

Work isn't working; current business models are not fully reflective of our individual or social nature, or of these transitional times. This is the opportunity, not just to reinvent the workplace, but to reimagine the world of work as...

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Spring 2021

The Human Organisation

John Drummond
Chairman
Corporate Culture Group



in partnership with



how on earth
Corporate Culture Group

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Introduction

We are witnessing the biggest shake-up in working life in over 100 years. Should we just witness it or should we help to shape it?

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How on Earth responds to the big challenges facing climate, resources, workplace and society by helping organisations unlock sustainable change.

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LANDMARK

Beyond flexible space, Landmark helps ambitious businesses and their people grow by embracing better ways of working.

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In the last decade, we've been hit by at least three global asteroids – the financial crisis, the pandemic and the climate emergency. Each is having an impact on our lives, our neighbourhoods, our nations and our businesses. They leave organisations with three main areas of challenge:

Resilience

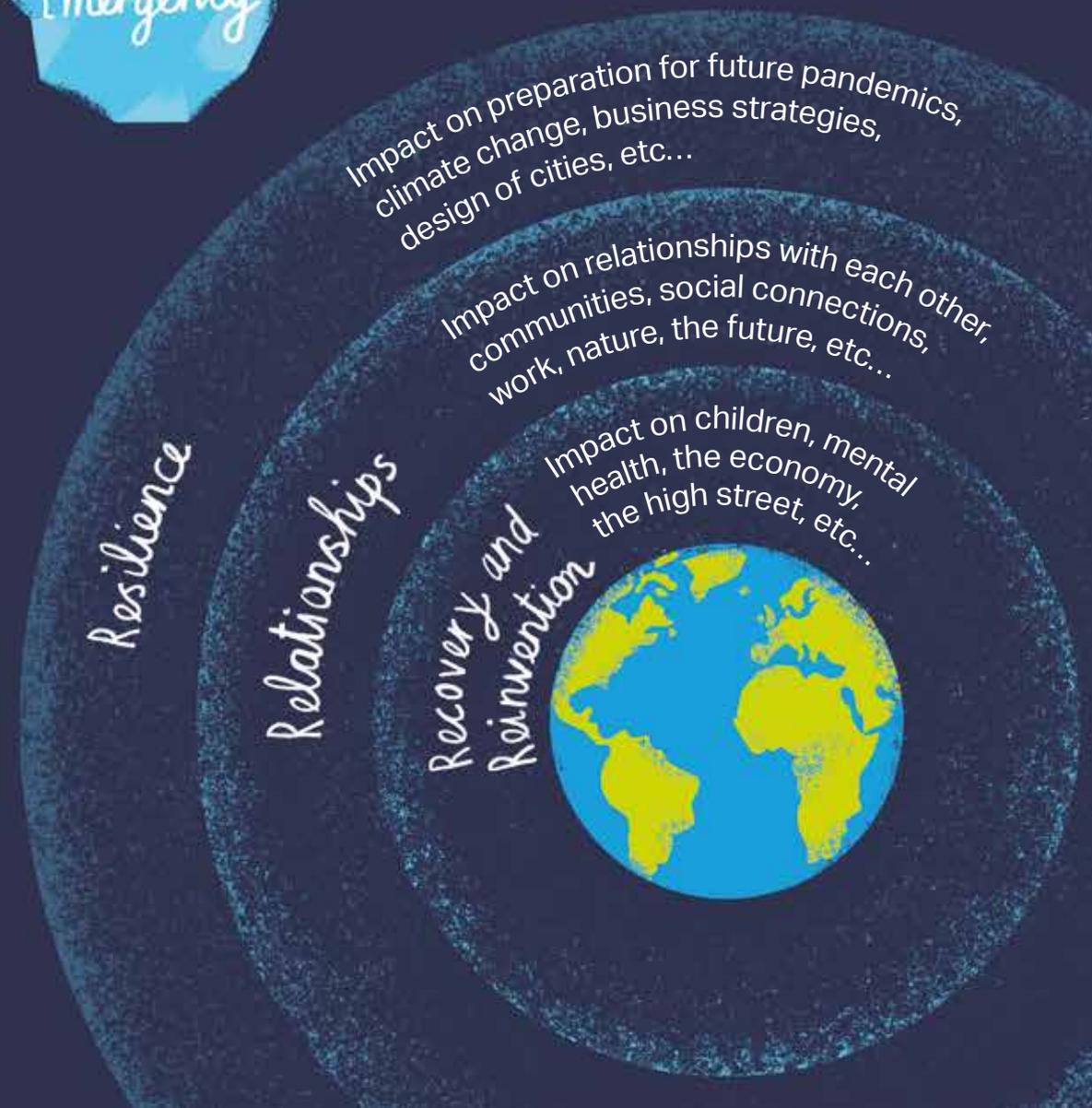
How do we plan for the future? When so much is changing, how can organisations and governments prepare for unknown risks and opportunities?

Relationships

Now we know how connected we all really are, how can we reimagine our relationships with each other and create institutions and places that are more human?

Recovery and reinvention

How do we recover in the years that follow a massive global event? What does it mean to 'build back better'?



We are living in a 'liminal' state, crossing the threshold between one stage and the next. A time when everything is up in the air and yet to land. A time of uncertainty. But also a time of fantastic opportunity.

A universal response

While the ripple effects of the pandemic are wide and deep, one thing is clear: facing a global threat, society took global action, based on *individual and social will-to-act*. This almost universal response has enormous implications for how we now approach everything from the climate emergency to the design of our cities.

In this report, we focus on only one of these changes: the implication for the design of **the human organisation**. Billions of us, at various times in various countries, were required to work from home. Work was no longer defined as a place of work. It was defined by the activities we took individually and together to deliver for each other.

Two magic numbers emerged again and again in all our conversations. Firstly, 90% of employees wanted to continue working in part from home. Secondly, there was a 60/40 split in their preference. They wanted to work two to three days per week from home and the remainder in the office.

Some organisations have embraced this change. Unilever, for example, with 150,000 employees, said that the idea of coming into the office five days a week now seemed very old-fashioned. Others, increasingly outliers, saw any changes as temporary and intended to require employees to return to offices as soon as that was possible.

The shifting world of work

Every employer wrestled with the same bear. What were the implications of this change? What did it mean in the short term for office space? What did it mean for creating a sense of community among colleagues? What did it mean for productivity? As many struggled with home working, how would it affect mental health?

But behind this were wider implications. Not just the reinvention of the workplace, but the reinvention of work itself. What is work for? How does a shift to home working affect traditional hierarchies? What would it mean for equality of voice? After all, we are all the same seniority on a Zoom call. A quality contribution is a quality contribution whoever and wherever you are.

