team members often feel disengaged from the larger organization because they only see a tiny piece of the overall operation. Working on a cross-functional project should alleviate this issue, but these efforts generally prove frustrating as employees



face conflicting priorities, compounded by lack of direction and lack of authority.

RESTRUCTURING: THE DEFAULT SOLUTION

The dysfunction associated with functional silos boils down to competing priorities and lack of cross-functional cooperation. The kneejerk reaction is to restructure reporting relationships in a way that encourages greater collaboration among teams and their members, such as centralizing support functions. Unfortunately, reorganization doesn't correct these problems. This tactic inevitably aggravates the situation by breaking up teams that previously worked together and rearranging them into new silos.

The post-restructure organization suffers from the same issues as before:

- Vertical silos that focus on their limited function, not on the overall success of the company
- Accountability systems that prioritize functional priorities over cross-functional ones
- Interdepartmental warfare as the new divisions compete among themselves

Plus, new complications have been added to the mix:

- Increased employee stress as team members learn their new roles and responsibilities
- Competition over resources as leaders fight for access to team members who no longer report to them

Functional silos do create significant roadblocks in organizations over a certain size, but the silos themselves aren't the problem. Instead, the problems associated with silos come from an outdated management system, the underlying rules that govern how those functions operate.

AN OBSOLETE SYSTEM

With the recent release of iOS 11, many people with older iPhones have experienced sluggish performance, even when opening basic apps. This phenomenon results from developers updating apps to incorporate

new operating system features, which take advantage of technology updates. Users can choose not to upgrade their iOS, but they'll gradually lose functionality as app developers stop supporting older platforms.

A typical restructure is the equivalent of trying to run the latest and greatest apps without updating the operating system. While the new teams and divisions are designed to meet modern business challenges, the underlying management operating system addresses the challenges of the Industrial Revolution.

Needless to say, today's international economy bears no resemblance to the business landscape of the early 20th century. Even manufacturing companies—for which the current operating system was designed—have outgrown these limited rules that prize functional efficiency above all else. The complexities of managing a global economy across multiple regions and product/service lines, compounded by the disruptive effects of technology, require flexibility and collaboration.

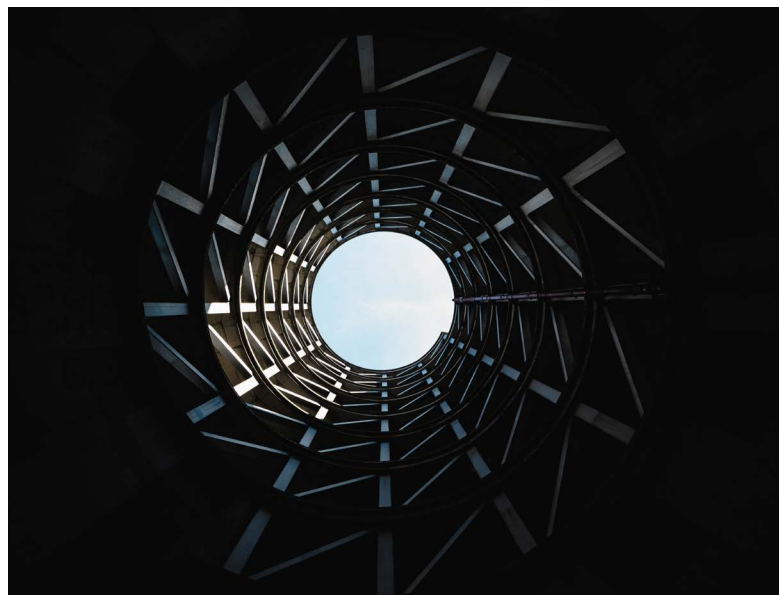
In short, modern businesses need a new operating system.

