ORGANIZATIONAL TRANSFORMATION: HOW TO CHANGE THE TYRES WHILST DRIVING

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Successfully executing “concurrent transformation” is perhaps the most complex and pressing challenge for our clients, and the playbook is being written on the field.

Further complicating the problem is the “speed of consumer” is moving faster than the “speed of business”; technology and culture are also moving at different speeds.

For every business that wants to survive and prosper, learning to “change the tyres while driving” is imperative to maintaining business-as-usual while undertaking evolutionary large-scale transformation.

Fortunately, brands needing to master concurrent transformation have a blueprint in the form of early project management and Skunk Works operations that subsequently found their way into software development. A more contemporary inspiration can be found in Apple, which inherited the Lockheed gene. These two companies represent strategic decisions about how to assemble and structure teams, and design their workflows.

These ideas for transformation – lean, agile, iterative, MVP (minimum viable product), prototyping, incubating, call it what you will – are ready to make an impact on wider business practices, as long as they are aligned with complementary structure and staffing practices. And it’s possible to create the conditions for the two types of mindsets needed to perform concurrent change, which we describe as pirates and gardeners (more on that later).

These emerging rules for concurrent transformation are especially relevant to how brands redefine the way they create and fulfill their stories with a changing consumer.

Maintaining the business as a going concern, while still embracing game-changing or groundbreaking innovation, is more important than ever. In the United States, the average lifespan of an S&P 500 company has dropped from 60 years to 15 years since 1950.¹

¹ Based on a seven-year rolling average.
Research conducted by Professor Richard Foster from Yale University.
Skunk Works

Not all technology stories start in a garage.

In the 1940s during World War II, aerospace company Lockheed set up an incubator in a circus tent next to a plastics factory. The initiative was called the Lockheed Advanced Development Projects Division, alias Skunk Works. Inside the tent, a select team of designers, engineers and others were fast-tracking the development of the P-80 Shooting Star fighter jet – in secrecy.

The foul smells from the factory helped give the workers the name “skunk works” – a name still owned by Lockheed today and representing a bigger idea – the P-80 was designed, built and delivered in just 143 days.

Today, the bigger idea of creating “breakthrough technologies” that is implied in Skunk Works can be applied to high-priority R&D or innovation at large organisations, featuring small teams taken out of their normal working environment and given exceptional freedom from the organisation’s standard management constraints.

At its heart, the Skunk Works concept is a strategic idea about the importance of creating the right environment and conditions to achieve innovation at speed.

Skunk Works has been a very influential idea across many fields of business but especially in technology and software.

Half a century on, the Skunk Works spawned numerous successors. It influenced IBM, which adopted them to help it break from mainframe into personal computing. Steve Jobs used the philosophy to “hothouse” the development of the Macintosh computer behind the now-demolished Good Earth Restaurant in Cupertino. And of course, today Google has its X Lab.

The ideas have a natural home where technology transforms business. They may go on to mutate and multiply inside the world of software development and technology consulting.

Thus we refer to Lean, Agile, Iterative, MVP, prototyping, and many other related innovation models that are all inheritors of the Skunk Works gene.

Indeed, the applications of these models and the concept of the company “lab” has spread far beyond the world of software and into a much wider business and branding practice.
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MECHANISTIC VS HUMANISTIC TRANSFORMATION:

Or, what we can learn from the birth of quantum physics

Every few years since 1911, the world’s leading scientific thinkers have gathered at the Hotel Metropole in Brussels to solve the pre-eminent open problems in both physics and chemistry (from 1922).

Perhaps the most significant of these meetings, known as the Solvay Conferences, was in 1927 from which quantum physics emerged, with key players Albert Einstein and Niels Bohr debating the philosophy and the mechanics of this new field of physics.

The ideas spawned by this conference were of a vastly unknowable, uncertain but interconnected world where everything was related. The abstract and potentially limitless impact of this new system of information flowed through the next century of science, of computing, of philosophy and eventually, of management and organisations.

The old engineered world of the industrial revolution and its command and control and cause and effect had taken many decades to create the ideas of scientific management. These still remain as legacy ideas in businesses such as Porter’s generic strategies for business advantage.

The new humanistic world proposed a world of networks, of connections, of systems and human potential moved far more rapidly into use. In politics, it created a shift from parties to movements; in spiritual life, from churches to new-age consciousness and environmentalism; in philosophy post-modernism.

In the corporate world, once radical ideas about the importance of people, culture and motivation are now widely accepted. As modern organisations have grown larger, more complex and dense, we are learning to use these ideas to engage collective intelligence, to share responsibility, and to work from the ground up to promote collaborative innovation.