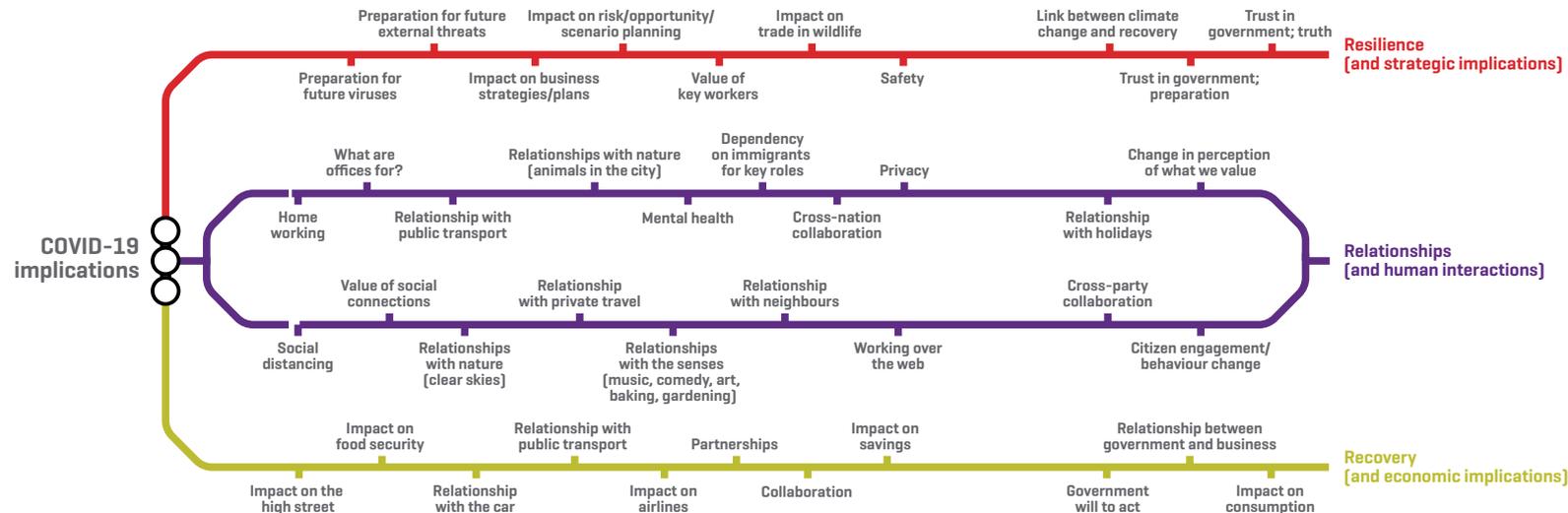
In this report, we explore the challenge and begin to break it down so that changes are actionable. This, we believe, is an opportunity not just to reinvent the workplace, but to reimagine the world of work. The tectonic plates of our working lives are shifting and they are shifting for good.



John Drummond
Chairman, Corporate Culture Group
Spring 2021

John.Drummond@corporateculture.co.uk

The ripple effects of COVID-19 are changing our world
A How on Earth mental model



"Planning productive workplaces is not as easy as it first seems. As this report suggests, successful businesses know their people switch between modes of work many times over, from conversation, collaboration and exploration to concentration and reflection. It's hard to create the right workplace for all of them. Landmark is working in partnership with experts, like How on Earth, to reimagine serviced offices and deliver the most productive workspaces for businesses."

Ed Cowell, Chief Executive, Landmark



Becoming human

The case for change

Is the current workplace fit for purpose or is it a hangover from the early 20th century, when humans were considered as resources that needed to be 'herded' and controlled in order to be productive?

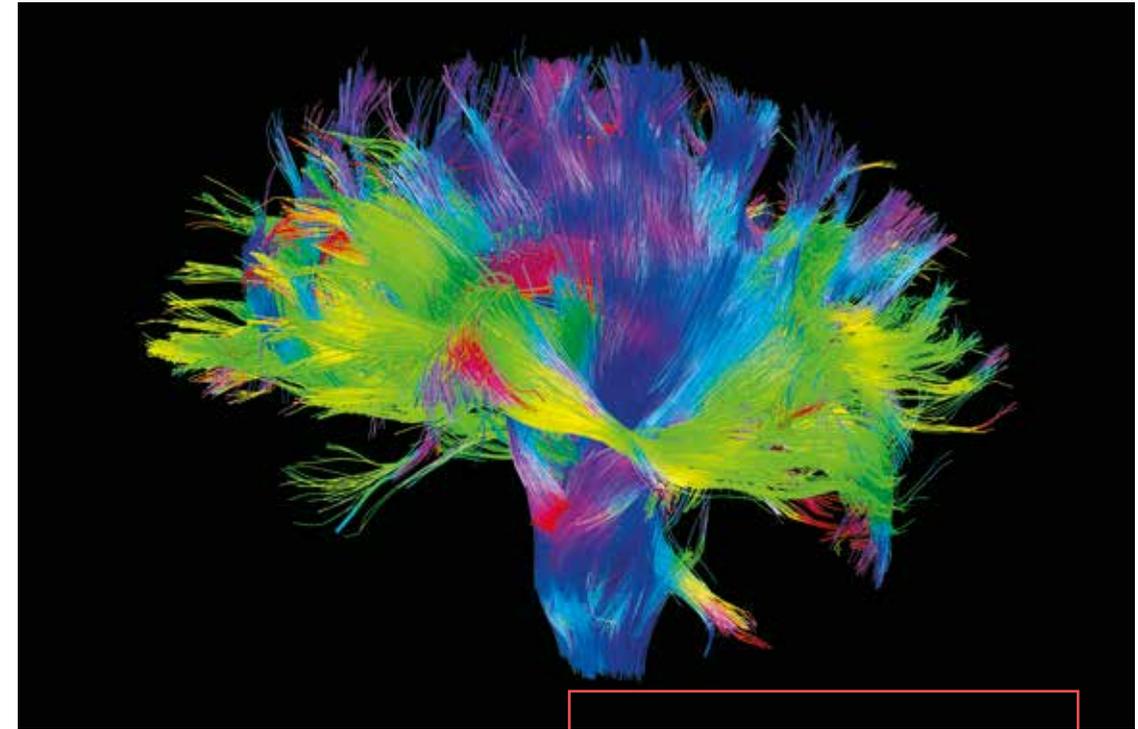
Past influences

This thinking is spelled out by the hugely influential Frederick 'Speedy' Taylor, the self-styled 'Father of Scientific Management' who said: "It is only through enforced standardization of methods... and working conditions, and enforced co-operation that this faster work can be assured." His influence on a world designed to increase the productivity of defined roles continues.

This is a working world of compliance, and it leads naturally to workplaces of hierarchy and control. The business model is designed to create a world of absolute clarity of your job description, processes,

procedures and reporting lines. It is a world in which people are expected to conform. There is one way of dressing, one way of behaving, one language that is used. The power brokers are the finance director, the procurement director and the company secretary. They are the high priests of control and compliance.

It is also a world of the cubicle. The argument is that space is at a premium. It represents cost per square foot. Your cubicle is the space allocated within a building. The office comes first. You fit into that office. The design is almost deliberately inhuman in order to impress and control. The history of this workplace and its evolution is tracked by Nikil Saval in his book *Cubed: A secret history of the workplace*.



A visualisation of neurons making connections across the brain. Human organisations, like human nature, prioritise connections and design-out friction. Traditional models of business introduce friction, which stifles employee connections.

Image courtesy of www.humanconnectomeproject.org

Work isn't working

The lifespan of companies is decreasing. Only one in ten Fortune 500 companies from 1955 remain on that list today. The average age of an S&P 500 Index business is down from 60 years in the 1950s to 20 years in 2020.

