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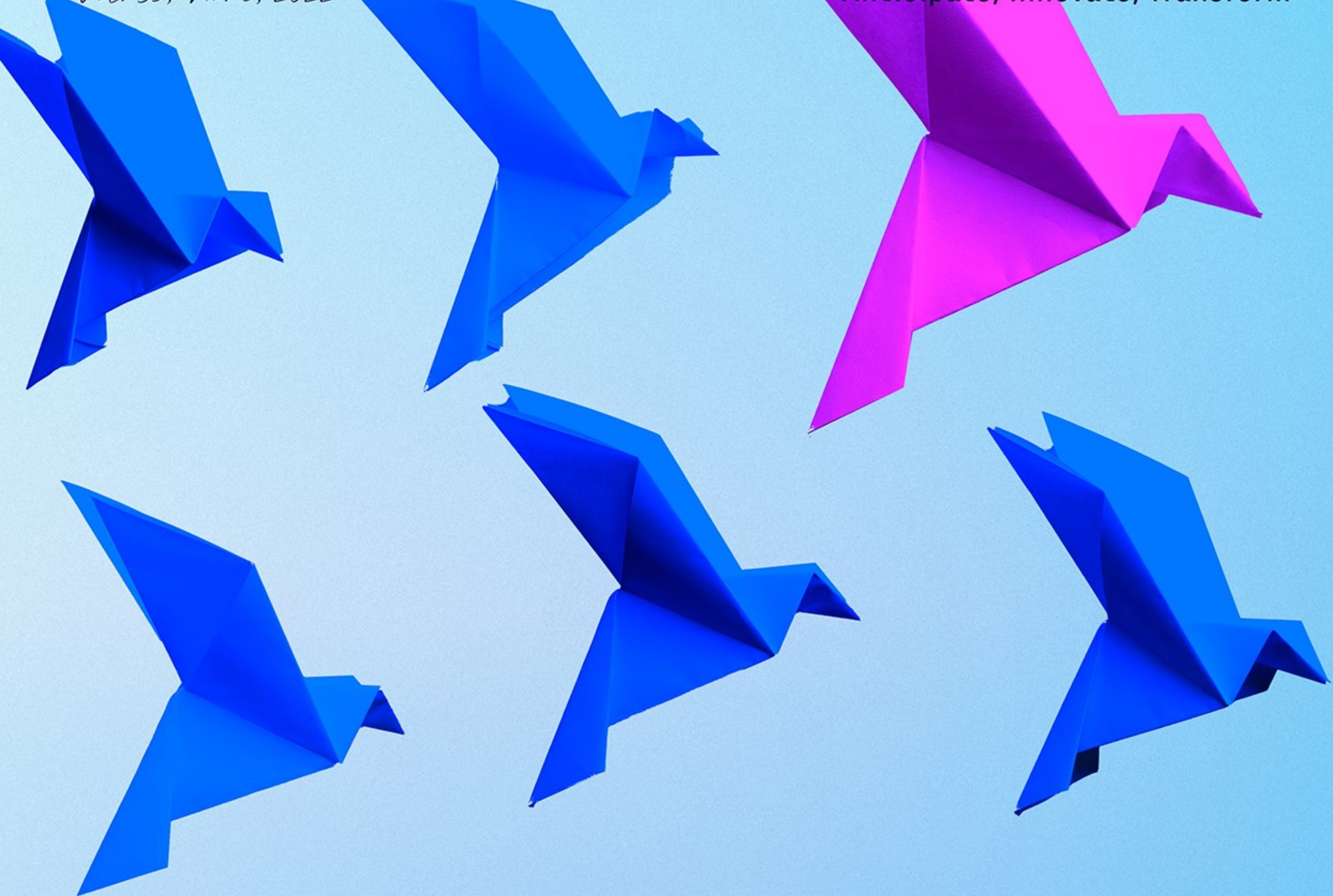
Anticipate, Innovate, Transform



Leadership Skills for the Post-Pandemic Era

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Contents

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Opening Statement

by Jon Ward, Guest Editor

In a recent lunchtime conversation, a colleague and I discussed how adversity stimulates invention and establishes new norms. For example, innovation in motor vehicles and the rapid development of aircraft during WWI was matched by the creation of radar and jet engines in WWII. These examples are visible innovations, yet we were able to observe that management science had similar leaps forward. For instance, scientific management was firmly established after WWI , while operations research and computer science followed WWII.

So what might be management science's legacy resulting from the extreme adversities experienced during the COVID-19 pandemic? In this edition of *Amplify*, our contributors discuss the effects of the pandemic from their viewpoints.

Before the pandemic, developing management theory focused on improving effective teamwork through Agile methodology, and John Kotter proposed the dual operating model organization.[1] Agile teamwork focused on harnessing a team's intelligence, energy, and creativity. The dual operating model combines a vertical hierarchical organization with horizontal value stream–aligned structures to use the power of Agile teams. Both concepts, Agile teamworking and the dual operating model, rely on self-managing teams facilitated by a change in leadership approach involving empowerment, trust, and devolved decision making. (If you are unsure about these concepts, take a look at Matt K. Parker's *A Radical Enterprise.*[2])

Before the pandemic, the dual operating model and self-managing team concepts seemed too niche for mainstream business. Recent events, however, finally dispelled the myth that people must be in the office and constantly supervised to be effective. One result of remote work imposed by the pandemic is that many organizations altered their long-standing operating model to include hybrid home/office work.

The pandemic also disproved the idea that a culture where decision making is the sole right of management is the only way to succeed. During the pandemic, we saw organizations survive and thrive using self-managing teams and devolving decision making. However, as observed in this issue's concluding article, "Trust Equals Productivity, and Other Pandemic Leadership Lessons," organizations that failed to adapt or had a lack-of-trust culture saw lower productivity and higher consequences from the pandemic.

The pandemic disproved the idea that a culture where decision making is the sole right of management is the only way to succeed.

The post-pandemic business environment (which has been defined as "the new normal") has forced leaders to overcome their personal hurdles and adapt. For example, many learned to build teams and trust people working remotely through necessity.

Working remotely did, however, take away our informal communications channels. Some organizations established agenda-free meetings using Teams or Zoom to mirror coffee machine conversations, encourage spontaneous interaction, and build a sense of team. Additionally, organizations found alternative governance mechanisms that could be practiced remotely and could, depending on the levels of sickness, operate even when seasoned leaders were ill or absent. These organizations found that self-managing, manager-less teams could work quite well. Unfortunately, some organizations embraced the self-managing teams concept a little too enthusiastically, resulting in confused employees and a loss of momentum.

Overall, many leaders found they had to quickly unlearn how they had operated over the past 20 or 30 years and adapt to the new normal.

> *Leaders are acutely aware that their behavior has altered to enable and empower the abundance of intellect that abides in their teams in the absence of what were once considered essential individuals.*

Many sources have identified that leaders need a mindset shift from the traditional views to the new ways to become Agile. For example, they are switching their behavior from using the authority of their position to collaborating with their people. With the pandemic becoming less severe, leaders are acutely aware that their behavior has altered to enable and empower the abundance of intellect that abides in their teams in the absence of what were once considered essential individuals. These leaders have also developed comfort in operating in a deliberately changing environment of continuous improvement. They are now accustomed to a culture where the status quo is frequently challenged and have shifted their mindsets from knowing certainty to experimentation, discovery, and learning.

Upcoming Topics

Connecting the Dots with Knowledge Graphs
Michael Eiden

Trends in the Automotive & Mobility Industries
Klaus Schmitz

From DAOs to WEB3: The Promised Land & State of Affairs of Token-Driven Organizations
Michel Avital and Nina-Birte Schirrmacher

In This Issue

In our first article, Erin S. Barry, Neil E. Grunberg, Maureen Metcalf, Carla Morelli, and Michael Morrow-Fox suggest that although none of us would choose a 10-year-old computer for our work today, many executives persist in using outdated leadership models and behaviors. They say leaders who want to elevate their capabilities must start by knowing why they lead, then update their behavioral algorithm using the Innovative Leadership framework.

Next, Bob Galen asks, “How are you showing up?” It’s one thing to talk about new ways of working and cultural change, but the actions of the leader count. Galen suggests that changing yourself is a more decisive action to enable your people. He asserts that culture shaping happens whether by design or not, so it’s far better for leaders to be aware of this fact and act intentionally.

In our third article, Lori Silverman explains how leaders can use stories to create greater engagement with staff. She says that seeking different communication patterns enhances relationship building and reverses stress levels in some team members. Silverman demonstrates how executive storytelling can be used to establish direction and motivate teams.

Next, Al Shalloway’s article outlines how leadership’s focus must switch from the people to the processes — the value streams by which the organization operates. He believes leaders can enhance customer experience, increase innovation, and reduce costs with this approach.

Finally, Cutter Expert Esther Derby, Dave Martin, and Tony Ponton present an interesting comparison between organizations that adapted and those that did not. They also suggest remote governance based on the SEEM model (steering, enabling and enhancing, and making).

This edition of *Amplify* investigates aspects of new normal leadership through several lenses. We hope you enjoy exploring the concepts and perhaps conducting some experiments. Changing oneself is always tricky, yet I find it extremely exciting. What could the new me achieve? What will other people think of the new me? What mountains can I climb, and who can I take with me on the journey?

There’s a saying, “Old keys don’t unlock new doors.” This issue is designed to prompt you to ask, “What could I achieve, and which new door am I prepared to open?"

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[1]Kotter, John P. *Accelerate: Building Strategic Agility for a Faster-Moving World*. Harvard Business Review Press, 2014.

[2]Parker, Matt K. *A Radical Enterprise*. IT Revolution Press, 2022.

Jon Ward is a Cutter Expert and a member of Arthur D. Little's AMP open consulting network. As CEO for Beneficial Consulting, he focuses on the cultural and transformational aspects of implementing Agile. Mr. Ward currently acts as an Agile catalyst, producing significant bottom-line results for software and business change initiatives. Using Lean-Agile techniques, he redesigns target operating models for efficiency and purpose, resulting in high-quality solutions — faster and cheaper — that enable improved customer satisfaction and increased market share. Mr. Ward has been a change management expert for more than 30 years. He believes in contextual Agile. Rather than using one framework or set of techniques, Mr. Ward introduces appropriate Agile ways of working to enable organizations to achieve their strategic goals. This contextual focus may involve tailoring Agile approaches and blending them with traditional techniques; for example, he recently combined benefits management approaches from managing successful programs with components from SAFe and Disciplined Agile. Consequently, Mr. Ward has a reputation for pragmatism and for implementing new ways of working that make a difference. Previously, he was Head of IT for Motorola Communications, Project Manager for Digital Equipment, and Chief Executive for Severn Group Plc. Mr. Ward earned an MBA from Sussex University, UK. He can be reached at experts@cutter.com.

IF YOU LEAD ...

Innovative Leadership: Leading Post-Pandemic & Beyond

by Erin S. Barry, Neil E. Grunberg, Maureen Metcalf, Carla Morelli, and Michael Morrow-Fox

Today's leaders have a more significant impact on the future than in previous eras. Because we live in a globally interconnected world, decisions and actions increasingly ripple across the world and affect the next generation, especially with regard to issues like climate impact. Unfortunately, too many good people who work hard in leadership roles use skills that have depreciated, or are simply outdated. While most of us wouldn't think of using a 10-year-old computer, many of us work with leaders who use the same approach they used 10 or even 20 years ago with mediocre results. Organizations must redefine what effective leadership is and elevate the quality of their leaders to meet current and future challenges. Innovative Leadership offers a framework for earnest leaders to advance themselves and their organizations.

> *The most effective leaders have always been self-aware.*

What Is Innovative Leadership?

Innovative Leadership originates from the idea that we must regularly innovate how we lead as our organizations change in a continually more complex and faster-paced world. When we talk about innovating leadership in more concrete terms, we look at the latest research, trends, global conditions, and the challenges we face. Then we determine how our individual and organizational leadership must change. As with continuous improvement, leaders who follow Innovative Leadership regularly elevate their leadership to meet current and anticipated conditions, challenges, and opportunities.

Drawing from the book *Innovative Leadership for Health Care*:

"Innovative Leaders deliver results by blending:

1. **Strategic leadership** that inspires individual *intentions and goals and organizational vision and culture*
2. **Tactical leadership** that influences individuals' *actions* and the organization's *systems and processes*
3. **Holistic leadership** that aligns all these dimensions: *individual intention and action* and *organizational culture and systems."*

The Difference

The most effective leaders have always been self-aware. But self-awareness is more important than ever today, and it's a critical aspect of leader development. It requires internal self-awareness (awareness of our values, personality, style, strengths, biases, etc.) and external self-awareness (how others perceive us).

