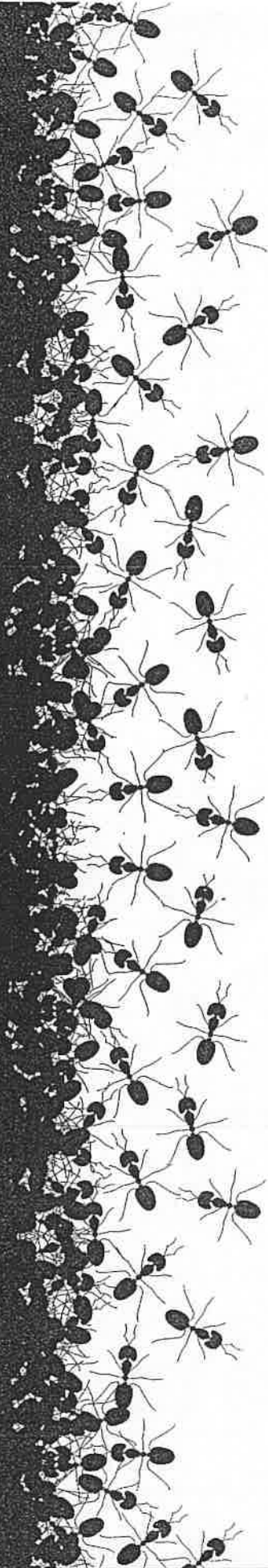


Rebel takeover

Outside of a few crazy tech startups, the traditional corporate hierarchy has proved remarkably resilient. Now, though, rebel thinkers are establishing a stronghold in some of the world's biggest organisations, and they're finally winning

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REBEL TAKEOVER.

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DISRUPTIVE MANAGEMENT ideas such as self-managing teams have been around since the 1950s. However, it wasn't until the 1970s and 1980s that flexible and informal structures really started gaining traction.

Then came the internet. In the 1990s, startup founders were afforded the freedom to design their own ways of running a business – from agile methodologies to the radical decentralisation offered by holacracy.

Over the past few years, rebel thinkers have come to the fore once again. Chief among them is Frédéric Laloux, a former management consultant at McKinsey and author of the 2014 book *Reinventing Organizations*. Laloux argues that the companies of the future will be 'teal', transcending the 'amber', 'orange' and 'green' organisational structures that went before. Teal companies will be hierarchy-free, controlled instead by self-managing structures that provide a space for employees to thrive as individuals. In short, the company would operate 'organically', like an insect colony or cells communicating within the human body.

As Ethan Bernstein wrote in a landmark 2016 *Harvard Business Review* article called 'Beyond the holacracy hype', "If traditional organisations strive to be machines governed by Newtonian physics... then self-managing structures are akin to biological organisms, with their rapid proliferation and evolution." ➡➔



Infiltrating the mainstream

Right now, a real sense of change is in the air. It's being amplified by self-organising movements such as Extinction Rebellion and unlikely leaders such as Greta Thunberg, who use social media to marshal their peers and allies.

For leaders who ache for change, there are some well-known giants' shoulders to stand on. US-based online retailer Zappos is the largest company so far to implement holacracy, which empowers employees to make decisions through self-forming 'circles'.

WL Gore, the US materials science group founded in 1958, thrives on its unconventional corporate structure, which is without hierarchy. Its 'lattice organisation' encourages employees to propel themselves and their ideas towards success. "We do see companies trying to replicate some of what we do, but it's hard to take bits of it and apply them piecemeal, because it's an ecosystem – a truly holistic way of working," CEO Jason Field told the *Financial Times* recently.

The leaders of younger firms are increasingly turning to alternative structures in an effort to meet the demands of a complex, fast-paced

Frédéric Laloux's 2014 book *Rethinking Organizations* has inspired the current generation of radicals, giving Professor Julian Birkinshaw (below) plenty of fresh case studies

and collaborative world. The founders of Seattle-based software startup Valve run it as a completely flat structure without hierarchy or managers. Other examples from the world of tech include Los Angeles-based Riot Games, Stockholm's Spotify and Supercell in Helsinki. These kinds of company eschew the traditional corporate hierarchy, and many are tracked by Dutch duo Pim de Morree and Joost Minnaar – the self-styled 'Corporate Rebels', who travel the world uncovering examples of disruptive leaders.