Current business models are not reflective of our human nature. We are not just individual. We are both individual and social, and our social nature is being overlooked. We are not just a brain. We are a brain and a body. And our senses and our emotions are not being engaged. We don't just concentrate at work. We collaborate and innovate. We don't just connect upwards. We connect in many, highly effective, informal networks. We are not just driven by money, but by many other equally powerful motivators. We don't want to be confined. We want to share our ideas and have a voice. So, what's the alternative?

The human organisation

The alternative is the human organisation, with a clear purpose, freeing up employees to use their imaginations and skills, connecting with each other and with customers, opening up to new ideas and collaborating to bring their purpose to life.

In the rest of this report, we'll look at the characteristics of the human organisation in more detail.

Reinventing the workplace

Question 1

Where do we work?

We work from home, we work near home, we work from work, or we work from anywhere.



The four workplaces
A How on Earth mental model

Question 2

What's the workplace for?

It's the obvious question in the face of a seismic change in workplace dynamics. Let's imagine that the overall goals of any organisation are activation and innovation: activation of strategy, and innovation to evolve as markets change. All of the organisation's resources are behind these two goals.



Spotlight: Microsoft's Herzliya campus

"Why does a person actually want to come into an office? Why do they need an office at all?"

These key questions were posed by architect Vered Gindi when she started to design Microsoft's new Herzliya campus in Israel¹. It led to three, key design principles:

1. Use a **flexible grid**, where offices can be easily reshaped and desks rolled into new positions.
2. Integrate **long-term sustainability**, including water harvesting and energy generation.
3. Create a **'dynamically creative'** environment, with a move away from silo-based working, by bringing together different people, activities and cultures in a way that can change dynamically as needed.

Oren Yerushalmi Rosenbaum, Senior Portfolio Manager for Microsoft Real Estate & Facilities in Israel & Serbia, puts it like this:

"Over your 100 square metres, you can have flexibility to organize and personalize your space. Put your desks face-to-face or back-to-back, far apart or whatever is right for you."

1. <https://www.weforum.org/agenda/2021/01/office-future-microsoft-covid-19/>

Question 3

What, then, are the key activities in the workplace?

Each of the five, key workplace activities needs its own kind of space. Creating these spaces requires a different mindset: one that starts with people, and designs the workplace around their needs. Based on our ratings of current workplaces, there's clearly room for improvement...

5. Reflection

The final, key workplace activity is reflection. The brain has a default mode that uses reflection to weave together the various strands of our thinking. We need the space and time to reflect, in natural and/or relaxing surroundings. This has largely been designed-out of the workplace, and so, again, rates poorly.

Score: 1/10

4. Exploration

This is the world of meeting colleagues, customers and peers, of tuning into communities, cities and best practice from others. It's the marketplace of new thinking and new ideas, a land of open frontiers and new connections. It's a space for understanding new trends, practices and networks. And it's largely ignored by most organisations. Weird but true.

Score: 1/10

1. Concentration

This is the world of completing a report, a board paper, a presentation, research or any number of other activities practised in the workplace. The key space requirement is relaxing surroundings that are 'personal to me'. Time needs to be set aside for uninterrupted flow, and you need access to food and drink. Those needs are the same whether you are working from home, near home or from work. And yet, the provision of space to concentrate in the office is rare – as is space near home.

Score: 2/10

2. Conversation

This is the base unit of the workplace. There are two approaches to conversation – face-to-face and remote. Each requires a different kind of space. Face-to-face conversations require relaxing surroundings, the ability to sit face-on or at an angle to others, and with access to food and drink. Noise is a factor, but a cafeteria setting works. For remote conversations, a different space is required. A typical Zoom call needs a quiet space to listen and talk, to avoid distractions and avoid being a distraction. This requires an appropriate space at home, near home or at work.

Score: 2/10

3. Collaboration

This is the world of discussion, debate and innovation. It requires space to sit, stand and move around. To be human, it needs to appeal to all the senses. It needs to be able to freely access and present relevant information and to imagine, visualise and explore ideas. This is the world of the meeting room. From experience, there are never enough meeting rooms and the vast majority are impersonal. No thought is given to surroundings that help us relax or free the imagination.

Score: 3/10

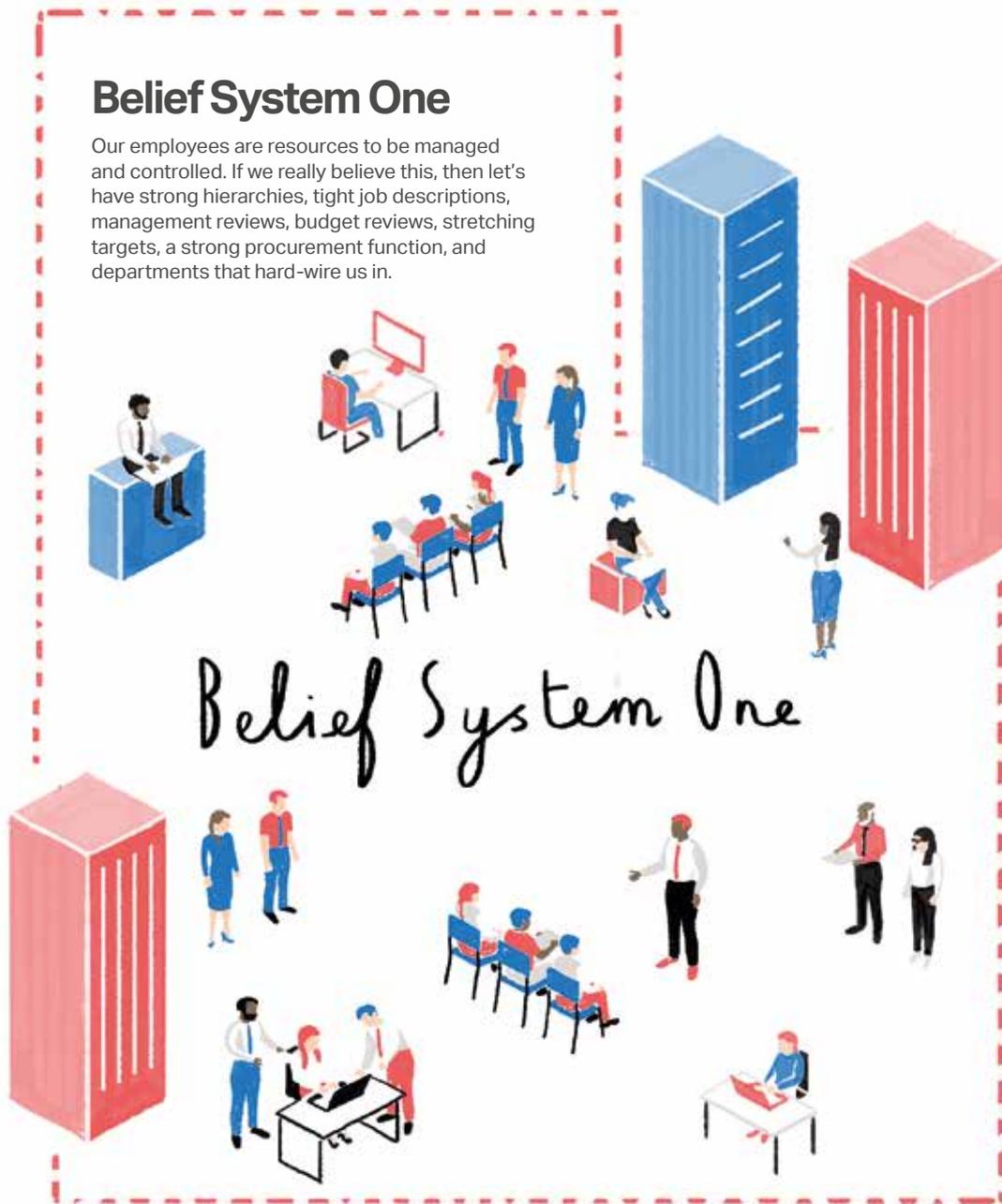


Two belief systems

What we think and feel influences what we believe. What we believe influences what we do. So, what do we believe about employees?