As management guru Peter Drucker pointed out, Innovative Leaders work with their followers like conductors and musicians in an orchestra. Everyone works together to create the product: music. The music's quality depends on the cohesiveness, commitment, and coordination of all orchestra or organization members, not just their skill.

The most talented conductors are themselves part of the performance, and they inspire their musicians to produce exceptional performances. Good conductors are technically skilled; brilliant conductors embody the music. The magic happens when the conductor and the musicians merge into one interconnected being — that gestalt touches and captivates the audience.

The best leaders in the world create beautiful results with their teams and organizations, given the proper practice, conditions, frameworks, tools, and followers. This type of performance requires a different focus on leadership than an average one: to be world-class, all contributors must work together every time they perform. This requires an intimate connection with the "self" as the leader as well as trust between team members and followers.

Do you want to become a world-class leader? Are you willing to do the work? Are you ready to help your followers become world-class teams and organizations?

The Leader-Follower Relationship

Publications by our coauthors Erin S. Barry and Neil E. Grunberg have illustrated the importance of the leader-follower relationship to effective leadership. Innovative Leaders understand and enhance leader-follower relationships and the contributions of all team members. The leader is responsible for delivering on the organization's mission by working with followers. Followers are responsible for giving their best effort toward the mission in collaboration with the leader. As with our music analogy, brilliant music only happens when leaders and followers work together — listening, learning, sharing, and supporting each other to produce the best result.

In organizations, that means leaders consider the needs of followers and make every reasonable effort to enable followers to thrive and deliver their best. While leadership is often a position, it is important to note that it exists on a continuum where good leaders become good followers, as situations require.

The Opportunity for Innovative Leadership

With the extraordinary rate of change today, leaders who lead from an obsolete perspective often unintentionally damage their organizations. If leaders make sense of the world from an old "algorithm," their outdated equation puts them at a disadvantage, or even on the road to failure.

Having a best friend at work, for example, has a significant impact on employee engagement, yet some leaders still believe that "socializing" at work equates to "stealing" from the organization. Those leaders create less engaged workplaces.

Leaders who update their leadership algorithms to operate from the latest frameworks are more adaptable, have more flexible mindsets, and are more capable of taking considered risks. They also understand the importance of creating a shared mutual purpose and aligning all aspects with that purpose to deliver value to their stakeholders (see Figure 1).

The Framework

Leaders who want to elevate their capabilities and update their leadership algorithm can do so using the Innovative Leadership framework (see Figure 2). It is not prescriptive and does not espouse a particular set of values. Instead, it involves a self-discovery process to identify purpose and values. Understanding vision and values is the foundation of leadership, so we first assess who we are as a person and as a leader through multiple lenses. We then create a plan to develop ourselves in the context of our organization. Finally, we lead — more effectively — using our newly enhanced leadership algorithm and supporting our organization in delivering its mission.

It is important to note that Innovative Leaders understand the interconnection among several organizational elements. The framework reiterates the alignment between your purpose and values, your behaviors, and the culture and systems you influence. A mistake we often see with leaders is that system changes do not include sufficient attention to shifting culture, behavior,

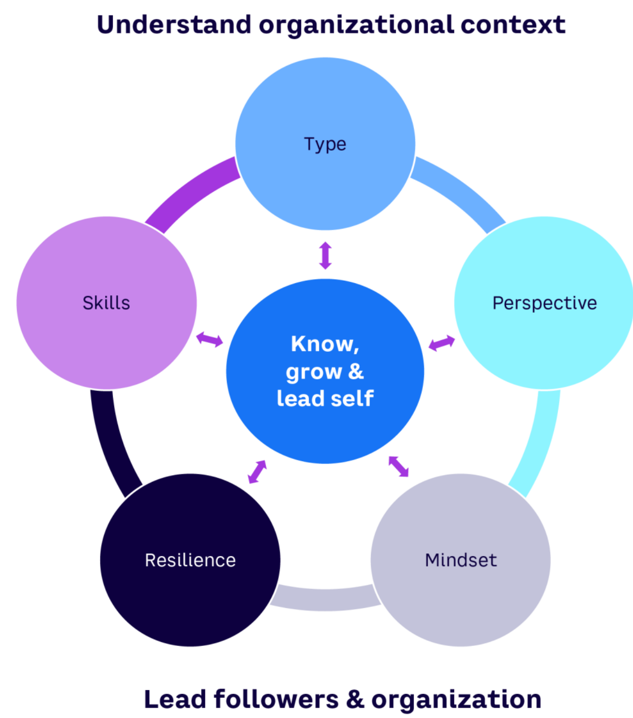

Figure 1. Innovative Leadership self

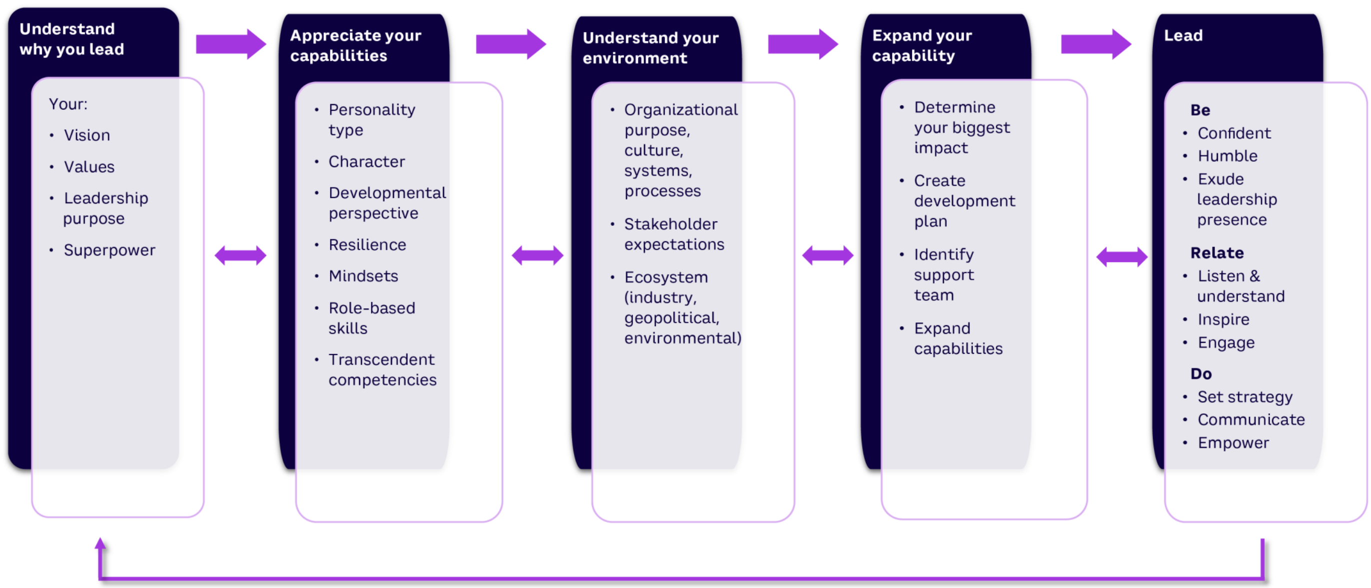

Figure 2. Innovative Leadership framework

and, in some cases, the beliefs of followers and stakeholders.

Understand Why You Lead

Exceptional leaders and teams earn their success, which starts with the individual leader understanding their life's purpose. As Simon Sinek emphasizes in *Start with Why: How Great Leaders Inspire Everyone to Take Action,* knowing our why is crucial. This self-understanding informs who we are and what we do. It is our North Star, and it is essential to communicate it to our followers if we want tangible results. Elite teams work from a shared mutual purpose.

As leaders, clarity — communication of our purpose and vision — can inspire others. It is the foundation of our being as a leader. The best conductors, for example, merge with their music and convey their passion and connection with the music to their musicians. This dedication, however, does not mean they are unbalanced and have no life beyond the music. Instead, the healthier a person is in life, the better their performance as a leader or conductor. Leaders who lost their way and harmed their organizations likely were not following a well-balanced vision and values.

Knowing our North Star helps us decide where, as a leader, to best invest time and energy. Clarifying vision, aspirations, and values allows us to define how we contribute to the world in a way that authentically honors who we are and what we value. This clarity lets us see what we want to accomplish over time, regardless of whether that time frame is short (e.g., one to five years) or much longer (e.g., decades). In addition, clarifying our unique personal vision lays the foundation for our internal-change process, providing the basis for personal goals, which can also help align behavior with aspirations.

When undertaking the envisioning process, it is essential to consider the context of our leadership role, organization, community, culture, and global involvement. When we are clear about our vision, we can evaluate where and how we fit within the organization. If our vision differs significantly from what we do and how we work, that additional knowledge can guide us in finding a better-fitting role or setting. Being grounded in vision and aspiration also provides information that helps align the energy we invest in our work.

At a minimum, vision should consider the time horizon that meaningful decisions impact. If, for example, a leader is setting a policy that has a substantial environmental impact, such as building a power plant, their vision should take that impact and its corresponding time frame into account. Although organizations have not always required successful leaders to think this way, ethical leaders consider the impact they make beyond the tenure of their role, accounting for the health of all their stakeholders, which often include the planet and future generations.

Intention and motivations fuel our personal and professional goals and give meaning to our lives. Actions aligned with values and objectives drive the impact we create in the world. The combination of vision and drive enables leaders to maximize their potential; conversely, without sufficient passion, solid vision, and understanding of current capabilities, we struggle when progress becomes difficult.

Appreciate Your Capabilities: "Leader, Know Thyself"

Appreciating our capabilities starts with a frank, unbiased assessment of ourselves and what we do well. World-class leaders want information about their performance across multiple axes. An organizational leader likely uses a balanced scorecard to monitor their organization's success. As leaders, we need a balanced scorecard of ourselves as a person and of our leadership performance.

Let's return to our image of the elements of an Innovative Leader (refer back to Figure 1). A truly comprehensive assessment measures each of these elements:

- **Type.** This includes personality, along with physical and psychological makeup such as ethnicity, gender, age, and demographics that impact who we are, including predispositions, beliefs, and biases.
- **Developmental perspective.** This is our inner meaning-making, or how we make sense of the world. Taking on more complex meaning-making is also known as "vertical development."
- **Mindset.** These are beliefs that shape how we make sense of the world and ourselves. They often fall across a continuum and align with developmental perspectives.
- **Resilience.** This is the ability to stay flexible and focused when facing a challenge.
- **Skills (or competencies).** These are the knowledge, skills, abilities, and behaviors required to perform as an exceptional leader.

Analysis across these elements allows us to evaluate our capabilities relative to our purpose. It also helps identify opportunities and limitations. And while type is unlikely to change significantly over time, we can develop the remaining facets of ourselves as leaders using a deliberate process.

Most leadership frameworks use one or more assessments to map our current state to our desired future. Innovative Leadership builds on this approach by integrating developmental perspectives, including mindsets and resilience, to deliver a richer, more robust view of the leader.

Unlike personality type, which remains relatively stable for most people, vertical development holds that people can progress through maturity levels as they evolve.

Vertical development is our ability to take on increasingly complex perspectives about situations and ourselves and is required to lead effectively. It influences how we see our role and function in the workplace, how we interact with other people, and how we solve complex problems. Leaders with a more mature developmental perspective take a broader view of situations. As a result, they are more flexible and insightful, especially when faced with challenges. Developmental perspective is crucial because meaning-making influences all our thoughts and actions; incorporating it as part of our inner exploration is critical to being an Innovative Leader.

Unlike personality type, which remains relatively stable for most people, vertical development holds that people can progress through maturity levels as they evolve. The more mature or evolved a leader's perspective is, the more effective they will be at leading complex organizations in times of change. For example, individuals with an earlier perspective rely on rules to determine a course of action, whereas later-stage individuals use their values to guide appropriate action. We are more effective leaders when we incorporate an understanding of developmental perspectives into our understanding of ourselves and others. It also enables us to produce the best outcome for all involved by bolstering self-awareness and relationship awareness.

Another unique element of the Innovative Leadership framework is resilience, where we look at ourselves through the lenses of physical health, mindfulness (our ability to manage our thinking), heartfulness (our motivations and emotions), and our connection with others. These four factors together forge a leader's inner stability. Resilience allows us to build and sustain our ability to be flexible and focused, regain balance after disorienting situations, and inspire others. It includes fluidity and endurance, and it is essential. From a leadership perspective, it is the ability to adapt in the face of change without compromising outcomes or values, be adaptable in approach, and still drive toward attaining strategic goals. Addressing all aspects of resilience is critical to managing stress and increasing our baseline capacity to function in stressful environments. Leaders must maintain their physical, psychological, and emotional health to have the resilience that underpins real success.

