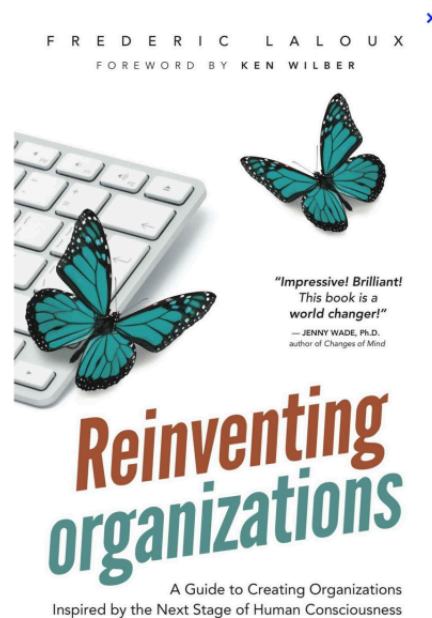


The Agile Warrior

A blog about creating valuable software

Reinventing Organizations – Frédéric Laloux



The following are notes taken from Frédéric Laloux's excellent talk on his new book [Reinventing Organizations – The emergence of a new management paradigm](#).

It's basically a summary of the next way in which we may all one day be working at companies. Watch this if you are into organizational theory, liked [Dan Pink's book Drive](#), and are looking for examples of how some incredible companies today are re-organizing themselves around:

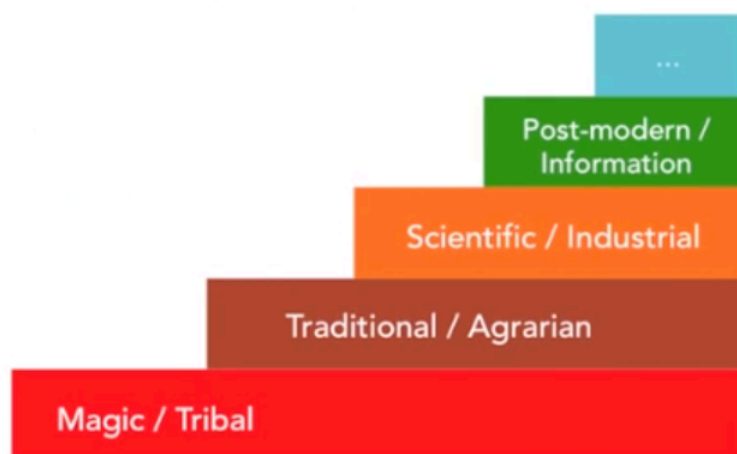
1. Self management.
2. Wholeness.
3. Evolutionary purpose.

Here's the video (1h:42min). Notes below.

There is something broken with the way we manage our companies today.
It feels exhausted. Disengaged employees.
Show up with bodies, but not hearts.
Not just bottom. But leaders at the top too.
They are tired of the rat race.
Tired of the endless meetings, politics, infighting, bureaucracy.
Another tedious budget cycle, targets that need to be hit.
There should be something more.
There is no meaning.
For many corporations this isn't an easy question to answer.
Nurses and doctors, teachers are leaving their professions in droves.
Something new is about to emerge.

Big leaps in human thinking (14:30)

Each stage of human organizational evolution resulted in a new management paradigm.
A new way to run organizations.



Magic/Tribal level

One tribe against the other.
Some modern groups today still do this.
Street gangs, mafias, mercenary armies
Boss needs to constantly inspire fear.

Traditional/Agrarian

World of rules.
Institutionalized religion – god given rules.
Highly stratified caste systems.
Hierarchies.
Invented Catholic Church, armies, government agencies, public school systems

Key breakthroughs
1. Formal hierarchy

2. Replicable processes

By creating the org chart, for the first time the priests can be priest are aren't interested in stabbing the boss in the back.

Means can have large levels of organizations with lots of levels of hierarchy.

And by being able to do long term planning, these organizations were able to do things not previously possible with the other groups.

Long term planning.

Scientific/Industrial

World of enlightenment.

Scientific enquiry.

Constant innovation, optimization, to gain profit market share.

Most multi-national organizations operate from here.

Key breakthroughs

1. Innovation
2. Accountability
3. Meritocracy

All the things we enjoy today are because companies have innovated.

R&D departments. Marketing departments.

In previous organizations bosses gave orders – workers followed.