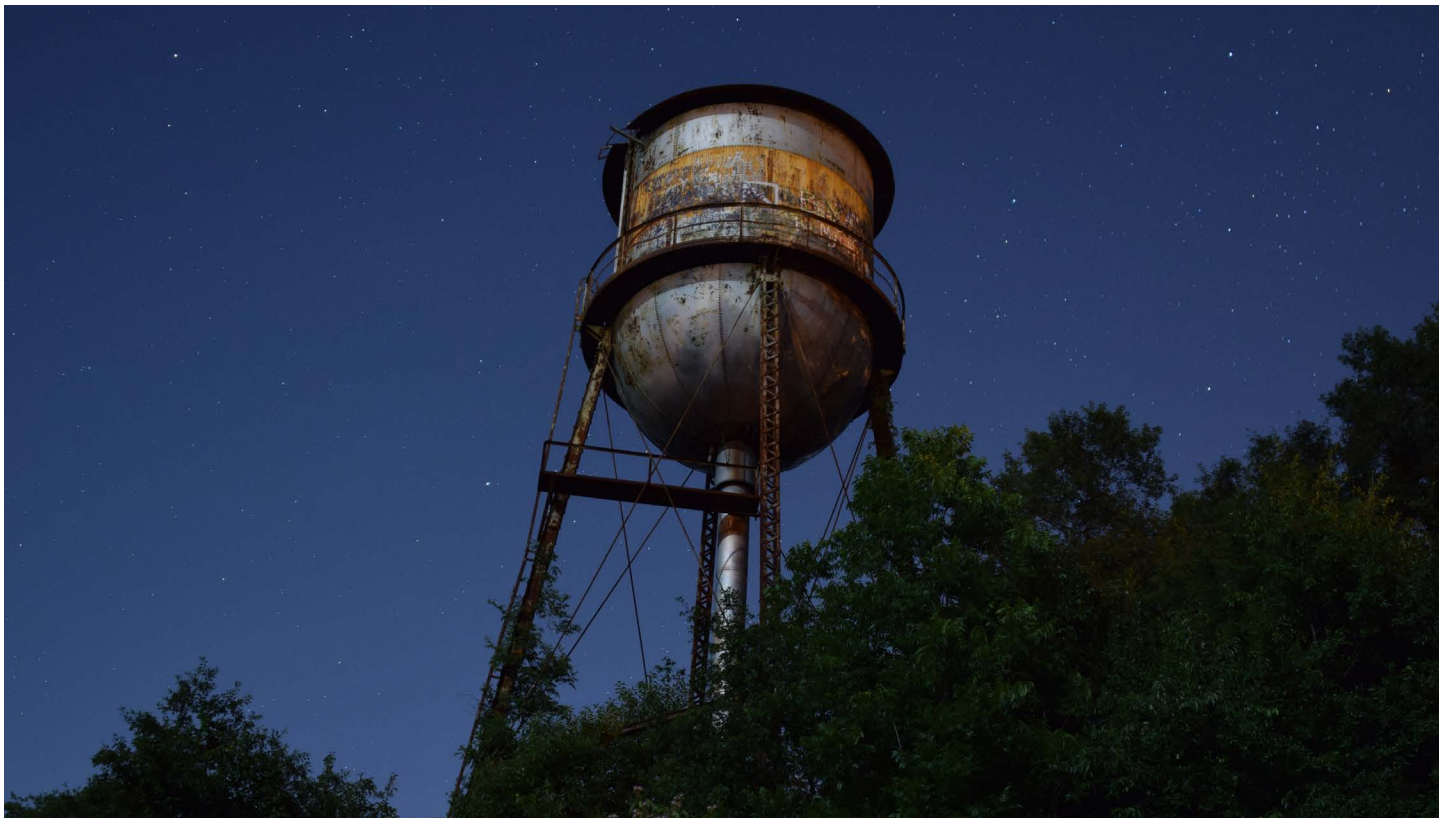
PREPARE TO UPGRADE

Recognizing the need for an operating system upgrade is a crucial first step. That realization opens doors for organizational transformation.

ANALYZE THE HORIZONTAL DIMENSION

Functional silos aren't an intrinsic problem; after all, these groups provide specialized expertise. The challenges arise when an





organization doesn't have a system for integrating these functions. An organizational chart represents the vertical dimension of a company: who does what and the hierarchical relationships of each player. Mapping the horizontal dimension allows a company to track all the players and processes involved with generating products and services and delivering them to customers. Studying these throughputs enables leadership to identify bottlenecks and inefficiencies and, more importantly, to correct these problems.

CREATE CROSS-FUNCTIONAL TEAMS AND SUPPORT SYSTEMS

Because these horizontal processes encompass multiple functions, managing them requires collaboration among these specialized groups. Bring together representatives from the relevant functions, and identify clear roles and responsibilities within the team. These cross-functional groups will drive horizontal integration. To promote collaboration instead of competition, organizations need to create incentives that reward these blended teams for achieving joint deliverables and metrics. Updating the accountability system to emphasize overall company performance and the collective team performance encourages team members

to act on behalf of the larger organization—not solely on their own individual needs.