Understand Your Environment: Situational Analysis

Leadership is contextual. A leader is authentically the same person in different situations, but how they lead and which facets of themselves they bring forward varies by context. Going back to our conductor analogy, the world-class conductor giving a Pops concert at an outdoor picnic will conduct the orchestra differently than when those same musicians are indoors performing a classical program. Elite leaders similarly understand the culture and systems they are leading. Leaders in senior roles also understand the changing ecosystem and continually refine their leadership to address changing organizational needs. The nature of today's global, interconnected economy causes these changes to occur more and more often.

There is mutual interaction among the four dimensions of self (physical, emotional, mental, and character), culture, action, and system, depicted in Figure 3, that influences every moment of our experience. All four exist in every experience we have. Situational analysis evaluates this four-dimensional view of reality, enabling one to understand the context and adapt accordingly.

In an organizational setting, situational analysis cultivates simultaneous awareness of our inside-self, our effort, the organizational culture, and organizational systems. Evaluating, balancing, and aligning all four dimensions without favoring any one is essential for an Innovative Leader. At their peril, leaders can take a partial or narrow approach to change by overemphasizing the changes with little or no consideration to organizational culture or how their personal views, inner emotional state, and actions shape that change's content and success. By contrast, a multidimensional approach provides a more comprehensive, accurate picture of events and context.

Innovative Leaders succeed by optimizing their efforts to deliver value to all key stakeholders, so once

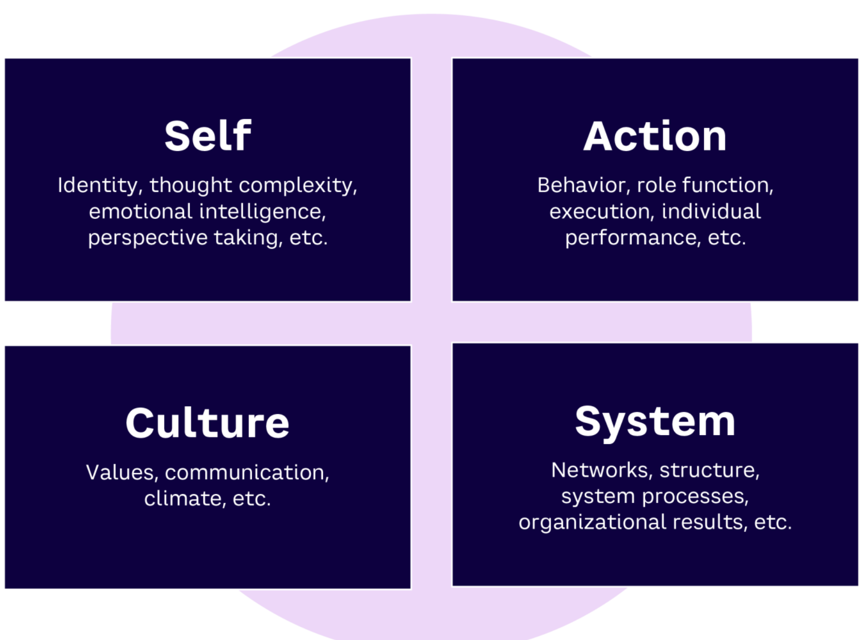

Figure 3. Situational analysis

understood, the organization's internal context further aligns with its external stakeholders. Innovative Leaders do this by understanding the interconnectedness across their ecosystems, including the implications of their decisions and actions on sustainability as measured by the environment, social, and governance impacts.

Expand Your Capability

Let's return to the balanced scorecard. Assessing our capabilities gives us a clearer view of all facets of our leadership, including where we excel and where we need to either build our skills and capacities or augment them through our teams. The conductor and orchestra, for example, become exceptional by using deliberate tactics, including practice, coaching, mentoring, formal training, exchange programs, and stretch assignments. Leadership development requires a similar approach. It starts with a clear understanding of what we are trying to accomplish and a step-by-step plan to close our gaps and build on our strengths.

The Innovative Leadership framework uses a structured development planning process that is highly flexible and can include specific areas of development that advance one's goals. The field of leadership has many valuable frameworks; Innovative Leadership offers leaders a way to incorporate concepts they have found helpful into this more comprehensive model. The principles and behaviors of servant leadership or shared leadership, for example, can be easily folded into a development process. The same is true of other frameworks — with the critical caveat that any incorporated elements should be aligned and cohesive overall.

After identifying development goals, it is vital to identify a support team to provide expertise, be an accountability partner, and give feedback on progress. Support partners can help us think through whose jobs will change as we change and how we will practice new behaviors inside and outside of work. When considering who is part of a development team, it is crucial to consider both mindset and availability to support growth. When trying new behaviors, for example, we want a team that can provide support in a manner that we value. Some people want direct feedback. Others prefer gentle recommendations. The goal is to know what is needed from each team member and craft explicit agreements to get what we need.

Scorecards help monitor progress, but plans rarely go as expected. We often receive feedback or learn about an unintended consequence of our growth/change that requires a revision to the plan. It is essential to set up a process to review and revise goals to reflect what we are learning about ourselves (and our environment) as we develop.

The Innovative Leadership framework uses a structured development planning process that is highly flexible and can include specific areas of development that advance one's goals.

Lead: Be, Relate, Do

Be

When defining our vision and values, we set the foundation for who (vision) and how (values) we want to be. If you imagine the most influential leaders you admire, how would you describe their essence? Highly effective leaders generally demonstrate a balance of professional humility and confidence. They are innately collaborative, and they inspire followers and stakeholders. They are ethical and trustworthy. How would you describe your essence? What would you like to change about your essence to optimize your impact?

Relate

Grunberg and his colleagues have championed a model highlighting the interconnections of effective leaders. A leader's ability to relate across the following four psychosocial contexts creates an engaging and empowering environment:

1. **Personal** — connect with and be aware of our purpose, values, type, developmental perspective, resilience, mindsets, and competencies

2. **Interpersonal** — relationships involving two people that include building trust and shared agreements about a range of topics involving how they work together

3. **Team** — a work group's arrangements about how they will accomplish their work, including communication, accountabilities, and decision making

4. **Organizational** — the vision, culture, systems, strategic initiatives, and impact measures involved in a division, business unit, or organization

Do

Innovative Leaders, in particular, do the following:

- Set an inspirational vision of success and guide the organization based on both performance and the value of the organization's positive impact.
- Leverage the team for answers as part of the decision-making process.
- Behave like a scientist, continually experimenting, measuring, and testing for improvement and exploring new models and approaches.
- Constantly learn and develop self and others.
- Motivate people to perform through strategic focus, mentoring and coaching, and emotional and social intelligence.
- Pay attention to strategic goals and measures like profit, customer satisfaction, employee engagement, community impact, and cultural cohesion.

Summary

The most effective and influential leaders are authentic to their purpose and values. They also understand their followers, including their followers' values, and they create a shared purpose that guides their work and motivates their efforts. They appreciate their broader, mutually interdependent context and understand that aligning all system elements (including themselves) and evolving them together is what generates long-term success. Genuinely Innovative Leaders continually elevate themselves, their followers, and organizations to serve their stakeholders and the greater good.

Disclaimer: The opinions and assertions contained herein are the sole ones of the authors and are not to be construed as reflecting the views of the Uniformed Services University or the US Department of Defense.

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TAKE A GOOD LOOK AT YOURSELF

Culture Shaping: An Agile Leadership Imperative

by Bob Galen

I've long wondered where culture originates. We know it when we see it, and we know it eats strategy for breakfast, but what is culture's directional source? Is it:

- A bottom-up thing?
- A top-down thing?
- An inside-out thing?
- Organic or intentional?

Depending on what you read or who you talk to, the answer is … it depends. There's also an illusion that culture is highly complex and difficult to influence. But from my perspective, the answer is more straightforward.

First, I believe culture mainly depends on leaders and their day-to-day actions. I think leaders play the most significant role in setting the culture by far; I like to refer to this as "culture shaping."

> *The leadership culture-shaping imperative is critical to creating an environment where employees feel empowered, engaged, focused, and valued.*

If you dive deep into the culture at any organization, you'll discover it mainly reflects the leadership team's principles, values, and behaviors in the cultural ecosystem.

How does that happen? It happens with their vision, words, actions, expectations, commitments, behaviors, body language, and business goals. It's a reflection of what they amplify as important, what they choose to not amplify, and what they tolerate.

Second, I believe culture is incredibly simple. Since it aligns with the leaders' actions, changing it merely requires focus and intent. It's not about one big change; it happens via myriad small, everyday actions.

Third, the leadership culture-shaping imperative is critical to creating an environment where employees feel empowered, engaged, focused, and valued. Gone are the days when leaders could simply "talk the culture." Now, if we truly want to lead higher-performance teams, we must "walk the culture." Particularly in the post-pandemic era where work dynamics, team performance dynamics, and cultural dynamics have become even more challenging for leaders.

Micro Steps

If you've watched the TV show *Ted Lasso,* and I recommend it, you've noticed he brings a somewhat annoyingly positive attitude to his Richmond football team as their new coach. When he first arrives at the club, as the first American coach of a British football (soccer) team, the team seems to be a perennial loser. It has disappointed fans, low morale, and very little teamwork. There's also a star player who dominates everything.

But little by little, Ted's culture-shaping steps bring about a cultural shift, not only within the team, but across the entire Richmond culture.

Cutter Expert (and co-contributor to this issue) Esther Derby captures this idea of small steps or micro shifts in her powerful book *7 Rules for Positive, Productive Change: Micro Shifts, Macro Results*.[1] She emphasizes the idea that culture shaping, or organizational change, does not come from broad, all-encompassing efforts. Derby asserts that small, illustrative steps can be much more effective.

I like the notion of micro steps for reshaping culture. As a leader, you simply start changing your behavior, one micro or baby step at a time. Just start moving in a direction that supports the activities and behaviors I mention throughout this article.

For example, tomorrow you might try:

- Surprising one of your teams by joining the daily Scrum and staying curious by listening.
- Allowing a team to struggle a bit to figure things out on their own, giving them the space to potentially fail and the ability to grow and learn in the process.
- Scheduling a mentoring/coaching meeting with one of your leaders and helping that person trust his or her teams more. Or stop pushing so hard for speed over quality.
- Taking a *walkabout* in your office with an eye toward acknowledging your teams' great efforts and looking for every opportunity for personal appreciation.
- Spending the entire day telling stories individually, in teams, and in groups. Stories that illustrate why folks are focused on a particular task, including why it matters to your business and customers.
- Changing the focus of your one-on-one coaching sessions to listen more and better serve each employee by providing clear, candid feedback to help expand staff capabilities.
- Showing vulnerability in a public setting by admitting when you don't know something or asking others for help. This level of vulnerability increases the degree of psychological safety across your culture.

You get the idea, don't you?

How Are You Showing Up?

Before we go too much further, let's bring the discussion back to the core of culture shaping: you as a leader. Not your external role or title or experience, but what's inside you. What makes you tick as a leader, and how are you showing up each hour of each day?

Bring Your Whole Self

It starts with bringing your whole self to work. I like the analogy of window shades. When you're being a "professional," you only open them slightly. You let folks on the outside see what you want them to see. In other words, you are heavily filtering. But this filtering isn't one way. Since you're modeling it externally, people filter back in kind. Consequently, you're only seeing a small part of those around you.

The first part of bringing your whole self to the workplace is to open the shades. I'm not speaking of opening them fully. You might only do that with your family and best friends. But open them as wide as you can. Show yourself. Bring yourself. See what happens. What might that look like? You might:

- **Show vulnerability.** Share your fears and doubts. Share your weaknesses.
- **Share your mistakes and failures.** Sure, also speak to your successes, but in a balanced fashion.
- **Share what you've learned in your life.** Those hard-earned lessons you might not talk about often.
- **Talk about** your family, your principles, your personal goals, and your aspirations.
- **Share where you've come from.** What are your roots or the things that made you the person you are today?

Another action to take: be real and be genuine. Gone are the days when a leader stands apart from everyone else. We must be "all in" within the culture we are shaping and leading by example.

Stay Calm

I've been told that one of my superpowers as a leader is staying calm during a storm. Early in my career, I didn't exhibit this much. I often overreacted or overcorrected in response to intense organizational events. In my defense, most leaders around me were doing the same. I was simply following the culture being shaped.

As I gained decades of leadership experience, I noticed I was much calmer during critical events and emergencies. I'd seen most everything before and learned that overreacting always made things worse. So, instead, I remained calm. I continued to believe in my teams' capabilities and didn't shift my style or habits when the pressure was on.