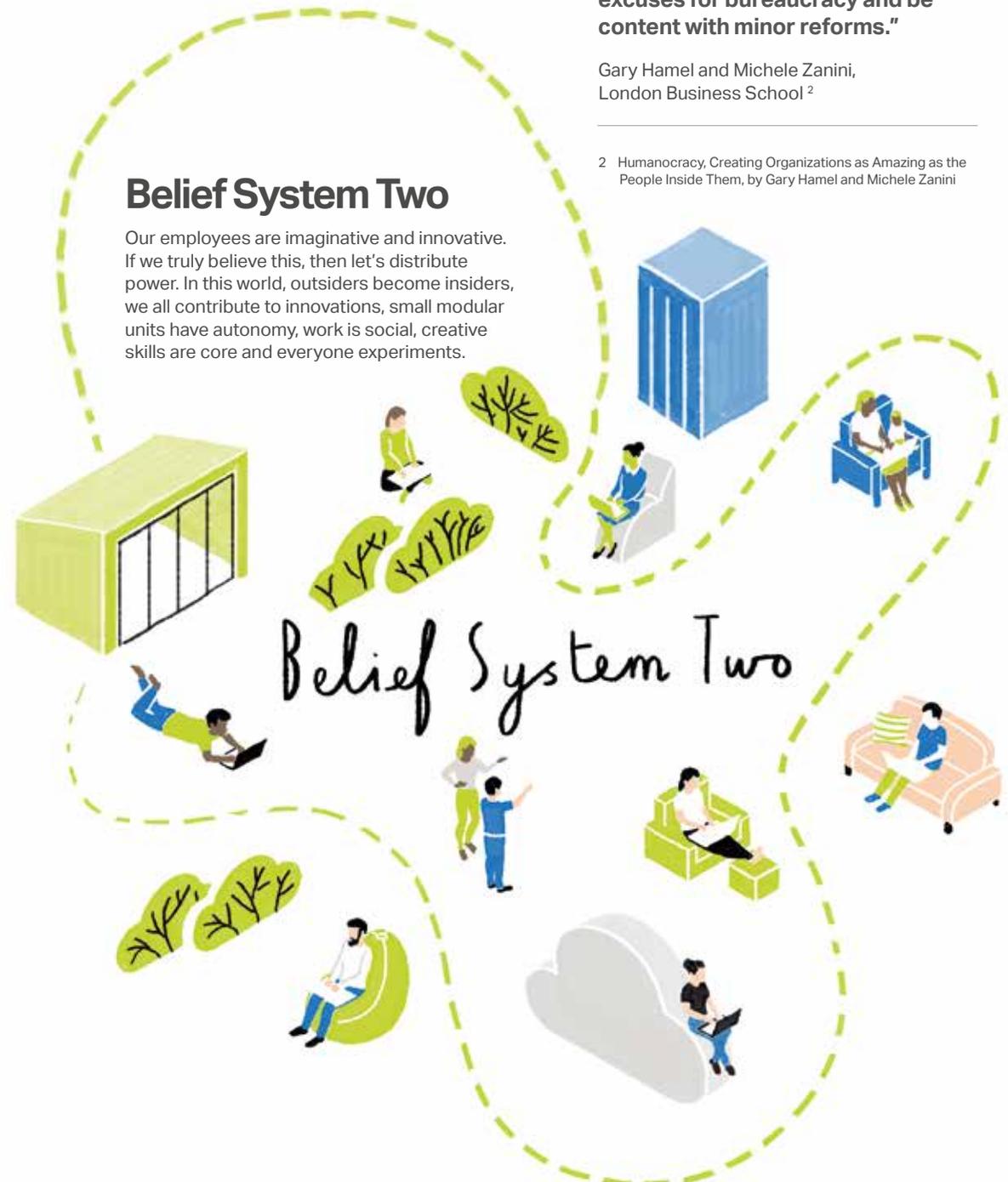
Belief System One

Our employees are resources to be managed and controlled. If we really believe this, then let's have strong hierarchies, tight job descriptions, management reviews, budget reviews, stretching targets, a strong procurement function, and departments that hard-wire us in.



Belief System Two

Our employees are imaginative and innovative. If we truly believe this, then let's distribute power. In this world, outsiders become insiders, we all contribute to innovations, small modular units have autonomy, work is social, creative skills are core and everyone experiments.



"If your worldview places a premium on human freedom and growth, you'll regard the inhumanity of bureaucracy as intolerable and feel compelled to act. If, on the other hand, you regard human beings as factors of production, you'll make excuses for bureaucracy and be content with minor reforms."

Gary Hamel and Michele Zanini, London Business School ²

² Humanocracy, Creating Organizations as Amazing as the People Inside Them, by Gary Hamel and Michele Zanini

01

Human organisations understand people



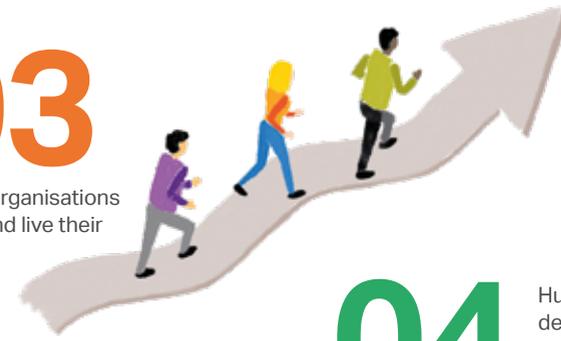
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Human organisations understand our social nature



03

Human organisations define and live their purpose



04

Human organisations define what they believe



The nine characteristics of the human organisation

09

Human organisations have human leaders



05

Human organisations understand context



08

Human organisations distribute power



07

Human organisations are open to a diversity of ideas



06

Human organisations have creative intelligence





Human organisations understand people

"I can be my whole self, every single day."

Employee, Royal DSM, culture video, November 2020

If you believe the success of your organisation is down to your people, you should be able to answer these simple questions:

What motivates people to act?

How do people make decisions?

How do great ideas spread?

How does the reward system of the brain work?

Understanding how humans function is the holy grail for business. Have you found it? Are you even looking?