According to the pair, it's one thing for a startup to experiment with new leadership and management models when it has the advantage of a blank canvas and a small team, but it's quite

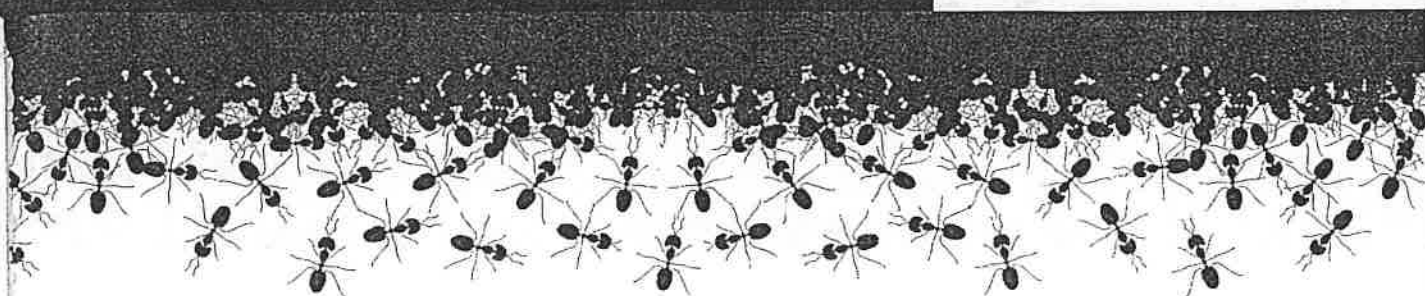
another for an established company to transform itself.

"The experience must be different. Both approaches have their advantages and disadvantages," says Minnaar.

Living the change

Professor Julian Birkinshaw of London Business School studies these disruptive leaders. He cites ING Bank in the Netherlands as an ➡





10 ORGANISATIONS WHERE YOU'LL SEE RADICAL MANAGEMENT IN ACTION...

1. Zappos

The US-based online retailer implemented holacracy in 2014. CEO Tony Hsieh argues that this system helps employees "take full responsibility for their thoughts and actions"

2. Buurtzorg

The Dutch healthcare startup employs around 15,000 homecare nurses, who work in self-managing neighbourhood teams

3. Futurice

The Finnish digital innovation agency led by Tuomas Syrjänen gives employees full access to all financial information

4. Engie

A third of employees in the French energy conglomerate's Global Energy Management (GEM) trading and services unit now operate under a system of self-management. The change helped to make 2018 GEM's best-ever year in terms of financial results



5. Smarkets

Like many startups, this London-based betting exchange started life with a flat structure, but founder and CEO Jason Trost has tried to maintain and expand this. Self-managing teams, radical transparency and self-set salaries are now the norm

6. Enel

The Italian energy company operates cross-functional, self-organised 'squads' and data-centric ways of working

7. Spotify

Under founder Daniel Ek, employees at the streaming service work in 'squads' that have total autonomy over their projects



8. ING

Having followed the Spotify model, the Dutch bank now sees itself as a big tech company

9. WL Gore

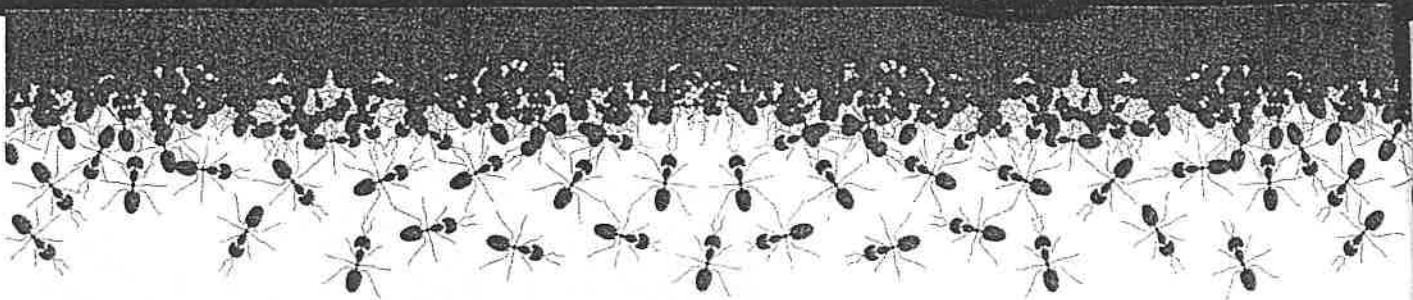
The US materials science group is a 'lattice organisation' where employees propel themselves and their ideas towards success

10. Valve

This Seattle-based software startup has a completely flat structure without managers. (Check out its employee handbook online – it's awesome!)