What I heard from my team members is this became an anchor for them. The stability became infectious, and we maintained our leadership values, principles, and culture when the proverbial shit was hitting the fan.

I think it's critical for leaders to show up by staying calm during a storm (any storm). Take a deep breath, close your eyes, and center. Now open them, take a step, stay calm, stay measured, and be the anchor in the storm for your organization.

> *Try hard to get into the lives of those around you and share your life with them.*

Stay Present

Nowadays you'll hear terms and phrases like "being in the moment," "mindfulness," and "staying present" as leaders. This is one of the hardest things for me to master personally, as I have a brain that constantly spins. I'm often thinking of 10 things at once as I try to stay ahead of the game. It's who I am.

It's not uncommon to have a conversation with me where I'm 40% there and 60% elsewhere. In other words, *I'm not really there*. Not present for the conversation. Not present enough to notice the subtle nuances of our conversation in tone, body language, and focus.

I used to think that folks didn't notice it (and they probably didn't) and convinced myself that 40% was good enough. But I've since come to the conclusion that whether they notice or not, it's a problem. I need to come to every meeting, every conversation, every decision with a clear, focused mind.

I've found two things that help. The first is limiting my work in progress (WIP). I have a nasty habit of running at a high WIP rate, and lowering it helps me focus. The second is centering and clearing my mind before each engagement. This means taking five minutes in a quiet space to clear and center my mind and then enter the room/conversation with 100% focus and presence. These might work for you as well. Find what does work to establish and maintain your presence.

Build Relationships

I'll take a page out of Kim Scott's book *Radical Candor: Become a Kick-Ass Boss Without Losing Your Humanity*.[2]

One of the fundamentals in Scott's model is the "care personally" axis, which she also calls the "give a damn" axis. This is where you've established a relationship with someone so they know where you're coming from. Done right, they understand you care for them, their well-being, their future, and their outcomes.

A big part of this is getting to know folks personally. Who are their significant others, how many children do they have, are any of their parents ill? Try hard to get into the lives of those around you and share your life with them. As an introvert, this is challenging for me, but I always endeavor to stretch myself as much as possible in this area.

Another way to create relationships is to ask for candid feedback. But here's the trick. It's not the asking that builds the relationship, it's how you handle the subsequent listening/gratefulness/processing/action taking that builds trust and the relationship.

Another key to relationship building is what I consider the lost art of mentoring and coaching. Take someone under your wing and spend time teaching him or her what you know. Be a leader who shows up and radiates an honest and open curiosity and caring for the people around you. If you "bring it," they will respond in kind and connect with you in a relationship.

Become More Self-Aware

Finally, I think a culture shaper who "shows up" needs to be self-aware.

I know, I know. You're self-aware. I'm self-aware. We're all self-aware. But the reality is that we're not!

There's a wonderful *Harvard Business Review* article entitled "Working with People Who Aren't Self-Aware."[3] In it, the author references a survey where 95% of the respondents felt they were self-aware but only 10%-15% were actually self-aware based on 360-degree survey feedback. Independent of the specific numbers, it shows about an 80% gap in self-awareness as a norm. That means eight out of 10 people reading this article show up with a lack of self-awareness. Wow!

It's important to stay open to feedback and observation, solicit feedback, and relentlessly look for details on how effectively you're showing up. It's not enough to think you're effective — you must confirm that you are!

4 Priorities of Agile Leadership Culture Shaping

Once you've internalized the notion of culture shaping and explored your inside-out belief system, you're in a great position to begin culture shaping organizationally. But I don't want to leave you there without any concrete takeaways, so below are four focus areas to help you move forward as a leader. They're equal in importance and impact when it comes to creating a culture that supports the needs of our post-pandemic employees and organizational dynamics.

1. Create a Safe Space

First, continuously focus on creating an environment that is psychologically safe for everyone. This is inspired by Google's famous Project Aristotle study, which found that psychological safety was the number one factor in its high-performance team culture.[4]

And I'll extend the definition of psychological safety that Google used to the four-quadrant version Timothy Clark amplifies in his book *The 4 Stages of Psychological Safety*.[5] Clark defines the following areas:

1. **Learner safety.** It's safe to ask for help, say I don't know, take risks, and fail.

2. **Challenger safety.** It's safe to challenge the status quo and staid practices.

3. **Collaborator safety.** It's safe to communicate and engage in constructive debate across all levels of the organization.

4. **Inclusion safety.** Titles and positional power don't matter, all voices are included, and everyone feels as though they're on the same team.

While you're bringing your whole self to the workplace, make it psychologically safe for others to do the same. One important way to make it safe is to check your reactions to events. For example, how do you react when someone fails and it impacts one of your projects? Or when someone makes a mistake? Or when someone challenges your approach or strategy?

It's not only what you say, but what you *do* and how you *behave*. Not simply in words, but in your tone and body language. Remember, it's hard to fake it with people. They typically see through all of it. You must be genuine and authentic in your safety-supporting efforts.

2. Flatten Hierarchies by Encouraging Networks

Nothing is more harmful to your Agile teams than being coerced to stay in their lanes (or silos). You might have heard about the notion of hiring for (or mentoring for) T-shaped skills within your Agile team members. Usually this implies broadening someone's skills technically. But I want you to encourage "T-shapedness" across functions and organizationally.

For example, if you have a front-end developer, why can't they share ideas with UX designers or work on designs? Why can't they sit with your customer support engineers and listen in on the problem stream customers are struggling with? Why can't they emerge to act in leadership roles in their teams independent of their role? And finally, why can't they walk into your CTO's office and suggest some great ideas for optimizing customer value delivery?

As an Agile leader, I want you to consider the balance between staying in your lane and being a silo buster when coaching and encourage each individual on your teams. Shape the culture to become flatter and more networked every day.

> *Continuously focus on creating an environment that is psychologically safe for everyone.*

3. Encourage Experimentation Everywhere

One of the hallmarks of Agile leadership is not getting stuck in your experience. As culture shapers, we want to eliminate the following expressions in our cultures:

- We tried that and it didn't work.
- That won't work here, because….
- The auditors won't allow us to do that.
- Our customers will never accept or use that.
- This is too complex of a problem for that to work.

To combat these narrow views, we want to actively encourage experimentation. For example, if you believe the auditors won't support an improvement idea, ask them to partner with you to run an experiment to see how it unfolds.

That is, the default reaction to any and all of these challenges should be: "I hear you, but let's run the experiment and see what happens." Remember, experiments are short, focused, and they sometimes fail. Which is a good thing, because we fail small while gaining insights to try in our next experiments.

> *Become an awesome culture shaper in order to engage, empower, focus, value, and activate the great people you've hired.*

4. Relentlessly Connect Your Customer & Teams

One of the things that has been reinforced by the Agile Industrial Complex are various disconnections from the roots of agility.[6] The one that concerns me the most is the tendency for organizations to justify or provide excuses for disconnecting their teams from their customers. Early Agile teams interacted directly with their stakeholders and customers. In fact, the best Agile teams today do the same thing.

Sure, it might be challenging to create these partnerships due to geography, space, and time, but it's worth it. It's not optional — it's a prerequisite to high-performing Agile teams.

As an Agile leader shaping your culture, you'll need to relentlessly inspire, cajole, and perhaps even insist your customers collaborate directly with your teams. Why? So that you reduce the feedback loop and gain real communication between the two groups.

There is nothing more motivating to a team than directly seeing the impact their work has on their customers. It's priceless, and your culture needs to be shaped so it becomes the norm.

Wrapping Up

Culture shaping is your most important action and activity as a leader. But make no mistake: You're doing it whether you're aware of it or not. Whether you're intentional or not.

Why? Because every micro step you take as a leader shapes your culture. The only question is, how are you going to show up as a culture shaper? Will you:

- Be mindful and intentional?
- Keep Agile principles and mindset in mind?
- Take small steps by walking your talk?
- Focus on culture shaping with an inside-out perspective?
- Be relentless in your culture-shaping efforts?

The choice is yours. Consider becoming an awesome culture shaper in order to engage, empower, focus, value, and activate the great people you've hired. This is particularly important in the new organizational ecosystems that need to be co-created to thrive in our challenging, post-pandemic climate.

References

[1]Derby, Esther. *7 Rules for Positive, Productive Change: Micro Shifts, Macro Results*. Berrett-Koehler Publishers, 2019.

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[3]Eurich, Tasha. "Working with People Who Aren't Self-Aware." *Harvard Business Review*, 19 October 2018.

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[5]Clark, Timothy R. *The 4 Stages of Psychological Safety*. Berrett-Koehler Publishers, 2020.

[6]Fowler, Martin. "The State of Agile Software in 2018." Martinfowler.com, 25 August 2018.

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IT'S ALL ABOUT ENGAGEMENT

The Increasingly Vital Role of Business Storytelling in Leadership

by Lori Silverman

Do the following points bother you as much as they gravely concern me?

- Pre-pandemic, if a leader in the US had 16 employees, 12 would have identified this leader as the most stressful aspect of their job.[1]
- Post-pandemic, feeling disrespected at work is one of the top three reasons why Americans quit their job in 2021.[2]
- The Great Resignation did not begin with COVID-19. An increasing resignation trend has been afoot since 2009.[3] However, resignations set a record in 2021.[4]

Based on UK and European surveys, we know an employee's relationship with their manager overwhelmingly drives their interpersonal relationship satisfaction at work and is second only to mental health in determining their overall job satisfaction.[5]

All this means something is terribly wrong with how leaders interface with their staffs.

Enter Business Storytelling

Much has been written since 2000 about business storytelling practices. Over this same period, research on story use in business, how the brain functions, and how the brain receives/processes data has demonstrated that well-crafted stories are more effective than data, facts, and other narrative methods (like case studies) at building trust, forging relationships and engagement, sparking empathy and caring, shifting attitudes and intentions, aligning people's thinking, increasing comprehension, and accelerating decision making. If you are a disbeliever, review Tables 1a and 1b, which share a sampling of business storytelling research.

Despite the evidence for their efficacy, however, business storytelling practices are still not prioritized as an organizational core competence. Most leadership development programs (including undergraduate/graduate business degrees) lack formalized courses. And leaders continue to be taught interpersonal approaches that fly in the face of the research.

When will we learn that the answer to what ails leaders is sitting in plain sight?

Something is terribly wrong with how leaders interface with their staffs.

What Is Business Storytelling?

Author and storytelling coach Dr. Karen Dietz and I have identified three interrelated ways to define business storytelling:[6]

1. **Taxonomy approach.** A well-crafted story differs from more commonly used narrative forms, such as an anecdote, case study, description, example, news report, profile, scenario, testimonial, or vignette.[7] Understanding this distinction is key to business storytelling effectiveness.
2. **Components approach.** A well-constructed story used in business (as opposed to one in the movies) has a beginning, a middle, and an end that includes conflict, characters, dialogue, contrast, drama/intrigue, sensory information, layers of meaning, a universal key point, and a call to action.
3. **Experience approach.**[8] A well-crafted story is a packet of material delivered in a manner that the brain can quickly digest, comprehend, and create meaning from — and then do something as a result. As an act of communication, a story triggers our senses — including intuition.

RESEARCH	KEY FINDINGS	IMPLICATIONS
Silverman, Lori. *Wake Me Up When the Data Is Over: How Organizations Use Stories to Drive Results*. Jossey-Bass, 2006. Silverman, Lori. "There Are Five Sides to Every Story." *Communication World*, January–February 2007.	In-depth interviews with 170+ business leaders in 72 enterprises worldwide across myriad industries and functions about story use reveal: • 36% had a positive bottom-line financial impact: increased growth, profitability, and/or funding. • 18% moved organizations closer to achieving specific goals. • 17% increased levels of engagement between people and the organization and/or higher levels of teamwork. • 17% noted a positive impact on the amount and type of customer feedback, improved customer satisfaction, and/or improved customer brand perceptions. • 11% decreased workflow cycle time, improved speed of message delivery/time to market, and increased efficiencies. • 10% reported an impact on training feedback/ effectiveness, including skill and knowledge transfer. • 8% showed positive cultural changes.	The *deliberate* use of story practices (see "Business Storytelling Practices Framework" section) gets tangible business results independent of industry, no matter who instigates their use. The functional applications for varied story practices are endless.
Haven, Kendall. *Story Proof: The Science Behind the Startling Power of Story.* Libraries Unlimited, 2007.	Evidence from more than 350 studies in such fields as cognitive science, neural psychology, and brain development.	Reliance on story over the millennia has caused a rewiring of the human brain; it is predisposed to think in terms of story. Story is how the brain creates meaning.
Stephens, Greg, Lauren Silbert, and Uri Hasson. "Speaker-Listener Neural Coupling Underlies Successful Communication." *Proceedings of the National Academy of Sciences (PNAS)* Vol. 107, No. 32, 26 July 2010.	Brain scans of a graduate student telling a 15-minute unrehearsed story and those listening to a recording of it showed: • Beforehand, teller and listener brain functional MRIs (fMRIs) show different activity. • During storytelling, on average, the listener's brain responses mirror the teller's brain responses with time delays matching the flow of information, within one to two seconds. This is called "neural coupling." One additional area of the listener's brain lit up — the part that anticipates what's next.	Story connects with seven brain areas, while data connects only with the first two: **1. Broca's area** — language processing. **2. Wernicke's area** — language comprehension. **3. Temporal lobe** — memory, touch, senses. **4. Frontal lobe** — movement, reward, attention, problem solving. **5. Parietal lobe** — touch, pain, sounds, smells, colors, shapes. **6. Limbic system** — memory, emotion, reward, social processing (e.g., trust). **7. Insular cortex** — interpersonal experience. The more all seven brain areas are triggered, the greater the neural coupling *and* the greater the understanding and comprehension.
"Suspense in the Movie Theatre Air." Max-Planck-Gesellschaft, 12 May 2016.	Researchers analyzed viewer exhalations in movie theaters during various movie screenings. Every movie leaves a characteristic pattern in the air. Beforehand, viewers emitted differing exhalations.	Physical alignment between movie viewers occurs when watching a story in movie form.