PROVIDE PROJECT MANAGEMENT TRAINING

Since initiatives, or projects, drive strategy execution, they fall in the horizontal dimension. Educating cross-functional teams in collaborative leadership and planning provides them with new rules and tools to support a modern operating system. Employees learn how to make decisions in a collaborative environment, where all participants—not an outspoken few—provide ideas for discussion and evaluation. Documenting the process helps secure support by demonstrating how the team arrived at the recommended course of action as the best option for the organization as a whole. Effective training moves beyond initial planning to include individual and team accountability and commitment, empowering employees to own and fulfill their responsibilities according to a realistic, agreed-upon schedule.

Functional silos developed as a natural consequence of early management systems. These specialized teams still have their place in modern organizations, but only when the underlying operating system promotes collaboration over competition. **OD INNOVATOR**



WHY YOU NEED TO UPGRADE YOUR ACCOUNTABILITY SYSTEM

Mistina Picciano, Managing Editor, OD Innovator Magazine

Organizations depend upon accountability systems to make things happen. Basing performance reviews upon employees' ability to meet specific goals offers a clear-cut way of rewarding them for a job well done. More often, however, accountability focuses on assigning blame when things don't go well.

Even worse, most accountability systems emphasize individual performance—an outdated paradigm in the modern business

world, which relies on high-performing teams for successful outcomes. In other words, individual employees can nail all their performance metrics under a traditional accountability system, but the larger organization can still lose.

A pharmaceutical company had brought in the Matrix Management Institute to help create and launch a customized training program. Throughout the planning process, the project leader refused to accept

personal accountability for the actual adoption and success of the program. He had no control over other colleagues' decisions to attend training sessions and would not accept responsibility for the ultimate outcome. Without a means of securing training participation, the inadequate accountability system jeopardized the organization's chances of recouping the six-figure investment in developing the program.

This example shows the danger

of using an accountability system that focuses on tasks instead of outcomes. If the system drives individual goals first, then employees will optimize their personal performance at the expense of the organization.

UNCLEAR ACCOUNTABILITY

Another issue with traditional systems is that it's difficult to pinpoint accountability in today's complex organizations. Matrix organizations—typically, any entity consisting of 50 or more people—usually centralize support services like accounting and marketing to serve an array of products and/or services. Companies with multiple locations or that operate in different geographic areas face even greater challenges.

expense of the larger team. Furthermore, this myopic perspective prevents employees from seeing how their actions affect other team members in other departments. Prioritizing discrete components—like the training or IT function—over the overall organizational performance leads to unhealthy competition and inefficiency. Plus, individual accountability doesn't allow for the inherent interdependencies in today's complex world.

A consulting firm, for instance, undertakes an initiative to develop a new client portal. The project team includes a manager who is responsible for producing thought leadership and employee training manuals. Now, her team must also document how to use the



“Here’s where you give me
non-comprehending nods of approval.”

Consider the example of a large service corporation with a national footprint that includes its headquarters, a handful of regional offices, and dozens of branch locations. An account manager who is responsible for overall service delivery to a national client must navigate across the system, at multiple levels, to meet that client's needs. When a responsible party depends on so many other players to accomplish his or her goals, assigning accountability becomes difficult.

FUNCTIONAL SILOS

Within this complex environment, many projects and processes are cross-functional, requiring close cooperation from multiple departments or functions. Most accountability systems rate employees on their personal contributions, which encourages people to focus on their specific job responsibilities—often at the

new system. When the documentation assignment affects the manager's ability to deliver marketing and training materials, she seeks guidance from her boss, whose own performance review depends on timely publication of the latter. Can you guess which project receives priority?

BLAME GAME

As seen above, accountability can be tricky to pin down because of the number of players involved. Compounding this challenge is the fact that avoiding accountability has evolved into an art form in some circles. One executive recalled her days as a site manager, when weekly “accountability calls” taught her that nine excuses would absolve her of guilt. Providing fewer excuses would incur yelling; citing more than nine wasted her time.