Clockwise from above: Daniel Ek, Tony Hsieh and Jason Trost have blazed a trail as the leaders of radical organisations





...AND ONE THAT'S JUST BEGINNING: UNITED WELSH



For Lynda Sagona, a radical shake-up of United Welsh's working practices was the only answer to changing tenant expectations

**united
welsh**

United Welsh is a registered social landlord in South Wales, with its 360 staff managing almost 6,000 homes. Lynda Sagona became chief executive in 2016 and quickly embarked on a mission to update United Welsh's working practices.

"We were having a conversation about doing things differently because our tenants expected services to be delivered in the evenings, at weekends and online,

and we were encouraging our people to work more flexibly to deliver that," she explains.

She tasked a project team of 23 employees with researching and reporting back on companies with innovative working practices. One that was particularly inspirational, she says, was Finnish digital innovation agency Futurice, which runs monthly breakfast meetings and pop-up briefings with directors so anyone can ask a question. United Welsh soon adopted both of those ideas. "We cherry-picked what felt right for us, because it's not one size fits all," Sagona explains.

Sagona's project team came back with 14 recommendations, including removing core business hours; getting rid of clocking-in and annual appraisals, and fundamentally changing the relationship between leaders and employees from a parent-child model to one based on trust and autonomy.

"We decided in one day to accept all those recommendations," says Sagona. "That flipped our culture on its head in 24 hours."

United Welsh is now moving towards a flatter structure, salary transparency, financial data that is open to everyone in the organisation, and teams selecting their own managers.

OUT THERE...

The 8 habits of radical organisations, according to The Corporate Rebels

1. Swapping profit motive for a clear set of values
2. Replacing the traditional corporate hierarchy with a network of small teams
3. Favouring supportive over directive leadership
4. Moving from predicting and planning to experimenting and adapting
5. Giving people freedom and trust instead of rules and control
6. Distributing authority, not centralising it
7. Being radically transparent, not secretive
8. Letting people write their own job descriptions



To find out more about The Corporate Rebels, visit corporate-rebels.com

interesting (and inspirational) case study. In 2014, Bart Schlatmann and a team of five were tasked by new CEO Ralph Hamers to help deliver the bank's 'Think Forward' strategy, which aimed to prepare the retail banking business for competition in the digital world. Its most important move was to acknowledge that even a bank must operate like a big tech company.

This revelation led Schlatmann to look at what made agile tech companies successful. He ended up spending time at Spotify's head office in Stockholm – a workplace organised along agile lines with little management and more empowered employees.

The ING team was "blown away" by the Spotify experience, he says, and decided to use it as the template for a new operating model. This includes 'squads' of self-managing, autonomous units working on specific customer-focused projects, plus larger 'tribes', 'chapters' and 'agile coaches'. Following an intensive period of education, training and reorganisation, the new model for ING's retail bank went live in June 2015.

Other established corporates have been inspired too. Birkinshaw has just returned from Rome, where he has been investigating the deep transformation that Italian energy company Enel, founded in 1962, has been going through under CEO Francesco Starace. Since taking the helm in 2014, Starace has committed the company to full-scale digital transformation, with digital thinking infusing all aspects of how the firm is run. That includes introducing cross-functional, self-organised 'squads' and more data-centric ways of working.

"The company is facing radical change, but from the outside the organisational chart looks like a traditional big company. The shift is in the eye of the beholder," explains Birkinshaw. "It's



Above: Ralph Hamers, CEO of Dutch bank ING. Above, right: Spotify's unusual Stockholm HQ

a huge transformational programme," he adds – one driven by megatrends such as sustainability, digitisation, improvements to the quality of work, better products and services, and greater agility.

Birkinshaw is also intrigued by the radical changes inside the French energy conglomerate Engie. Inspired by the concept of holacracy, the company has completely reorganised its Global Energy Management division, with top managers giving up control to self-organising circles (this was encouraged but not mandated).

"It wasn't a huge success but it gave people licence to think differently and work in new ways," Birkinshaw explains. "It created a much more sophisticated view of management."

With experimentation comes the potential for failure. For example, a company may try to disrupt things and then revert to the old ways after a year. "Right now, there's greater appetite for experimentation," says Birkinshaw, adding that this comes as a reaction to the rise of digital-native companies and the growing number of mid-sized, established companies undergoing successful transformations.

Not only do these pioneers serve as practical guides, they also provide a useful challenge to the sceptics who say the old dogs can't learn new tricks. So what's stopping you? ☒