Table 1a. Sample research of business storytelling

RESEARCH	KEY FINDINGS	IMPLICATIONS
Zak, Paul. "How Stories Change the Brain." *Greater Good Magazine,* 17 December 2013.	A series of research studies focused on a story a dad tells about his young son, Ben, who is dying of brain cancer. Two emotions (distress, empathy) were elicited in those hearing it. Cortisol is released in the listener when the main character of a story is distressed (due to a problem, challenge, struggle, etc.). It helps focus one's attention on something of importance. Oxytocin is also released, which prompts feelings of care, connection, and empathy.	For a story to cause these physical changes, it must have dramatic arc structure — capturing tension with a problem/struggle and a climax. When a story has these, it changes the listener's brain chemistry. When cortisol and oxytocin are triggered, people experience a phenomenon called "narrative transportation." When they lose themselves in a story, their attitudes and intentions change to reflect that story.
Small, Debra, George Loewenstein, and Paul Slovic. "Sympathy and Callousness: The Impact of Deliberative Thought on Donations to Identifiable and Statistical Victims." *Organizational Behavior and Human Decision Processes*, Vol. 102, No. 2, March 2007.	After completing a study (its content is unimportant), participants were divided into three groups. Group 1 received information on a nonprofit (years in existence, annual budget, programmatic spending, constituent demographics, staff size, etc.). Group 2 received a story about a young girl lacking food, clothing, housing, and education and how the nonprofit made a significant difference. Group 3 got the young girl's story and the nonprofit information. Everyone was given five one-dollar bills and asked: "Please donate." Group 1 gave a small amount. Group 2 gave more than twice as much. Group 3 gave the same tiny amount as Group 1.	Data and information do not create empathy. A well-constructed story — and only a story — can produce significant empathy for the story's main character. Combining a story with data and information undermines any empathy the story creates, leaving people with the same lack of emotional connection as data alone. To get people to donate, you need to free a story from the data. Empathy with a character moves people to act.
Bechara, Antoine, Hanna Damasio, and Antonio Damasio. "Emotion, Decision Making and the Orbitofrontal Cortex." *Cerebral Cortex,* 1 March 2000.	"Lesions of the [ventromedial] prefrontal cortex [PFC] interfere with the normal processing of somatic or emotional signals but leave other cognitive functions minimally affected. This damage leads to pathological impairments in the decision-making process that seriously compromise the efficiency of everyday life decisions."	When the emotional part of the brain is damaged, people cannot make a decision. Instead, they ruminate incessantly about various facets of the decision. Triggering an emotional reaction is required for decision making. Well-constructed stories trigger emotions.
Kahneman, Daniel. *Thinking Fast and Slow*. Farrar, Straus, and Giroux, 2011.	In models of thought, System 1 is devoted to operating mental processes that are unconscious, fast, intuitive, and automatic. System 2 is devoted to operating mental processes that are conscious, slow, deliberate, and effortful. It hears the evidence, deliberates, and then makes a decision.	The brain prefers to use System 1; it makes almost all our decisions. When a novel System 2 decision is made, it becomes a System 1 decision the next time. Facts, data, and logical arguments force the brain to use System 2, which tires quickly. Story connects to System 1.
Angela Dimoka, as cited in: Begley, Sharon. "The Science of Making Decisions." *Newsweek,* 27 February 2011.	Research measured the brain activity (fMRI) of volunteers engaging in complex auctions. "As the information load increased ... so did activity in the dorsolateral PFC, a region behind the forehead that is responsible for decision making and control of emotions." But as bidders got more and more information, activity in the dorsolateral PFC suddenly fell off, like a circuit breaker being triggered.	Cognitive and information overload shuts our brains down, leading to poor decision making, stupid mistakes, and increased frustration/anxiety. More choices lead to more challenging decision making. Well-constructed stories avoid cognitive and information overload.

Table 1b. Sample research of business storytelling (cont'd)

The experience approach highlights the research, which confirms that stories spark a whole-brain, whole-body experience that produces specific outcome(s). As such, a story is a *meaning-making* device, causing the receiver to say, "I now know what I need to do." Other narrative forms, facts, and data are *sense-making* mediums that trigger responses akin to, "Uh huh" or "Oh, that's interesting."

Sense-making does not produce action. Meaning-making is what deepens interpersonal connections — shifting thinking, feelings, attitudes, and behaviors.

Business Storytelling Practices Framework

In my book, *Wake Me Up When the Data Is Over,* in-depth interviews with more than 170 business leaders suggest that business storytelling has strategic, bottom-line importance. Their responses collectively reveal five story practices (see Figure 1).[9]

1. Finding Stories

Stories are abundant in organizations. They range from individual personal/professional experiences to organizational stories: the enterprise's founding story, stories about the enterprise's vision and what it stands for, stories about what people do and what customers experience, and so on. A leader's task is to surface all kinds of stories, including their own. The "Story Prompts" section (see below) offers specific how-tos.

2. Digging into Stories

Hidden below a story's surface narrative are the assumptions, models, expectations, and beliefs that guide people's decisions and behaviors. Although the technique of one-on-one "Story Listening" (see below) appears simple, it is not. Indeed, it calls into question commonly held beliefs on what deep listening entails. Its use produces fast, long-lasting results that are often labeled remarkable.

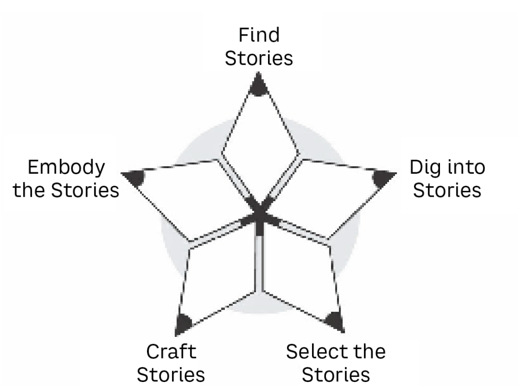

Figure 1. The five sides of story

Group applications can reveal hidden patterns and themes across scores of people (more on this below). Examples include mining stories from focus groups to gain input on an issue and digging into stories from upcoming retirees to glean undocumented tribal knowledge to manage "wicked" problems.

3. Selecting Stories

Who decides which stories get reinforced and which do not? Or which stories get buried? What role do stories lurking in the shadows play — those drawing attention to failures (e.g., lessons learned in projects) and near misses (e.g., security incidents)? Which stories get codified for historical purposes? Answers to these questions have ethical implications because they consciously and unconsciously shape a larger public and private narrative.

4. Crafting Stories

There is a science and an art to developing well-crafted stories, as evidenced by the three definitions of story. The "Leaders Foster Change Through Stories" section below provides steps leaders can use to capture and polish their stories. This article does not cover the specifics of story crafting; suffice it to say that differing lengths and mediums of the same story may be needed to address specific audiences.

5. Embodying Stories

Oral storytelling is the optimal conveyance method. It is preferable to video, digital, audio, and print due to the power of nonverbal communication and the interaction between teller and listener. Symbols (photographs, paintings, clothing, a skit, relics, and other tangible objects) also provide vehicles by which a story can travel and self-perpetuate (story trigger examples are offered below).

Fostering Connection & Belonging

There are several interconnected techniques to forge interpersonal and organizational bonds in a remote/

hybrid world: story prompts, story listening, and story triggers.

Story Prompts[10]

Overlooked outside of the hiring process, when interviewees often are asked to share their personal stories, is the intentional use of story prompts to evoke stories from staff and in groups. Using prompts can induce the same magic as telling stories, but only if leaders listen appropriately.

Story prompts have two parts: the front end of the statement and the back end. The front starts with a phrase such as, "Tell me about …" (for alternatives, see Table 2). The word "about" is key. If left out, the prompt becomes a question in disguise (e.g., "Tell me how …" or "Tell me what …"). With certain individuals (e.g., highly educated staff), it can help to say, "Tell me a story about…."

Phrase the ending of a prompt so the person recollects one or two memories. Instead of saying, "Tell me about what happened in the project-review meeting yesterday," rephrase it as, "Tell me about a situation from yesterday's project-review meeting that concerns you the most."

To vary it, include a sentence before the front end of the prompt that adds specificity. For example: "I understand you had an uncomfortable exchange in yesterday's project-review meeting. Tell me about what happened."

Questions do not provoke a story; they only elicit small snippets of filtered information.

Story Listening: Being in Service to the Storyteller

Before prompting a story, ensure there is time to listen to it in its entirety. Failing to do so is one way to induce the "employee dissatisfaction with management" issue described at the beginning of this article.

Active-listening techniques will not work. Why? Because they advocate *interrupting* the teller to ask questions, paraphrase, or empathize. Interrupting shifts control from the employee to the leader and circumvents the natural story flow. This robs employees of their voice.

The best listening technique is what Storytelling Coach Doug Lipman calls "listening delightedly."[11] Whether in person or via video:

- Make eye contact (unless culturally unacceptable).
- Lean in.
- Display genuine interest via body language and facial expressions.
- Appropriately express emotions (not using words!).
- Use gestures to encourage more talking. If absolutely needed, say words like, "Go on," "Tell me more," or "Please continue."
- On the phone, do not mute yourself. Picture the person sitting with you as you listen.

The left-hand column in Table 3 describes actions to take after hearing a story.[12] These steps protect the integrity of the situation and reveal deeper content: an employee's motivations, point of view, values, and current reality. Avoid those in the right-hand column. They subtly undermine employees.

Leaders are often surprised at the outcome when they use this unique listening technique. Why? When telling a story, people relive the experience, including the emotions they originally felt. Honoring the story and these emotions, and then engaging the employee in meaning-making, accelerates the building of trust and psychological safety.

VARIATIONS ON "TELL ME ABOUT …"	AVOID
Enlighten me about a time when …	Describe for me …
Build me a story about …	Explain to me …
Paint the full picture for me about …	Clarify …
Share with me a memory about …	Give me the details …
	Help me to understand …

Table 2. Alternate front-end wording

DO THESE (IN ORDER)	AVOID THESE
1. Express appreciation. 2. Ask employee to reflect on their story (what they liked about it, what meaning it holds for them, what it taught them, etc.). 3. Share your reflections on the same items. 4. If absolutely needed, ask clarifying and informational questions, or paraphrase for understanding. 5. End with a thank you.	1. Sharing a personal story or one from others. 2. Offering advice. 3. Saying what you would have done. 4. Being dismissive. 5. Abruptly ending the conversation.

Table 3. Approaches for after an employee shares a story

In addition to fostering connection and belonging, these techniques are useful in mentoring staff, handling difficult issues, soliciting input, and overcoming performance problems.

Group Application

Imagine a 25-person IT department inheriting a dozen staff from another entity. The department currently works like a well-oiled machine — everyone's daily behaviors seamlessly align to the enterprise's core values. How can new staff rapidly assimilate?