Here for the first time bosses set targets, people figure out how to achieve.

Management by objective. 360 feedbacks. Budgets. Targets. Annual appraisals.

In all previous organizations Pope was from nobel family. Priests from peasantry.

The best people can rise. Huge liberation.

Organizations as machines. People are cogs.

Post-modern/Information

Now starting to look at the soft aspects.

Cultural driven organizations.

Culture eats strategy for breakfast. – Peter Drucker

Green organizations – Starbucks, Zappos, Ben & Jerry's

If people are happy – everything else will be alright.

Company values are meaningful here.

Fanatical about empowerment.

Pushing decisions to the lowest level.

Moving away from shareholder model, to stakeholder model.

These organizations, like predecessors, dramatically outperform previous levels.

We are a family.

Wolf packs, armies, machines, and now families.

So what's next?

Three breakthroughs for next level

1. Self-management.

2. Wholeness.
3. Evolutionary purpose.

Self-management (37:00)

These companies are able to operate at large scale (10,000 employees) without the pyramid.
Here is a different way to think about hierarchy in organizations that is more truthful.
Hierarchy works OK in environments with low complexity.
But as some as you have complex thinking, hierarchy is out of it's depth.
Hierarchy pushes all the complexity up to the top.
And there is only so much complexity a few people at the top can handle.
The global economy has no boss.
North Korea and Cuba are the only two countries in the world that operate from a pyramid.
We laugh, but this is exactly how we choose to operate of companies.
In this new way of thinking you have lots of structure and coordinating systems – but you don't have a boss.
Morning traffic. Self regulating system.
Single cell. Our brain. Forests. Many examples in nature.
Having bosses isn't natural. Nature has not boss. It regulates itself.
Not how complex systems work.
As world becomes more complex, will have to shift how we run organizations to these principles.
Our pyramids can not cope.
However, if you replace a pyramid, you need to reinvent everything.
Decision making, organizational structure, information flows, meetings, conflict management.
All this needs to be recreated and figured out.

Decision making

Traditionally two ways to make decisions.
Hierarchical decision making or consensus.
Here the boss decides or the group decides.
Boss isn't always right.
Group is long and exhausting – make a decision already!
There is a third way – Advice process.

Advice Process – any person can make any decision (including spending company money) under two conditions.

- 1. They must have sought advice from people with expertise.*
- 2. They must have sought advice from people how will be impacted by the decision.*

Don't need to integrate my decision into watered down consensus.
This works because it's a process of collective intelligence.
But it stays an individual decision. So if I feel strongly about something I can just make it happen. No one can stop me. Every is empowered to do whatever they feel is necessary.
Imagine the kind of energy that liberates.

And it leads to interesting dynamics. Because one of the few ways people can get kicked out of these organizations is if they don't respect their peers advice. And instead just go and randomly make decisions. You are putting whole system at risk.

Who makes how much money

Morning Star (a tomato paste distribution company in the US).

Once a year you write a letter in which you state I grant myself a raise of X% and then you state all the reasons you feel this is justified. 360 degree f/b.

They each plant, elects a committee, which puts all these letters beside each other, and the only thing this committee does is give advice.

Committee gives advice.

All information is public.

And then you decide.

Either you earn the raise or you don't.

People are incredibly good at choosing their salaries.

Forces everyone to grown up.

People don't talk salary here because it isn't an issue.

If you don't like your salary raise it – and see what happens.

All the strategizing, haggling and complaining, falls away.

Everyone is just an adult.

Wholeness

Most organizations there is an expectation that we show up in a specific way.

A professional sefl.

Most orgs push us to wear a mask.

It's become acceptable to show up and work, with ego, and to fight for what we want.

But showing up to work, and asking questions with deeper meaning – isn't.

55:00 Imagine for example the advertizing executive who shows up Monday morning and says:

Hey guys. I want have a really important disucssion with you guys. I sometimes wonder what we are busy with. We are creating all these needs for people, for goods that they don't really need, for goods that get produced in China, pollute the world, get shipped over, used once, get thrown away, trash the planet, and all those people who can't afford them become unhappy. What we are really dealing with.

The person that calls in the meeting proably won't have a very long career.

Same for a doctor in a hospital. We've changed hospitals into these kind of factories and we've forget about what it really truly means to care. The relationship with the client.