Too many organizations follow the demoralizing practice of emphasizing accountability after the fact. Something has gone wrong—missed deadlines, quality control issues—and leadership is looking for a scapegoat. Chances are excellent that no one person or department holds full responsibility, and focusing on blame, rather than solutions, does nothing to prevent similar failures in the future. Instead, this reactive approach to accountability only encourages various forms of deflection, from delegation and finger-pointing to old-fashioned excuses.

A BETTER WAY

The underlying issue comes from the fact that most accountability systems rely on authority. Individuals are held responsible for those people, functions or tasks determined to fall under their “control,” but this system has two inherent flaws.

- A person can only control him- or herself—not the actions of others. A leader can coerce or cajole team members, but each one must ultimately choose whether or not to comply.
- Even when an individual does not have direct reports (and, thus, can control his own actions), this accountability system prioritizes personal performance over the organization’s goals.

Accountability systems need to accommodate the complexities of modern organizations. Since it’s rare for any one person to control an entire process, the authority-based model needs to be replaced by something that supports today’s interdependent world: commitment.

CULTIVATING COMMITMENT

In the outdated accountability model, leadership dictates marching orders to team members, with the expectation that employees meet these commitments. This control-based approach rarely considers competing priorities that might prevent team members from fulfilling these commitments. It does not include proactive planning to address risk assessment and contingency planning. Neither does it engage employees in the outcome of the larger initiative. In short, by failing to provide the tools that people need to deliver desired results, this accountability system undermines its sole purpose of driving successful projects.

Accountability systems need to respect the roles and contributions of each stakeholder, allowing individuals to own the commitments they make. This shift—where employees have an active, empowered role in projects—starts when planning an initiative.

Rather than assign tasks based on an approved plan, leaders should invite team members to build the plan with them. This co-creation process removes the pressure of expecting either one person or a handful of people to develop the optimal solution to achieve a desired result. By involving all stakeholders in planning, teams can arrive at a strategy through healthy debate and consensus.

The leader's role changes from dictator to facilitator. She no longer faces the impossible challenge of having all the right answers. Instead, her job is to encourage all participants to share their insight and expertise. This process generates a wide range of options, which the team evaluates to determine the best course of action. Such collaborative planning allows groups to see, and plan for, the many interdependencies of modern workflows. Team members become aware of how they contribute to the shared vision. This broader perspective helps create a set of common goals and priorities, while the collaborative process enables participants to negotiate deadlines for their respective deliverables, based on capacity. As a result, co-creation secures buy-in and commitment from employees up front; everyone understands who is accountable for what and when.

SHARED ACCOUNTABILITY

Because so many business processes and projects span functions, accountability systems need to reflect this reality. Overreliance on individual accountability is a key failure of traditional systems. With shared accountability, everyone has “skin in the game.” The collective outcome is more important than individual performance, although individuals still retain accountability for specific deliverables. At the team level, members are accountable for the group's collective performance, and leaders have individual accountability for the success of the team. This same dynamic applies to sub-teams: the sub-team leader has individual accountability for that team's performance,


and those members are accountable to the team.

Leaders at every stage need to make it clear at the beginning that everyone shares accountability for team results. Then, they need to create an environment that supports these joint efforts, one that facilitates the following:

Communication. Keeping everyone informed throughout the project lifecycle eliminates surprises. Members should let the team know if they cannot complete a deliverable, if they have time to assist other team members, if they have concerns, etc. Team meetings need to be a safe space where employees can speak openly.

Cooperation. Personal feelings should not interfere with team performance. Each member needs to put aside differences and help his or her colleagues achieve the shared outcomes. After all, everyone's success depends on the team results.

Collaboration. Collaboration does not end with the co-creation process. Throughout the course of the project, team members should continue to share plans, challenges, and solutions. This unified group effort keeps everyone focused on the shared vision and secures buy-in and support at each stage.

While accountability continues to play a key role in organizational effectiveness, today's complex environment requires a shift from individual performance to team-based results. Similarly, leaders' responsibilities need to shift from attempting to manage team members—including those over whom they have no authority—to creating a collaborative environment that supports their collective success. Commitment-based accountability systems offer an empowering model to improve project management and strategy execution, one that engages employees and allows organizations to harness the creative potential of their human resources.  **OD INNOVATOR**

“COMMITMENT-BASED ACCOUNTABILITY SYSTEMS
OFFER AN EMPOWERING MODEL TO IMPROVE
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