This approach (which can be used for group learning and coaching, topic exploration, and/or team building) employs story prompts and listening while honoring team members' tribal knowledge. Follow these steps:

1. Determine the meeting's purpose and the number of story-sharing rounds. If there are four core values, there will be four story-sharing rounds.
2. Set aside ample time for paired story sharing and large-group debriefing after each round.
3. Craft story prompts in advance. For example, if the core value is "Be accountable for your actions," the story prompt could be: "Tell me about a time when you took ownership of your job by doing the best you could in a difficult situation."
4. Prior to the meeting, send out correspondence that provides an overview of the purpose of the meeting and the story-sharing process.
5. At the meeting, the leader models telling a story, using the first story prompt.
6. Pair people and take them one step at a time through one-on-one story sharing, and debriefing for one prompt as outlined in Table 3. Then, reverse teller and listener roles and repeat.
7. Conduct a large-group debriefing. Ask if one story deserves to be heard by everyone and have it told. Then talk about meanings gleaned and what was learned from all stories. Document this for distribution afterwards. Express appreciation throughout.
8. Repeat process for each story prompt.

Story Triggers

One process variation is to substitute story prompts with story triggers. Have employees showcase an object (e.g., memorabilia or a gift) that provokes the memory of a story pertaining to the topic. For example, when the VP of a 300-person unit was dismissed for not aligning division strategies to the enterprise's core mission, divisional leadership team members each brought an item of historical significance to a meeting and told a story about how it connected to the core mission. These stories sparked deeper meaning-making around the misalignment, serving as both closure and a new beginning.

Leaders Foster Change Through Stories

Having advised CEOs, front-line supervisors, and many positions in between on how to craft and tell their stories, I have identified three challenges. First, believing that personal stories add value at work. Second, identifying stories that are worth sharing. And third, determining when best to tell them.

Here are the steps I have used with leaders to successfully identify and hone stories for telling in an authentic manner:

- **Identify the overall theme.** The theme is the meaning or lesson needed to spark action. For example, a CIO wanted to acknowledge that a major change would require ongoing, unpleasant behavior for employees.

- **Identify the story prompt.** The prompt that resonated with this CIO was, "Tell me about a time you experienced an extremely uncomfortable work situation and took an action that paid off."

- **Brainstorm possible stories** and select the most compelling one.

- **Capture the raw story** being told in its longest form via audio. Follow up with appreciation, reflective questions, and clarifying/information questions. The CIO told the story to me. I debriefed it with him and documented the additional information.

- **Structure and craft the first draft** using the raw story transcript to maintain the spoken word and colloquialisms. Unless a leader is skilled in story crafting, it is best to enlist help with this. Crafting is an art and a science, and there are many story structures to choose from.

- **Polish the story** based on the most important actionable key point that emerges from the story itself. For the CIO's story, this was: "Take a risk and speak up."

- **Have the leader practice** the polished story out loud until it feels natural.

Story triggers are useful here, too, to aid employees in recalling/retelling the story. One CEO revealed an unexpected item (a whistle) when he told a previously unknown personal story from his early career to kick off a multiyear transformation.

Final Thoughts

The need to strengthen leader-employee interactions is urgent. *Organizations have a choice* — to strategically raise the prominence of business storytelling or assume leaders will stumble upon its usefulness. *Leaders also have a choice* — to ignore how the brain operates or intentionally incorporate story practices into their daily work. What choice will you make?

Acknowledgment

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SHIFT YOUR PERSPECTIVE

Why Leaders Should Focus on Value Streams

by Al Shalloway

The pace of innovation and the leveling of the playing field caused by the Internet, Agile, and global markets have made leadership more crucial than ever. Leaders must help their companies pivot in response to changing market conditions; this requires a solid foundation on which employees can build.

Although most Agile implementations start at the team level, there has been much discussion of the need for leadership involvement. This bottom-up/top-down thinking is just updating old-school thinking. Instead of improving on hierarchical models, we need to embrace the essence of Lean: value stream management.

> *Instead of worrying about bottom-up or top-down adoption, leaders must look at how value gets created and how people use what has been created.*

The adoption of Agile and Lean has shown that attending to value streams helps leaders improve both the internal and customer processes of their companies. The former is necessary to adapt and pivot quickly; the latter is essential for innovation.

Consider for a moment what truly innovative companies like Amazon, Apple, Tesla, and Google have in common. They've all changed how their customers live. Excellent past products like the Xerox machine, the fax machine, and CD players have also done this. Technologies change, but true innovation is always about improving people's work lives and/or home lives.

Instead of worrying about bottom-up or top-down adoption, leaders must look at how value gets created and how people use what has been created. They must attend to their value streams to create alignment and be able to pivot quickly. And they must attend to their customers' needs as well to foster innovation. The two are tightly related. This article discusses how leadership can set the stage for innovation, alignment, and meaningful employee contributions by attending to value streams.

What Are Value Streams?

Value streams refer to actions taken to create value for customers. A stream starts with an idea for adding value to the customer and ends when the customer consumes the value resulting from the idea. Value stream mapping involves looking at how an idea evolves and exactly how/when it becomes value consumed by the customer.

Most executives are interested in the following:

- Innovation for their customers
- Avoiding the waste of developing products that are not useful
- Being able to quickly deliver value at a reasonable cost
- Being able to provide a great customer experience with both quality products and excellent service
- Having an effective sales organization
- Creating an excellent environment for employees to work in
- Lowering risk

Achieving these goals creates business agility: quick value realization that's predictable, sustainable, and ensures high quality. Value streams facilitate that achievement in the following ways:

- **Innovation for customers.** Innovation can improve how customers live and work, reduce prices, or improve quality. The first requires attending to *customers'* value streams. The second two require us as leaders to improve our own value streams.

- **Avoiding the waste of developing products that are not useful.** Quick feedback from value streams helps us avoid developing poor products.

- **Being able to quickly deliver value at a reasonable cost.** By watching how value is being added, we can see when the steps we take end up creating work that we didn't need to do. By removing waste, we lower our costs and speed up time to delivery.

- **Being able to provide a great customer experience with great products and service.** By focusing on how the customer works (their value stream), we can improve it in ways they may not know are possible.

- **Having an effective sales organization.** Sales organizations must work closely with their development organization to effectively deliver products to the organization's customers.

- **Creating an excellent environment for employees to work in.** Employees get frustrated when hard work does not produce results. Better value streams enable better employee experiences.

- **Lowering risk.** Risks include project overruns, building the wrong product, and poor quality. As we improve our value streams, we lower our risks.

Classifying Value Streams

There are many ways to classify value steams. We can classify them as follows:

- **Customer value streams** — how customers use our product. Innovation is primarily about improving these value streams, whether that's using the product/service, getting support for the product/service, or setting up to get (or actually getting) the product/service. Attending to customer value streams enhances the possibility for innovation.

- **Operational value streams** — the workflows deploying the product/service and supporting customers (e.g., call centers, deployment, installing servers).

- **Business-enabling value streams** — the workflows for the internal processes of the company from the customer's perspective. This is non-value-adding work but still required to sustain the business (e.g., legal, HR). All too often, they become bureaucratic and inhibit customer value.

- **Development value streams** — the value streams creating the ones just mentioned. They are not linear as the others are and are better thought of as value stream networks. But the concepts and what to look for in them are very similar. Effective and efficient value streams enable an organization to quickly provide high value at low cost.

The Benefits of Attending to Value Streams

Attending to value streams means the following:

- Be aware of them.

- Notice how they interact with each other.

- See how changes to the way work is being done will affect the overall productivity in the value stream and any related stream.

This is usually done with value stream mapping, but there are other, more efficient ways. One way is to consider what an idealized value stream would look like and contrast your existing one with it. It's a type of Pareto analysis for value stream mapping.

Consider how Apple's iPod and its supporting music services changed the way people listened to music. By creating products and the systems people used, customer value streams changed. Breakthrough innovation usually comes from providing value to the customer by attending to how *they* work and designing our systems to positively influence that.

In most organizations, people are busy, but the work moves at a snail's pace. By attending to value streams, we can see what is really happening and how to improve it. This also highlights system constraints across all the value streams mentioned. Attending to value streams guides us in improving our development work while lowering its costs.

Why a Shift Is Required

> We do not think and talk about what we see; we see what we are able to think and talk about.
>
> — Edgar H. Schein, *Humble Inquiry: The Gentle Art of Asking Instead of Telling*[1]

If we think about hierarchies, we will see their effects and try to improve them. If we instead think about value streams, we will see the effects of value streams and try to improve them. Hierarchies are a structure we use to organize our people; value streams represent the actual work we're doing. Let's explore the difference that shifting our focus creates.

The first thing to notice is that our work cuts across the organization and, therefore, across management hierarchies. If we look at workers involved in creating a product, they almost always report to several people. This requires the alignment of many people, often with disparate motives. Managing the work instead of the people creates an opportunity for better alignment.

Managing Within a Hierarchy

Hierarchies tend to have those responsible for the hierarchy manage the people under them to ensure they are:

- Working on the right things
- Working well
- Fully occupied

This seems so natural we don't even think about it. But it means the focus is on the people in the silo, not the workflow cutting across the silos. This results in delays when handoffs are made between silos.

Consider how focusing on silos affects value delivery. If we attend to silos and demand that managers lower costs, they will focus on doing their work more efficiently. However, this may lower the overall efficiency of creating value. W. Edwards Deming once remarked:

> A system must be managed. It will not manage itself. Left to themselves, components become selfish, independent profit centers and thus destroy the system…. The secret is a cooperation between components toward the aim of the organization.

Reflect for a moment on projects you've seen in the past. Using Table 1, we can look at the people doing the work and the work itself (when it is being worked on and when it is waiting to be worked on).

When we look at the people doing the work, we focus on a small part of the workflow. We tacitly assume that improving each step improves overall productivity. But this means ignoring the cost of handoffs and the waste due to slow feedback. It also makes it costly to pivot quickly.

Attending to value streams forces us to look at how long it takes to go from concept to consumption. Because people are busy and working on many things, projects often take longer than if people focused on just one project. We irrationally allow less important projects to slow down essential ones by having people work on both simultaneously.

Many people point to multitasking as a significant cause of waste. It is a significant one, but not the key one. Consider the cause of multitasking (people working in multiple value streams). People are being interrupted and are interrupting others. This results in work waiting in queues. While multitasking may cause a 10%-20% drop in efficiency, work waiting in queues creates unplanned work in the form of fixing bugs, working on the wrong things, rework, and so forth, which is much more costly.

Focus on Delays, not Eliminating Waste

Business leaders talk a lot about eliminating waste, but this mantra comes from the manufacturing environment where we can easily see waste. As a car is being built, mistakes are visible. In knowledge work, the situation is completely different. First, we can't see everything and often don't know when we have an error. Second, things like design and planning are not

WATCHING THE PEOPLE	WHAT'S UNSEEN ABOUT THE WORK
• People are busy. • They multitask because they are both interrupted and have to wait for others. • Their focus is on their work. • People are measured on how busy they are, not on how much overall value is being created.	• The work starts and stops. • Work items spend time in queues. • No one is managing the work itself. • Work is tracked where it is, but no one tracks how much time work spends waiting in queue.

Table 1. Observing people and workflow

wasteful as they are often considered in manufacturing, causing a lack of agreement over what waste is.

With a bit of reflection, we can see that almost all the waste of product development stems from delays in workflow. In particular, when an error is made but not quickly detected, it usually takes more time to fix the error while increasing its impact. When there is a significant delay between when information is obtained and used, it can make the information less useful. This is yet another reason for quick feedback and reduced delays. The mantra needs to change from “eliminate waste” to “eliminate delays in the workflow.” Squeezing out delays also, obviously, shortens time to market.

What Analyzing the Inherent Problem Teaches Us

Value streams shift the focus from the people doing the work to the work being done. This includes what is being worked on and how it is being worked on. This shift is part of Lean’s suggested shift from managing people to managing the environment within which people work. People can self-organize and do what’s necessary. But those doing the work don’t always see the big picture. This is management’s role: helping all the pieces come together. Focusing on value streams helps us:

- Shift our focus from people to the work.
- Stop managing hierarchies and start managing value streams.
- Stop trying to go faster at any step, but have fewer and smaller queues, so work flows faster.
- Align people around the value to be realized.
- Shift from focusing on the utilization of people to removing workflow delays.

Focus on Handoffs Between Teams

Handoffs are never good. But handoffs between different teams are worse than handoffs within a team. Across-team handoffs usually incur delays because the other team is working on other things. Handoffs of this type not only cause delays, but typically also result in lost information. Understanding the importance of this encourages better talent organization.

Understanding the Value of Quick Flow

Imagine we have an enhancement to an essential product that took six months to build but would have taken only two months if the people working on it had focused exclusively on it. Ask yourself, “Would it have been worth paying 20% more to get this enhancement out the door in two months instead of six?” The answer is almost certainly “yes.”