What these companies have discovered is that when this is the case, people only show up to work with 1/16 of their abilities. Their hearts, minds, and passions that same for other things. They don't bring these to work.

But those companies that have found ways to align these, are recieving peoples best. And outperforming all others. They have create very deliberate practices to open up this window and tap that energy. Full glory of how humanity of who we are. People here brim with energy because they can be who they truly are.

It's about creating a safe space. When we show up we are vulnerable. So they work hard to create a safe place.

Meetings without egos (1h:00)

At every meeting they have these hand symbols.

When ever he or she feels that some is speaking from their ego, or trying to win an argument for the sake of winning an argument, or serving themselves and their career, or group, someone chimes two bells.

The rule is while the bell rings everyone is supposed to be silent for a minute and ask themselves who they are trying to serve. Am I serving me? Or am I hear in service of something greater.

All these organizations have these meeting practices because meetings tend to be these places where egos tend to come out. Meetings without egos.

This is only possible when people have been trained in active listening, non-violent communication. A whole common knowledge around this.

There is a public school in Berlin that is entirely self-managing.

But what they've really nailed in how to make kids truly be themselves.

One practice they do is they gather every Friday afternoon, for 45min, they start by singing a song (to get everyone in tune). And then they have this practice of open microphone, and the only rule is you walk up to the microphone to either thank someone or make a compliment.

What happens is people tell mini-stories. But actually what they are revealing is things about themselves. Adolescents how go out there and thank their classmates for helping them in all sorts of things.

You have kids daring to be authentic and vulnerable in front of 500 people. This school has no violence problems. Children are just so passionate to learn because they are accepted for how they are. No masks.

Evolutionary Purpose (1:06)

Most companies prioritize making money above most other things.

Most people are cynical about their mission statements.

Most companies hide their competitive advantages from competitors.

No Berjekalen. They did the opposite.

He wrote a book explaining in exact detail how he and his company (who have managed to secure 80% of the market) to each of his competitors.

Because for him, the purpose is not his organization.

It's greater than that.

Market share doesn't matter.

Leadership

In most traditional organizations we believe it is the role of the leader to determine the vision and the strategy. And then some execution plans to get there.

That way of thinking makes sense if you believe organizations are static, inanimate object. Like a machine. You need to program the machine. It's a ship. You need a captain.

But organizations are like living beings.

The organization has a sense of direction.

It's own creative spark about something it wants to manifest.

And our role as leaders is to listen to where does this organization naturally want to do.

And align with that.

None of these companies have a strategy.

They have a very clear intent and purpose.

But everything flows from that.

Most don't have budgets or targets.

Anything they put in the ground, in terms of a plan, is a distraction from reality.

When we try to predict the future, we stop listening to reality.

When we try so hard to stick to the plan we stop listening.

Instead we should have a very clear intent on where we should do.

And then we should listen intently on how to get there and constantly adjust.

1:15 Great story of how Bjorkshallen got into prevention, shared it with the CEO, and asked him if he thought they should change direction. He said I don't know, let's share with everyone else and see if there is energy to support it. Some ideas/innovations flourish. Some don't. The company as a whole decides. If someone wants to drive and champion they will.

Not playing God. Listening to what is happening.

Summary

It might not be crazy to think there is a new way to run organizations. They are built on these three breakthroughs.

1. Self management – can operate without hierarchy
2. Wholeness – bringing our wholeselves to work
3. Purpose – will become central. More about clear intention

I was personally blown away by this talk. I think many of us in the Agile community feel this already. And I am excited to see how quickly these new ideas spread and catch on. I will take years. But I believe the change has already begun.

Cheers – Jonathan

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mudry on [April 7, 2015 at 3:04 pm](#)

I love your notes from the books you read and the lectures you watched.
Keep it forward

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JR on [April 8, 2015 at 5:42 am](#)

Very welcome muddy. It's all fun and part of learning. Glad you enjoy.
Stay sharp – Jonathan

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Thuy Le on [June 29, 2016 at 9:08 am](#)

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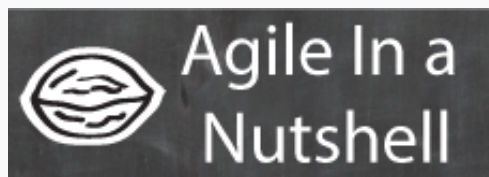


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