We are the brain and the body

When did we start to separate the brain from the body? We are a single organism. We can't separate reason from emotion, how we think and how we feel. How we think is shaped by our senses. We make sense of the senses with our brain.

In terms of the senses, at the most basic level, the ears matter because too much noise reduces concentration. The eyes matter because fluorescent light, poor natural lighting and lack of visual contact with the outside affects us. Touch matters because drafts, temperature variations, desks, chairs and the locations of doors can be distracting and uncomfortable.

But it's much more significant than this. We know the power of the eye from our investment in the design of brands, products and services. We know the power of music from how it demands our attention, releases dopamine and oxytocin (happy hormones), creates empathy, builds a sense of identity and improves health. We know car companies have, for many years, been professionally managing the sound of their product in the same way as every other part of their product.

We know, from a review of Nobel prize-winning scientists conducted by Michigan State University, that they are twice as likely to play a musical instrument, 12 times more likely to write poetry, plays or popular books, and 22 times as likely to perform as amateur actors, dancers or magicians than scientists as a whole.³

The senses, and our emotions, make us human. They trigger innovation. They lead to action. As neurologist Donald Calne puts it: "The essential difference between emotion and reason is that emotion leads to action while reason leads to conclusions".⁴

Why, then, would we deliberately design-out from the world of work our body, our senses and our emotions?

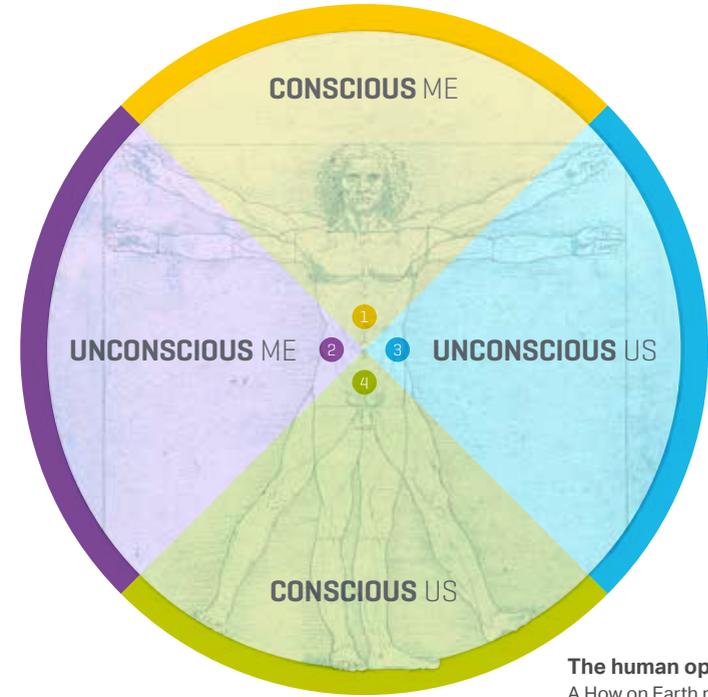
"The essential difference between emotion and reason is that emotion leads to action while reason leads to conclusions."

Donald Calne, Canadian neurologist

³ From Rebel Ideas, by Matthew Syed

⁴ Quoted in Lovemarks: The Future Beyond Brands, by Kevin Roberts

Conversation
 Action
 Curiosity
 Music
 Play
 Art
 Reward
 Motivation
 Human
 Invention
 Drink
 Nature
 Culture
 Photography
 Food
 Time
 Emotion



The human operating system
A How on Earth report

How we make decisions

Over 400,000 years, people have evolved an operating system. We are a creature of space and time. We live in the moment. We only hold three or four things in our working memory at any one time. Let's call that the *conscious me*. However, we are required to make thousands of decisions every day. So, we've evolved shortcuts to speed up our decision-making. They are often called biases because we lean towards them. Let's call this part of the operating system the *unconscious me*.

People are also social. We are influenced by others. Sometimes this is unconscious because we are driven to fit in. Let's call this the *unconscious us*. And we choose to work together with others to be good neighbours, play games, or vaccinate the world. Let's call this the *conscious us*. Together we weave our world by moving between all four of these modes all the time. We need to understand the whole operating system if we want to tune into it.

How we are motivated to act

Everything is about how we act. How we grow, buy and eat food. How we build and live in homes. How we make, buy and drive cars. Bringing a strategy to life is called activation with an emphasis firmly on the 'act'.

"In the end, when it's over, all that matters is what you've done."

Alexander the Great

And yet we don't do the obvious. We don't translate our strategies into what we want employees, suppliers and customers to do. We don't deliberately seek to understand people. We don't know our way around motivation and what persuades different people to take different actions. We can. We just need to make the decision.

How on Earth

...can we be more human?

Turn up the volume on all the elements that make us human – music, play, exploration, ideas, visual stimulation, nature.



Human organisations understand our social nature

"Our organisations allow us to do together what can't be done alone."

Gary Hamel and Michele Zanini, London Business School

If we doubted our social nature, the pandemic was a wake-up call. When the world was in lockdown, we really missed spending time with friends, family, colleagues and others.

We missed kissing, hugging, watching sport and eating out. We missed the cinema, theatre, laughing, arguing with people over a pint, or gossiping over a coffee.

The whole human

We had substitutes. Through 2020, Zoom had 300 million+ daily participants, Microsoft recorded 30 billion+ collaboration minutes on its productivity suite. Google Classroom saw the number of users double, year on year.

But it wasn't the same. Remote working is valuable for the person and the organisation, but it's not the whole human. The whole human includes connecting face-to-face, working together, making stuff happen, learning from each other. Without this human contact we began to be seriously concerned about the impacts on mental health.

Ultimately, people are inherently social.

"Our organisations allow us to do together what can't be done alone. No single human can build a car; launch a satellite; create an operating system; train a doctor; erect a building or mobilize a movement."⁵

Gary Hamel and Michele Zanini, London Business School

The power of networks

Alex Pentland of MIT spends his professional life exploring how social connections work. He concludes that a key currency for people is the exchange of ideas. Ideas create products and services. He identifies two key measures of success:

- **The frequency of social contact:** it doesn't matter what topic is discussed, increased frequency strengthens social ties, trust and the exchange of ideas.
- **The diversity of ideas we are exposed to:** humans are explorers, we are curious by nature, driven by the need for social contact and for novelty.

Underneath the hood of any electronic device is a motherboard – a network of connections that joins components and powers the device. Similarly, the power of an organisation emerges when employees make informal contacts with their peers. We learn from each other.

Our choice is either to design this out, through rules and processes and reporting lines, or to design it in, by encouraging informal contact and informal networks. Google understands this. Its learning is largely driven by colleagues, called Googlers. Around 75% of organisational learning is informal, Googler to Googler.

⁵ Humanocracy, Creating Organizations as Amazing as the People Inside Them, by Gary Hamel and Michele Zanini



In summary, here is what we know:

- We need workspaces that encourage conversation and collaboration. That's the hardware.
- We know people are social, we know commercial success depends on collaboration, and we know innovation depends on social connection. That's the software.

So, if social intelligence is key to success, we might assume that executive teams and boards give serious thought to our social nature. They understand it and encourage it. Right?