Now ask yourself, “How would you do it in two months instead of six?” You’d have to cut down on delays between steps, and doing so might require some people not being fully utilized. Removing delays would likely reduce a lot of unplanned work. So having a little slack time for a few eliminates a lot of waste that many people would otherwise have to deal with.

When we stop focusing on the utilization of people and focus on removing delays in the workflow we get a greater ROI than almost any other action that can be taken.

> *Value streams shift the focus from the people doing the work to the work being done.*

What Executives Must Do

Attending to value streams is consistent with the goals of executives. After all, they want higher value quickly and at a lower cost. By creating clarity about what is to be built, they can better identify what needs to be worked on. By encouraging managers to shift from managing people to managing value streams, waste is lowered, as is cost. Both of these reduce time to market.

This approach also helps companies respond faster to changes beyond their control. While we can’t predict which black swan events will occur, we must be able to respond to them quickly. By being quick to adjust to market conditions, we can make others adjust to us rather then us adjusting to them.

People in silos tend to focus on improving the work of the silo, and most organizations’ personnel systems encourage this. But this can inhibit the value that can be created by improving work across the value streams. Executives must direct people to focus not just on their work but also on the value being delivered by value streams. This usually requires a shift in how people are evaluated (HR). It is not fair to expect people to work for the good of the company if they are being evaluated on what they do in their team. Other internal functions, including procurement and legal, will also require focus shifts.

Executives must create the awareness, motivation, and permission to create value streams that are mostly independent of other value streams. The people in these value streams will almost certainly need to have all the skills necessary to create and deploy the new products.

They must also create clarity on the strategy of the business. They must encourage product management to focus on the most critical initiatives and not be distracted by items of lesser importance. The company must deliver essential value quickly while being able to pivot as needed.

A Warning About Agile Pilots

Many consultants suggest starting an Agile pilot project by creating an Agile (often Scrum) team. This involves taking people from across the organization to create a cross-functional team to get some small project done. There is a risk to this not typically mentioned. A project of this type: (1) is almost certain to succeed, (2) doesn't prove anything, and (3) sets a bad precedent that may cause problems.

Projects set up like this nearly always succeed because having all the skills needed in a team that is not being interrupted will create a three- to tenfold improvement over projects where not all the needed skills are present and that get interrupted. If they use an Agile process, they may get another threefold improvement.

But this experiment is not scalable. After a few teams are formed this way, other teams won't have the capabilities to do the remaining projects. There is no attention paid to how to get people who are needed on multiple teams working across all those teams. Intra-team dynamics are quite different from inter-team dynamics. This approach only deals with intra-team dynamics.

A better way to start is to pick a value stream to improve. Find the people necessary to work on it — and ensure that they are not needed for other value streams. This will enable business leaders to learn how people in different areas of the organization can work together.

Companies need to focus on shortening time to market more than on lowering costs. Doing so requires direct attention to the work being done, which is best identified by focusing on value streams.

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Trust Equals Productivity, and Other Pandemic Leadership Lessons

by Esther Derby, David Martin, and Tony Ponton

Traditionally, when we think of leaders, we think of personal qualities, interpersonal skills, and business acumen. But if our recent experience of suddenly having to work remotely taught us anything, it was that we need leaders who can create organizational systems and environments that support great work.

At the beginning of the pandemic, many leaders rushed to install monitoring/tracking software on employees' computers. Their traditional approaches to staying on top of what was happening didn't work in a remote model, and they worried that people working at home would take advantage of the situation and slack off. Far from ensuring productivity, however, their actions showed distrust, which further threatened productivity.

The challenges of remote and hybrid work call instead for a new way of thinking about organizations, innovative ways to tackle governance, and a shift in priorities.

The Pandemic Experience: Remote Work & the Need for Control

When the pandemic struck, most organizations were forced into crisis management mode. As cities and towns across the world locked down, businesses, many of which had been highly resistant to the idea of remote working, were forced to do so overnight.

Some made the transition easily; others struggled. We saw some huge positives: adoption of collaboration tools happened almost overnight, even in organizations that had resisted such tools for years. It was amazing how quickly the security/logistics/licensing/whatever problems that had been holding them back melted away under the harsh reality of lockdown.

Unfortunately, there was a corresponding rise in the use of "surveillanceware" to track keystrokes, eye movements, mouse clicks, and/or browser usage.[1] This type of software is pitched as a way to ensure employees remain productive outside the watchful gaze of the boss. One such product markets itself as helping "keep track of how each individual person is keeping track of their time and hence makes them accountable for their working hours."[2]

The reality of remote working was that not only did most remote employees maintain productivity, many organizations saw a productivity *lift* as employees used their newfound flexibility to come up with better, smarter ways to work together.[3]

Interestingly, not all organizations saw productivity rise. Indeed, organizations that made extensive use of surveillanceware saw productivity fall or stay static. Why the difference? Did those leaders know something about their organizations that justified their lack of trust? Was their use of surveillance software justified by the results they saw? Research shows it was the opposite: the use of surveillance software drove lower productivity because it broke down trust. Employees (rightly) felt untrusted and, as a result, lacked motivation to improve their day-to-day activities.

Organizations that trusted their employees, allowed them to adapt to the new reality, and accommodated their unique needs thrived. Those that didn't trust their employees and tried to force them into working as though they were in the office did not. Leaders who were able to foster an environment of trust, however, were able to take advantage of the upside of remote work.

A 2002 study by Watson Wyatt Worldwide showed that high-trust companies outperform low-trust companies by nearly 300%, and other studies have demonstrated the many benefits that flow from high trust.[4] High trust correlates with more sales, better retention, more effective collaboration, and innovation. There's less sick time and less shrinkage. It is good all around.

Pre-pandemic, leaders could succeed using control mechanisms. But successful pandemic leaders had to move to mechanisms of trust in order to thrive. We believe the best way for leaders to ensure productivity and creativity going forward is not via monitoring and micro-management, it's about focusing on governing the system in a way that supports trust.

Navigating the Change: Lessons from the SEEM Model

We approach the problem by looking at the organization through the lens of the SEEM model (see Figure 1).[5] SEEM describes three sets of concerns present in any organization: *Steering* (core questions about value proposition, culture, etc.), *Enabling and Enhancing* (supporting people and teams to accomplish organizational goals), and *Making* (creating products and delivering services). These concerns exist in companies of 20 people and those with that exceed 200,000 staff members. In large organizations, the Steering domain generally corresponds to senior management, the Enabling and Enhancing domain corresponds roughly to middle management, and Making corresponds to front-line teams. Although it may look like the SEEM domains mirror a traditional hierarchy, their focus is often quite different.

In many organizations, rather than focus on Enabling and Enhancing concerns, middle management acts as an information broker between the Making and Steering domains. Rather than focus on work that enhances and enables the Making domain in its execution of strategy, leaders in the middle often focus on controlling the information flow between the two domains. Information on strategy filters down to the Making domain, and information on execution from the Making domain is filtered and messaged upward to the Steering domain.

Filtering of information both upward and downward through the middle management layer can lead to a low-trust environment across the whole organization. The Steering domain doesn't really trust the information coming from middle management because it doesn't have a true picture of what Making is doing. Making doesn't fully understand the Steering decisions because they lack context. Trust erodes in both directions.

One senior leader described the middle layer in his organization as "an [ahem] excrement polishing factory." Each layer of the organization polishes the data a little bit more to make things look good until the true picture is totally obscured. Note that this is not done out of ill intent; it reflects the structure and incentives of the organization.

Senior leaders in the Steering domain are aware of the amount of polishing that goes on in their organization and rely on informal channels of information and subtle signals to determine the true picture. Lunchroom conversations, informal chats in the Making domain, and even things like the general buzz in the office serve as signals. Is everything subdued? Maybe things aren't going so well. Is everyone really busy? Maybe deadlines are tight.

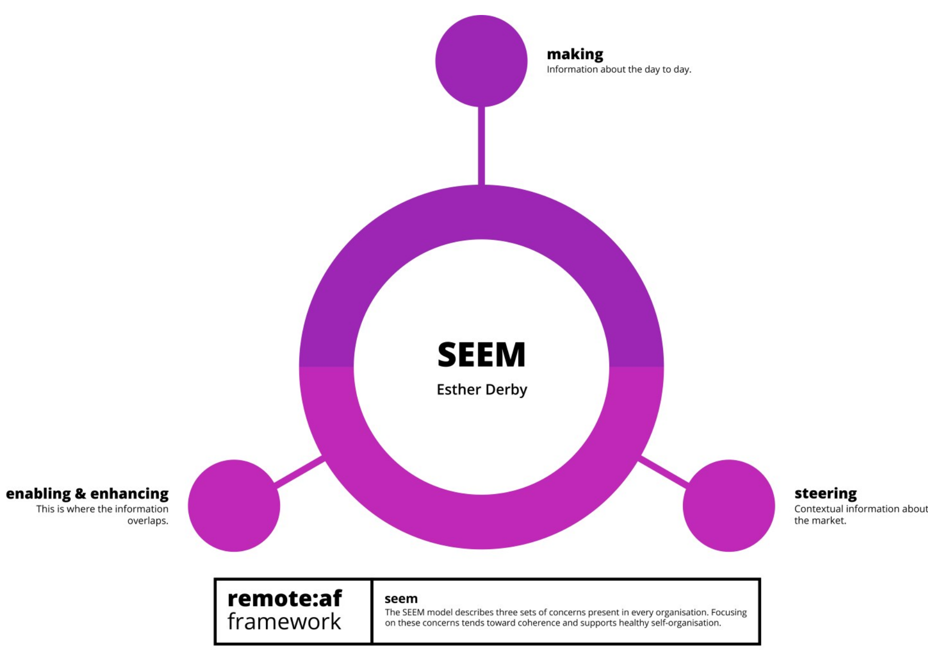

Figure 1. The SEEM model

The switch to remote working broke those informal channels. There were no lunchroom conversations. You couldn't determine the feel of the office from Zoom calls. Senior leaders were cut off from the sources of information they relied on to validate the information they were receiving from the "polishing factory" through formal reporting channels. Many senior managers began interacting directly with teams. This was helpful in some ways, but it diluted their focus on Steering concerns. They may have had more accurate information, but it often came at the expense of attending to the overall system.

At the same time, middle management was disconnected from many of its sources of information. The sudden loss of information and signals led to new requests for information from the Making domain: "What's going on?"; "Are people working?"; "Are they happy?"; "Are we going to be able to execute our strategy as planned, or do we need to re-plan?"

This breakdown in information flow and shared signals led to an information vacuum that surveillanceware makers were only too happy to market into, exploiting the fear and uncertainty inherent in the sudden changes the pandemic forced on us. The idea of being able to get the feel of the organization from a tool in the same way they used to by walking the floor was very attractive to leaders — especially in low-trust organizations.

Unfortunately, this broke trust even further when employees felt, quite rightly, that they were under surveillance. They had always suspected that the organization didn't trust them, and now they knew.

Fortunately, there is a better approach, and the SEEM model shows us the way. The key is in the name of that middle domain: Enhancing and Enabling. It's not called Information Control or Data Polishing.

In many, if not most, organizations, middle managers are not focused enough on improving the system so the organization can deliver on its strategic goals and enabling the Making domain to work effectively. This is not due to character flaws or ill intent; it is an artifact of structure and incentives.

Effective middle management actively builds trust across the organization by removing systemic blocks to effective action, creating guardrails or constraints where necessary, translating high-level strategy into actionable work, and developing effective policy and control mechanisms.

The question, then, is how we can use the SEEM model to make organizational changes that encompass a new way of thinking about governing the system as a whole and enable leaders to ensure productivity and creativity without micromanagement.

We advocate combining the SEEM model with the Remote Pillars of Governance from the Remote Agility Framework (remote:af) to create a system of remote governance (see Figure 2).[6] This system allows organizations to understand and adjust their systems of governance to enable, rather than constrain, the creation of sustainable, long-term value.

Effective middle management actively builds trust across the organization by removing systemic blocks to effective action.

A Model for Remote Governance

When embracing (or being forced into) remote or hybrid ways of working, many organizations attempt to replicate their traditional methods of governing their system of work (the ones they used in physical face-to-face environments). As we highlighted above, they tend to amplify the worst of those methods to gain perceived control of the environment. Thus, we urge anyone who is undertaking or experiencing this change to consider addressing it in a more holistic, systemic way that is designed for the context of your organization.

We have identified four pillars that weave through all levels of organizations: transparency, leadership, systems, and information (see Figure 2). When considered in combination with the SEEM model, they provide the holistic view and method needed for systemic change.

Transparency

Most organizations rely on informal channels of information distribution to get a sense of the true picture. Formal sources of information like reports and steering committee meetings exist, but the information is seen as suspect. Leaders with "polishing factories" rely on informal channels to get a true picture; that is, lunchroom conversations, informal chats, taps on the shoulder.