1927, Hotel Metropole, Brussels, The Solvay Conference resulted in the birth of quantum physics and built on a series of societal changes which influenced scientific and management thinking, some of which still reverberate today.
Do You Need Pirates or Gardeners?
The Golden Choice of Managing Concurrent Transformation

Ultimately both of these little histories – Skunk Works and the Solvay Conference of 1927 – are stories of transformation, and they inform how leaders today should structure the choices they make when pursuing transformation.

The choice between pirates and gardeners lies in knowing the type of innovative transformation to pursue.

**Gardeners**
When your focus is on incremental innovation, constant small improvements, and new ideas that protect current customers and market share, you need gardeners.

For most organizations, having gardeners is and should be their biggest effort.

Gardeners foster incremental innovation and improvement in the steady state. They enhance core business by working through people and, most critically, through seeing and nurturing the whole system.

Bringing about incremental change means nailing process, involving the whole organization, knowing what are the important business challenges to solve, having an outlet for ideas and a transparent mode of decision making, ensuring that ideas are prototyped leanly and rapidly, simplifying and sticking to a few key themes.

**Creating the Environment for Gardeners**
- **Have a strategy and provide a sense of direction around which to improvise.** A gardener lets a garden evolve naturally but within an overall plan or framework. Define your objectives and boundaries. At least start with a concept of what “beautiful” looks like, even if this concept evolves.

- **Define your rules.** One person’s weed is another person’s plant. Set up rules for what can be laid down and be prepared to adjust this as time goes on. Sometimes things need to be removed altogether, sometimes merely pruned.

- **Prepare the space and plant the seeds.** Gardens don’t grow on their own, and neither do ideas or conversations. A place must be set aside for ideas and conversation and seeded with thought-provoking questions.

- **Tend and water.** Particularly as the seeds of ideas and conversations take root they require constant nurturing and protection. Only once the roots are established can the gardener let nature take over. The best plans in the world don’t amount to anything if nothing is allowed to take hold and grow.

- **Gardens are communal.** People may bring things to the garden that the initial design never intended. Be open to new ideas and be prepared to experiment in small side-plots. Let nature take hold but continue to guide it. Continuously step back and take it all in, and let definitions of what’s beautiful and desirable versus what needs adjustment to evolve.
Pirates

Transformation driven through breakthrough innovation requires pirates. Breakthrough innovation creates new businesses and often upends hierarchy inside and outside a business. Working outside the system is necessary for breakthrough innovation to achieve results, which is where pirates come into play.

Breakthrough innovations can change an entire industry sector and therefore breakthrough transformation pushes organizations into the unfamiliar. Often the best place to start is by bringing together unfamiliar teams. These special and unfamiliar teams need stretch goals and intelligent constraints and then the freedom to secede from the main operation and set to work.

How Pirates Work Best

- **Let the captain run the ship.** Give the Skunk Works manager autonomy from the normal company running.

- **Select your crew carefully.** Select people with passion who can work fast and intensely and do the work of many people.

- **Get a governor’s sympathy and pardon.** Get appointment and authority from board level at minimum.

- **Choose a nimble and fast ship.** Or circus tent. Or restaurant back-room. Get a small office of your own away from the main organization.

- **Run a tight crew.** Keep your pirate team small and secretive. Choose projects that require high innovation, new ways of thinking and rapid development.

- **Empower employees and get them into a creative mindset.**

- **Embrace the rogue mindset.**

- **Promote the concept of “positive disruption” and encourage small rules to be broken – rules that no longer fit with the intent of why those rules were created, or that have become redundant through a changing landscape.**

- **Put the emphasis on rewarding positive attitudes and big thinking.** Move beyond obedience and work effort, and focus on quality over quantity.

Skunk Works projects suit certain personality types better than others. Some people will thrive on the freedom whilst others will not like the perception of a lack of safe boundaries. People with strong expertise in a certain area are ideal. People who are used to strong hierarchical systems and have learnt to thrive in them might hate a Skunk Works project.

**Conclusion**

How are you planning to change the tyres while driving? Are you up for the challenge of concurrent transformation? Can you do it alone?

Do you need a circus tent, a pirate ship, or some gardeners in your plans?

Successfully executing “concurrent transformation” is perhaps the most complex and pressing challenge for our clients.

Knowing what type of innovative transformation is being pursued and making the right decisions about how to approach and manage these choices is the key.

At their heart, the very human, very modern, very esoteric ideas about how to best manage this process have their roots in a deeply technical, scientific, and well established body of knowledge that has already fuelled the first wave of the technology revolution and is set to shape the second.