How on Earth

...do we live our social nature?

Understand our social nature. Design workspaces to enable conversation, collaboration, exploration and social contact. Make networking easy, inside and outside the company.



Human organisations define and live their purpose

"Purpose is the engine of long-term profitability."

Larry Fink, CEO, BlackRock

There are over 100 motivators that persuade humans to act. They are like a car's accelerator pedal – propelling us in a given direction. One of the most significant motivators is a sense of meaning or purpose.

The Japanese have a word for our need for meaning. It's called Ikigai, i.e. 'reason for being' or 'life purpose'.

生き甲斐

Purpose taps into a fundamental motivator in our lives. A physician called Robert Butler observed that people who had a strong sense of purpose in their lives lived longer.

Here are three examples of purpose statements:

- **Lloyds Banking Group:** to help Britain prosper.
- **GSK:** to help people do more, feel better, live longer.
- **BlackRock:** to help more and more people experience financial wellbeing.

For a while, purpose was seen to be a bit wishy-washy. Maybe it distracted from creating wealth for shareholders, presumably the perceived purpose of business. Ah, but wait a minute. A chief advocate of being purpose-led is Larry Fink, CEO of BlackRock, the world's largest asset manager, with nearly \$8bn under management. In his 2019 letter to CEOs, he stated that profits and purpose are inextricably linked.

"Purpose is not a mere tagline or marketing campaign; it is a company's fundamental reason for being – what it does every day to create value for its stakeholders. Profits are in no way inconsistent with purpose – in fact, profits and purpose are inextricably linked... when a company truly understands and expresses its purpose, it functions with the focus and strategic discipline that drive long-term profitability."

Larry Fink, CEO, BlackRock

If purpose is so important, then surely organisations, having defined their purpose, seek to bring it to life. Let's call this **purpose activation**.

So, let's check. How do organisations account for their purpose in their annual reports? How does it translate into employee behaviours or customer behaviours? Where is the evidence of impact? And let's not ignore governments who (you would hope) have the long-term future of their nations in clear focus, or charities who have a social reason to exist. How do these organisations translate words into actions, and actions into impact?

For interest, Facebook's mission reads like a purpose statement. Here it is: "To give people the power to build community and bring the world closer together". How's that going then?



What do we know about the need for meaning?

The meaning of life has been more the stuff of philosophy and religion than neuroscience, psychology or business studies.

Research suggests meaning has several elements: **purpose, coherence, order** and **significance**. Given how important the search for meaning seems to be for people, it appears underexplored in biology and behavioural science.

Here is one thing we think we know: the residents of Okinawa in Japan have the longest disability-free life expectancy in the world. Ikigai or 'reason for being' is often cited as one of the reasons for their healthy longevity.

How on Earth

...do we create a sense of meaning for life at work?

Define your purpose. Focus on activating your purpose. Explain how you are living your purpose to stakeholders in your annual report.

Additional sources:

- *Living and thinking about it* (Kahneman and Riis, 2005)
- *Studies on the purpose of life* (Ryff and Keyes, 1995)
- *Self-actualisation* (Ryan and Deci, 2000)
- *Optimism* (Seligman, 2002)



Human organisations define what they believe

Mokita

A Papua New Guinea phrase meaning:

"The truth that everyone knows but nobody says."

Here is a basic principle of human behaviour: what we believe decides our actions. Beliefs dictate how we use our time, where we live, the friendships we form, the companies we work for and the politicians we vote for. They directly influence our actions, every day.

Authentic human organisations define their beliefs and try to live them. When they don't, they should hold themselves to account. I say 'beliefs', rather than 'values', because beliefs are easier to translate into actions. Let's look at two examples. See if you can guess the companies from these extracts, and if you believe they hold true to these statements.

Company one '10 things we know to be true'

1. Focus on the user and all else will follow: *When we build new tools and applications, we believe that they should work so well you don't have to consider how they might have been designed differently.*
2. It's best to do one thing really, really well: *We do search.*
3. Fast is better than slow: *We know that your time is valuable, so when you're seeking an answer on the web you want it right away, and we aim to please.*

...

Even need to look up the answer?

Company two 'Leadership principles'

- Leaders start with the customer and work backwards.
- They think long term, and don't sacrifice long-term value for short-term results.
- They act on behalf of the entire company, beyond just their own team.
- They expect and require innovation and invention from their teams, and always find ways to simplify.
- They are externally aware, look for new ideas from everywhere, and are not limited by 'not invented here'.
- They seek diverse perspectives and work to disconfirm their beliefs.

...

Any Prime candidates?

Why articulate beliefs?

Every organisation has beliefs. Failing to articulate or live your beliefs can have a huge cost.

In September 2015, Volkswagen admitted rigging emissions tests for its cars. The first few days of the scandal led to a 30% decline in its share value, the resignation of its CEO, and €6.5bn set aside for costs, while a belief amongst lenders that subprime mortgages were a worthy investment ultimately precipitated the global financial crisis of 2007/8, with total losses in the \$trillions.

"My father before me used to talk about a company's responsibilities to its employees, stockholders, and customers. In this lecture I added another – to the public or national interest."

Thomas J Watson Jr., IBM, 1972

Here's an example of defined beliefs. I was looking through some old issues of IBM's internal magazine *Think* and came across a copy from 1972. In it is an interview with Thomas J Watson Jr., the son of IBM's founder. He's explaining the idea of public interest: "Well, actually, it's a development of an idea which began to occur to me back in the early 1960s when I served on the Labor-Management Advisory Committee set up by President Kennedy. As I worked with this group, an idea came to me that I'd never thought of before – that corporations, in making decisions without consideration for anybody but themselves, could from time to time end up with decisions which are not totally in the public interest. So that's the origin of the idea. Back in 1962, in one of my McKinsey Lectures at Columbia University, I talked about this problem. My father before me used to talk about a company's responsibilities to its employees, stockholders, and customers. In this lecture I added another – to the public or national interest."

Like any other organisation, IBM hasn't always got it right, but this statement from 50 years ago articulates beliefs that the company seeks to live.

A simple framework for action

When it comes to organisations living their beliefs, the approach is to provide freedom within a framework. Then we have a choice. Do we make the framework so tight as to restrict movement? Or do we loosen it up to give people freedom to be themselves and use their smarts? Either way, the framework itself isn't difficult to define. It's the five Ps:

- Purpose
- Principles
- Priorities
- Policies
- Processes

Of course, there should be rules. Everyone working together follows rules, whether you are driving a car, walking on the pavement, or singing in church. Rules shouldn't reduce creativity. Football is still a beautiful game even though there are rules.

A framework doesn't need to cover every eventuality. This is the real world. Even with our own personal principles, there are always trade-offs, e.g. I want to reduce my impact on the environment but I also want to explore new cities with my friends.

Sometimes loose is OK. Philosopher Roger Steare described three underlying ethical principles.⁶

"Do what makes sense, do what feels right, do what is fair."

Roger Steare

If it's the right thing, and someone else is looking, you may also get a rush of dopamine.

