Building the 21st Century Organization

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The musician Jerry Garcia, most famous for his work with The Grateful Dead, was also in a band called Old and in the Way. Having just celebrated my 50th birthday, that name doesn’t make for comfortable reading, but we must accept that it does describe many of our businesses and government agencies.

For example, I recently listened to a panel of senior media executives discussing the future of TV, news and book publishing. What should have been a super-exciting discussion was rather disappointing and a bit defensive, talking about the challenges of digital distribution, the threats of piracy and democratization, and financial models at risk. But this is all through the lens of the same old business models. Meanwhile, I wonder why I can’t yet watch Brad Pitt in a movie, click on his shoes, and buy a pair?

What has happened is that we have sleepwalked into the 21st century with 20th century business models, organization structures, talent, strategies, leadership styles and infrastructures. Whilst plenty of ideas abound, our current business models, assumptions and working patterns are ‘old and in the way’.

The term digital captures some of the imperative to change, but it isn’t enough. The imperative is to reinvent all aspects of an organization to be fit for purpose in the 21st century. We must shed rigid structures and boundaries, slow and inflexible development processes, technology focused on process, the wrong skills, workplaces that suppress rather than unleash talent, economics and mindsets that inhibit new business models, weak and disconnected R&D functions, and outdated assumptions about global macroeconomics.

We need to take a radical, courageous look at each of our organizations, and get them ready for a century that began almost 20 years ago! The Leading Edge Forum proposes that we use a six-part framework as our lens:

The Six Aspects of the 21st Century Organization
Building the 21st Century Organization

1. A proactive, haptic sensing organ. Most businesses are set up to execute on what is, and what is called ‘R&D’ is too separate and weak. In other words, their sensing organs have atrophied. 21st century enterprises need to devote significantly more investment to sensing, and make sure it is more spread throughout the enterprise (rather than being seen as a separate function), more proactive and haptic (experimenting and making rather than just reading and thinking), and its coverage is broader than just technology or just your industry – it should include how macroeconomics are restructuring the world and its industries, how technology platforms and interfaces are evolving, how societal attitudes are changing, and how legal and regulatory frameworks are adapting. LEF’s Xperience Labs and study tours play in this space, as does our recent and ongoing work on machine intelligence.

(To be contemplated while listening to: ‘Are You Experienced’ by The Jimi Hendrix Experience.)

2. An identity and a strategy that make sense in an increasingly digital world, and inspire customers, citizens, staff, partners and other stakeholders. To do this we will need to employ tools like Wardley Mapping to think through where the world is, where it is going, and what place we want and can reasonably have in that world.

(Recommended soundtrack: ‘Who are You?’ by The Who.)

3. An outside-in approach to assets and capabilities that recognizes the importance of tapping in to the Matrix, prioritizes the ability to attract and unleash talent, and recognizes information as customers and assets as sources of value and insight, not just waypoints on the production line.

(Recommended soundtrack: ‘Travelin’ Light’ by J.J. Cale.)

4. A 360-degree digitally optimized portfolio of products and services. Opportunities abound to exploit digital channels, embed digital capabilities in our physical products and services, augment products with digital services, create digital-only offerings, and make digital extensions into markets new to us, even creating new markets. Most businesses have limited or skewed approaches. We need a 360-degree digital view of our portfolios.

(Recommended soundtrack: ‘Are “Friends” Electric?’ by Tubeway Army.)

5. The ability to execute adaptively. We have to embed the notion of being truly adaptive in the way we run our businesses, our operations, our investments. This includes agile methodologies like Scrum and DevOps, but also includes a bigger picture of fluid organizational structure, a proactive approach to transparency, collaboration and relationships. Nassim Nicholas Taleb’s idea of anti-fragility is an important advanced concept here. LEF’s extensive work on BRM plays here, as does Matt Ballantine’s report on collaboration, Who Shares Wins, published this month.

(Recommended soundtrack: ‘The Changeling’ by The Doors.)

6. Value-centric leadership. Specifically, being able to make decisions based on value in a world of volatility, uncertainty, complexity and ambiguity (VUCA). This includes stepping up the basics – like segmentation of investments based on nature of value, risk and duration, and dynamic value management throughout an investment’s lifecycle and benefits realization. But it’s also about mastering advanced techniques needed in a VUCA world, such as platform economics and real option valuation.

(Recommended soundtrack: ‘Money (That’s What I Want)’ by The Flying Lizards.)

Last but not least, you will notice that the customer (or citizen) is at the centre of the model. This represents three things. First, the need to ensure our businesses are truly centred and shaped around delighting the customer. Second, that we may consider evolving all aspects of our business, even what we are in – the constant is the customer. Third, that we involve customers (and other stakeholders where appropriate) in co-creating all aspects of our business.

Going forward, the Leading Edge Forum will increasingly use this model to structure our thinking, organize and focus our research and advise our clients. Our forum in November will be structured around ‘Building the 21st Century Organization’.

Let’s take some courageous steps together to reinvent our organizations to win in the 21st century.

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1. A term popularized by Bob Johansen of the Institute for the Future

About the Leading Edge Forum

The Leading Edge Forum (LEF) is a global research and thought-leadership community dedicated to helping large organizations identify and adopt Next Practices at the growing intersection between business and information technology. We believe that as business and IT become inseparable, virtually every aspect of work and the modern firm will need to be re-imagined, and this creates exciting new digital opportunities.

Through an annual membership programme of research, events, onsite workshops and advisory services, we support Chief Information Officers and other senior digital business leaders in areas such as strategy, organizational change, executive education, staff development and the future of the Central IT function.

Members enjoy personalized access to our global network of thought leaders, clients and leading practitioners.

The Leading Edge Forum is part of CSC. For more information, please visit leadingedgeforum.com.