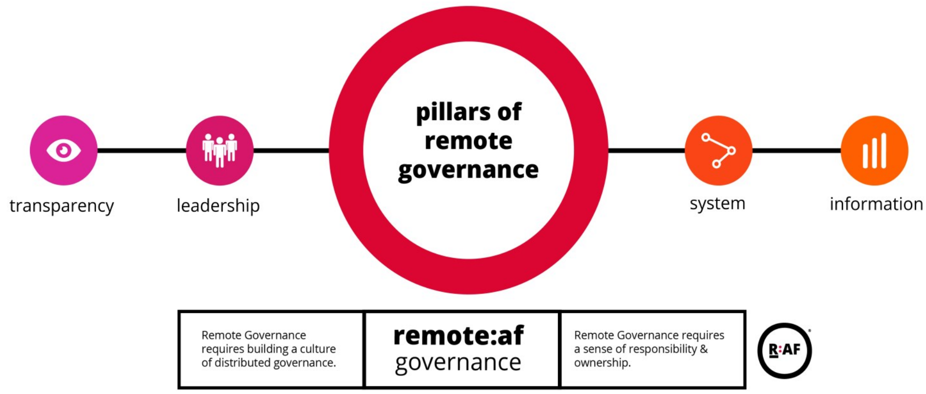

Figure 2. The pillars of remote governance

When remote working took those informal channels away, only the formal, untrusted channels were left. The principle of transparency makes information available at all levels of the organization, with no polishing layer to manipulate it.

We are not advocating for a system of radical transparency. Sharing too much can lead to important information getting lost and adds cognitive load to people as they sort through an information flood to find what they need. There are also things the organization legitimately cannot share (commercial agreements, HR information, etc.). Too much transparency and one-way transparency destroy trust just as fast as too little transparency does.

We advocate for a system of *intentional transparency*: designing information-sharing systems that give each part of the organization easy, direct, unfiltered access to the information they need to do their jobs.

Leadership

Leadership in a remote/hybrid environment has become a major pressure point for organizations. Traditional methods based on control became ineffective and caused a rise in micromanagement and surveillance to create the illusion of control.

Rather than attempting to gain control or relying on the "Big Brother" approach, organizations that want to excel in a remote/hybrid world need a purposeful adjustment of leadership styles. They must abandon traditional micromanagement methods in favor of a transition toward leading with intent.

What do leaders need to do to enable bounded autonomy for their people? Where are the guardrails that enable that bounded autonomy? What decisions, based on those guardrails, can we move as close in person, place, and time to where the work gets done? What systems of control can we replace with systems of trust?

Systems

In the new environment of remote working, our systems must be adjusted to enable the move from physicality to digitality. Designing the collaborative connective tissues of the organization, in the form of systems of work that enable and enhance the ability of the organization to deliver value, becomes an important consideration.

We need to think about how to ensure the flow of value through the organization. How does the organization deliver on its mission and purpose? How does the organization produce products and/or services?

We also need to consider how social contracts and ways of working are crafted by our teams in order to engage both within the team and across teams. We need to look at feedback loops and how work cycles and cadences can be shortened to create transparency and delivery adaptability based on rapid learning.

We need to look at constraints within the organization. Which are immutable (e.g., regulations) and need to be accommodated? Which are flexible and need to be optimized? Which are imaginary and can be done away with? Which are chosen to provide the bounded autonomy that teams need to deliver effectively?

Information

In the absence of informal channels of information, information flow becomes the main consideration. We must get information to flow both horizontally and vertically throughout the organization and look at how information needs to flow to enable transparency, leadership, and the expedient making of directional decisions.

Surfacing the right information at the right time in the right way enables every layer of the organization to make expedient directional decisions and underpins all four pillars. We need to ensure information flows both horizontally across the team of teams and vertically from the enterprise to teams. Information must be bidirectional, flowing from the enterprise to teams and the teams to the enterprise.

We must consider what information is actually required to make directional decisions at each layer. What data can we leverage from source systems for dynamic analysis and directional decision making, and how can we access that data? What data do we not need? Many organizations have reams of data that are collected and never used.

We also need to consider how the information will be displayed. What are the digital tools/applications that can display and enable the publishing and consumption of the information with minimal overhead?

We must also consider the behaviors that collecting this information will drive. Are they the behaviors we want to encourage? People in a system will naturally try to optimize what is being measured, and this will drive their behavior. When software developers are measured only by how many lines of code they produce, they produce reams of unnecessary code to maximize the line count. When sales teams are measured only on new customer signups, they sign up lots of new customers, often by giving things away. How can we use the information we are collecting to drive the right behaviors? How can we measure the system in a way that drives the system to behave the way we want?

Putting It Into Practice: Designing Remote Governance

Let's now look at how we can use the models together to design remote governance. First, we use a principles-based approach: the principles of remote governance (see Figure 3). These principles encapsulate the desired outcomes of a system of governance:

- **Decide who decides** — make decisions close to the work.
- **Decide how to decide** — govern the topic, not the decision itself.
- **Decide when to decide** — as soon as possible, or at the last responsible moment.
- **Define value** — allocate resources based on value delivered.
- **Navigate with insight** — take risks with wisdom.
- **Plan based on forecasts** — use objective data to plan and attend to adaptive capacity.

We can use these guiding principles and the pillars of remote governance as lenses to look at the factors influencing patterns.

We talk about these pillars as separate, but we acknowledge that everything touches everything else. A change made in one pillar will likely affect other pillars. If you make information transparent, it will affect work systems and leadership. If you change leadership practices, it will have a ripple effect in work systems. They are mutually reinforcing and deeply intertwined, as is always the case with complex systems.

As we work through the pillars of remote governance, the SEEM model weaves throughout and provides focused attention on three domains or sets of concerns that exist throughout all organizations (Steering, Enabling and Enhancing, Making), rather than levels of hierarchy (see Figure 4).

As with the pillars, we are always asking: How will a change in this domain affect the other domains? What's the impact of this process or policy in all the domains?

For **Steering,** the fundamental questions are:

- Where are we going and how will we get there?
- What difference do we make in the world?
- What's our revenue model, and how do we relate to customers?
- What do we want our company to be like?

For **Enabling & Enhancing,** we must answer the questions:

- How can we support the people who create products and deliver services?
- How can we ensure that Making aligns with Steering?

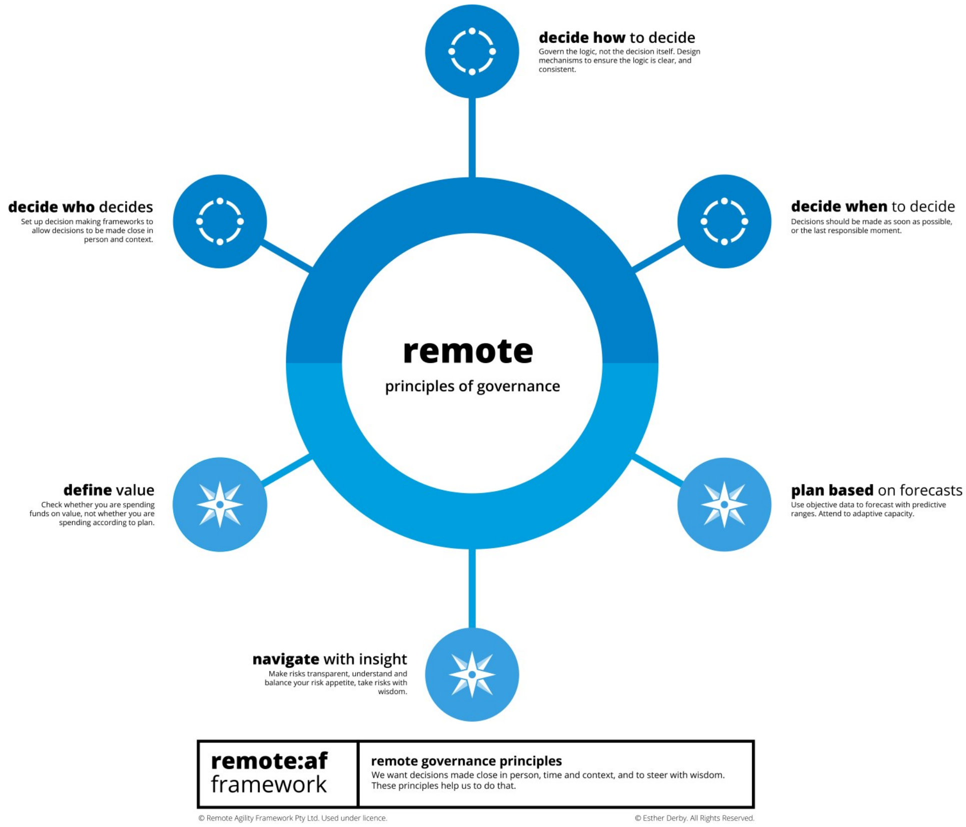

Figure 3. The principles of remote governance

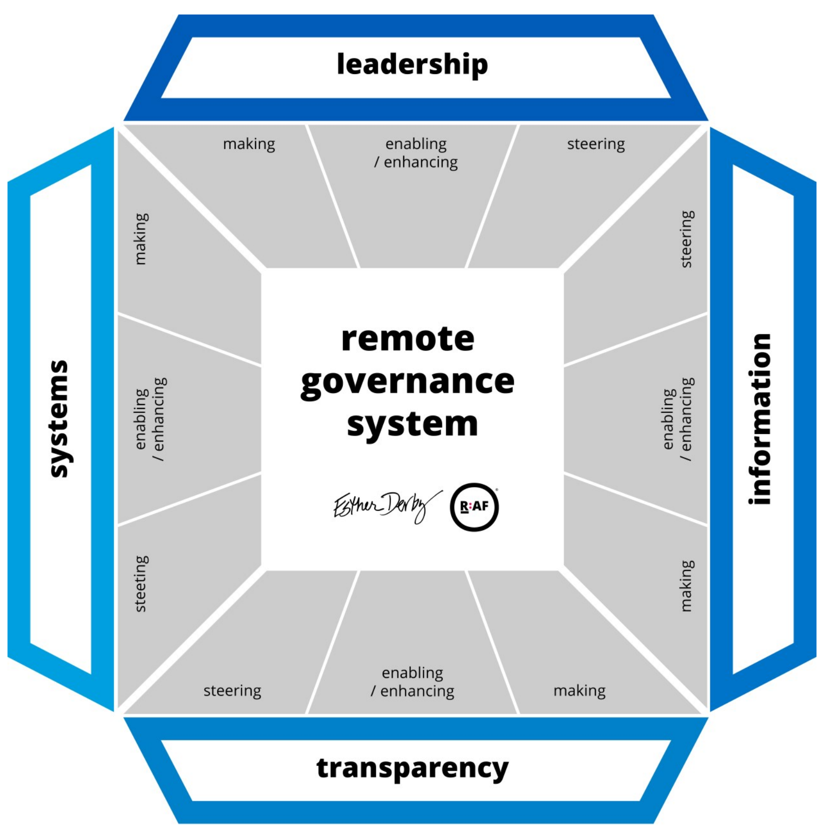

Figure 4. Remote governance canvas

The **Making** domain examines:

- How can we use our combined skills and work together effectively?

Although these domains are fractal in nature, when combined with the pillars, they provide answers for the entire organization (regardless of size) as well as for divisions or departments. This also enables conversations about how organizations can focus their attention on getting the right work done, at the right time, by the right people.

As we stated, everything touches everything in a complex system. It doesn't matter which pillar you start with; it's going to affect the entire system. By using the pillars and SEEM model together, leaders can shift their governance from top-down control and policies that reduce trust toward a model that supports trust and empowerment.

Early feedback from using this method shows it creates useful conversations and actions that lead to better fit for function. It provides leaders with pinpoints to adjust their governance system and creates the conditions for trust and productivity. When leaders focus on creating these conditions in the system *with strong alignment*, organizations can thrive whether they are remote, hybrid, or back in the office.

It Starts & Ends with Leadership

We have come full circle. We started by observing that leaders who were able to create an environment of trust thrived in a remote/hybrid world; those who were unable to do this struggled. The ability to create systems of trust is the key defining feature of successful remote leadership.

Successfully implementing the four pillars both requires and enables a system of trust. Providing real transparency, showing real leadership, enabling effective systems, and using information to guide decisions requires a level of trust. Without trust, transparency cannot function — people will hide or polish information.

At the same time, having those pillars in place creates an environment where trust can flourish. Thus, it is the job of leadership to create that initial system of trust to allow the organization to build a system that allows that trust to deepen and flourish.

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