⁶ *Ethicability: How to Decide What's Right and Find the Courage to Do it* (Steare, 2006)

Underlying principles

At a high level, these core principles seem to guide human actions, even at work:

- **Compassion.** Does our action demonstrate care for people, or does it do harm?
- **Fairness.** We need to be fair and be seen to be fair. Check out the Equal Treatment Bench Book for judges and magistrates in England, it's worth a read.⁷
- **Reciprocity.** The cousin of fairness. In our informal networks, we exchange all the time. I might provide advice to a friend about finding a job. They might be available to help me with a technology problem. It only becomes an issue if one of us is doing all the giving. Nobody likes free-riders.
- **Freedom.** Economist John Stuart Mill made the case for freedom like this: "The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others". Freedom within a framework.
- **Obedience.** Obeying a higher power, complying with the law and the spirit of the law. In cultures based more on social principles, this is framed more as responsibilities. In cultures based more on individual liberties, laws are more about rights.
- **Loyalty to the group.** "It takes less than 200 milliseconds for your brain to register that the group has picked a different answer from yours, and less than 380 milliseconds for a profile of activation that predicts changing your opinion." Robert Sapolsky, American professor of biology.⁸
- **Valued by the group.** Every organisation forms a wide tribe of its own. There will be things that you value that emerge from your culture.
- **Reasonable.** We may need to balance different impacts on different people, or balance short-term vs. long-term impacts.
- **Feels right.** We can't separate reason from gut feel. Social psychologist Jonathan Haidt believes our moral decisions are intuitive.⁹ We do first, and justify later.

Three ways of looking at principles

When we are creating principles for our organisation, we may want to emphasise:

- **The act:** rewarding good acts and punishing bad. It's possible to be a good person and do something wrong.
- **The actor:** recognising people for their integrity and identity. "That good act was typical of my identity. That bad act wasn't like me."
- **The outcome:** good job nobody was hurt, or bad job that someone was hurt.

Academics try to use labels to make this inaccessible for pub conversations. The first is called virtue ethics; the second, deontology; and the third, consequentialism.

How on Earth

...do we ensure consistency?

Define your beliefs collaboratively with colleagues.

⁷ <https://www.judiciary.uk/publications/new-edition-of-the-equal-treatment-bench-book-launched/>

⁸ *Behave: The Biology of Humans at Our Best and Worst* (Sapolsky, 2017)

⁹ *The Righteous Mind: Why Good People Are Divided by Politics and Religion* (Haidt, 2012)



Human organisations understand context

"The most important thing I've learned since becoming CEO is context. It's how your company fits in with the world and how you respond to it."

Jeff Immelt, former Chairman and CEO, General Electric

If you're sailing a ship, you'd better understand the weather.

We've learned from the global financial crisis of 2007/8 and the COVID-19 pandemic of 2020+ that unforeseen events can throw strategies up in the air. As the Scots poet Robert Burns said: "The best laid schemes o' mice an' men gang aft agley (often go wrong)".

A wake-up call

Experience tells us that change is continuous, change can be dramatic, change is often beyond our ability to control and change is often unpredictable. We know that context changes risk and opportunity, so it should probably be continuously on the radar of the board and the executive team. If it isn't, how much more of a wake-up call do you need than a global financial crisis and a global pandemic?

And yet, how smart are we at reviewing context? How well do we understand the weather?

Sure, it's unpredictable.

"There's no chance the iPhone is going to get any significant market share. No chance."

Microsoft CEO Steve Ballmer, quoted in 2007

In his book *Superforecasting*, political science writer Philip Tetlock says:

"There is no evidence that geopolitical or economic forecasters can predict anything ten years out."

Even a month out right now looks unpredictable.

What we know

On the other hand, we've never had more information at our disposal to help us understand the world we live in. We know about technological change. We know about population change. We know about different cultures (there's even an online ethnographic atlas of over 1,200 societies). We know we'll be hit by extreme weather events. We know about the impact of unforeseen extreme economic events. We know about the probability of more pandemics. And we know about the potential movement of hundreds of millions of climate refugees across the planet as they are forced to move by seawater rises, fires, air pollution and storms.

We know all of this will affect our employees, our customers, our communities and our organisations. It will affect our plans, our products and services, our behaviours, our profits, and our competitors. So, at the least, organisations that are ready for continuous change will do three things.

First, they get organised. They should have an in-house team with responsibility for continually reviewing context (beyond risk and governance). They should also have a Context Advisory Team (or CAT) of external reviewers continually updating context and probabilities.

Second, they understand that there are different types of future:

- The *probable future* if nothing changes, based on signals that we can see happening today.
- Several *possible futures* based on these signals that people can imagine (because bringing these futures to life makes it easier for people to see and hear and feel the future).
- The *preferred future*, which defines the kind of future that we do want.

Third, their understanding of context is continually updated, not simply in advance of the next strategy review. And they have an emergency playbook for a process in the event of unforeseen storms.

A futures checklist

To check how ready you are for the future, just answer true or false to these statements. You want a lot more true than false.

Context review: we have our finger on the pulse of context.	True/False
Credibility: the source of evidence we draw on is credible.	True/False
Diversity: a diversity of views, including contrary views, are deliberately sought and taken into account.	True/False
Context over time: evidence gathered considers trends over time.	True/False
Connections: a wide range of contextual issues are considered.	True/False
Customers: the evidence is based on a deep understanding of customers.	True/False
Competitors and best practice: evidence considers likely action from competitors and it considers best practice from any sector.	True/False
Methodology: in developing a picture of the probable future, scientific methods are used.	True/False
Risk width: financial and non-financial risk is assessed.	True/False
Risk timeframe: short-, medium- and long-term risks are identified.	True/False
Opportunity: our strategy develops a priority list of opportunities as a result of our analysis.	True/False
Uncertainties: uncertainties are identified.	True/False

The bottom line: if we don't understand the weather, the ship can run aground.

"If the rate of change on the outside exceeds the rate of change on the inside, the end is near."

Jack Welch, former CEO, General Electric

How on Earth

...do we prepare for uncertainty?

At least once a year, conduct a context review, define your preferred future, the probable future and potential scenarios. Make it easy for employees to share their insights from customer contacts. Create an external context advisory team or CAT.



Human organisations have creative intelligence

“There is one thing stronger than all the armies in the world, and that is an idea whose time has come.”

Victor Hugo

We change behaviours through the power of ideas, or to put it another way, ideas lead to actions. Creating new ideas is about combining real-world observations with mental models.

The history of people is a history of ideas. We are surrounded by ideas. They create our reality. The TV, the computer, the phone, music, books, tables, chairs, houses, cars, money, language, electric light, owning stuff, sport, communities, cities, nations. All are ideas.

When you are changing human behaviour, there are only two sources for ideas – evidence of human need, and that extraordinary human characteristic, imagination.

Magical fictions

“Fiction has enabled us not merely to imagine things, but to do so collectively.”

Yuval Noah Harari¹⁰

Let’s look at a few of these magical fictions.

Farming: Farming is an idea. For 2.5m years, humans were foragers. Then, about 10,000 years ago, we began to cultivate a small number of plants and animals. On the upside, it led to secure food supplies, an increase in population and, some say, prosperity and progress. On the downside, half of the fertile land on earth is now farmland. In the words of Sir David Attenborough: “70% of the mass of birds on our planet are now domestic birds – the vast majority chickens”.¹¹

Nations: Nations are ideas. They are very powerful ideas but their power is often steeped in the mist of myth. Borders are not static. They have changed dramatically in the past and will continue to do so. Relatively recent national identities include America, Pakistan and Iraq. People roam and will continue to roam.

Brands: Businesses are acts of collective imagination. As Harari points out, a brand, like Peugeot, is what lawyers call “a legal fiction”. We are strangers that cooperate within the parameters of these imagined ideas.

Collaborative principles

Creating powerful new ideas is always collaborative. No one imagines a successful new idea and implements it in a vacuum. There are common principles to effective collaborations. Shared purpose, shared knowledge, shared methodology, mutual respect, a clear timescale, a diversity of ideas, and an open mindset.

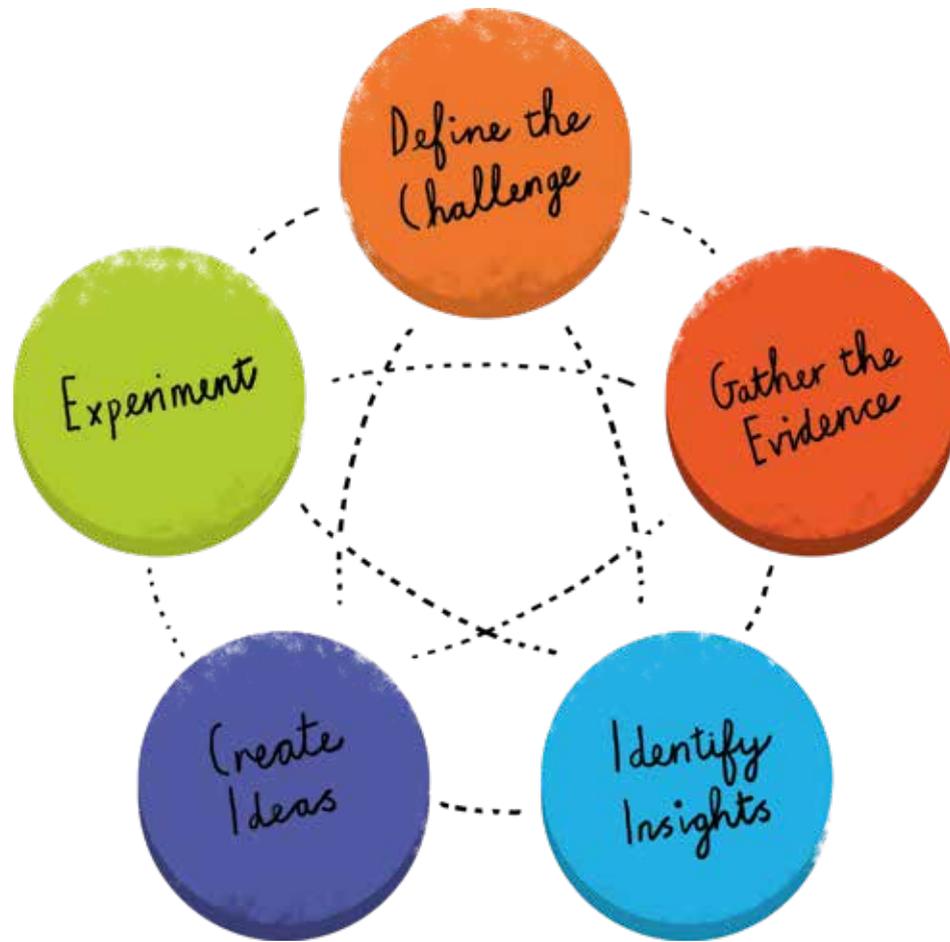
Collaboration is always in the service of either ‘activation’ (bringing your strategy to life) or ‘innovation’. Both require creativity. And yet, against this backdrop, do we build creative intelligence as a fundamental part of running our organisation?

Clinical psychologist Simon Baron-Cohen attributes dramatic progress in how humans started to innovate to changes in how the human brain began to function around 100,000 to 70,000 years ago. In other words, part of our ability to innovate is built into our human nature. It’s carved into our genes. We can’t design it out, no matter how hard we try. What we can do is tap into it and improve how we innovate. We can do this in two ways:

- **Making connections:** We make connections between people and we make connections between ideas. We make connections between people through empathy. We make connections between ideas by spotting patterns.
- **Following a process:** Innovation is the result of a creative process. That’s true whether you are planning a journey, cooking a meal or imagining a new product or service. The basic process is to gather evidence, discover insight, imagine possibilities, experiment and learn. One of the earliest known musical instruments is a flute carved from a vulture bone from around 40,000 years ago. How do we know if something works? You don’t know until you blow.

¹⁰ Sapiens: A Brief History of Mankind, by Yuval Noah Harari

¹¹ David Attenborough: A Life on Our Planet, Netflix (37-minute mark).



The innovator's sprint
A How on Earth mental model

On curiosity

We are curious by nature. We are like bees seeking food sources, scouting new lands, to bring back new ideas to the hive, to discuss and decide.

Yes, it's an uncertain world. It always has been. Leonardo da Vinci welcomed it as a part of the creative process. He called it 'Sfumato', which translates as 'going up in smoke'. There's always smoke (or uncertainty). Einstein knew it, too.

"As our circle of knowledge expands, so does the circumference of darkness surrounding it."

Albert Einstein

On the other hand, if we are curious, and prepared to explore and scout ahead, we can begin to see shapes through the smoke.

How on Earth

...do we empower everyone to be curious?

Read our new innovation report. Ask us to run an innovation sprint with you.



Human organisations are open to a diversity of ideas

"It is hardly possible to overrate the value... of placing human beings in contact with persons dissimilar to themselves, and with modes of thought and action unlike those with which they are familiar."

John Stuart Mill

A key characteristic of the human organisation is openness to a diversity of ideas as well as a diversity of identities. A diversity of ideas triggers innovation and opens new markets.

Failure to be open to a diversity of ideas can lead to fixed beliefs that can challenge a company's survival. That's one of the reasons for the great recession of 2007/8. If workplaces become echo chambers, they become victims of confirmation bias, only open to ideas that reinforce erroneous views.

Open your thinking

Directors of businesses now need to make a decision: proudly plough their furrow, confident that they are smart, right and self-sufficient, or deliberately open their thinking to external challenge.

Here are three facts from Matthew Syed's brilliant book *Rebel Ideas*:¹²

- **43% of companies in the Fortune 500 were founded or co-founded by immigrants or the children of immigrants (citing a study published in December 2017).**
- **A review of 2m patents issued by the US since 1975 found that teams are dominant in all 36 categories (citing Brian Uzzi, Kellogg School of Management).**
- **Scientific papers with the most impact combine disciplines (citing a study of 17.9m publications across 8,700 journals).**

Diversity of ideas and diversity of race or gender are not necessarily the same. Social scientist Scott E. Page of the University of Michigan draws a distinction between what he calls 'cognitive diversity' – thinking differently from each other – and 'identity diversity'. On the other hand, race, culture or gender often carry an inherent diversity of thinking. Either way, the key is to embrace an outsider mindset.

Identify key attributes

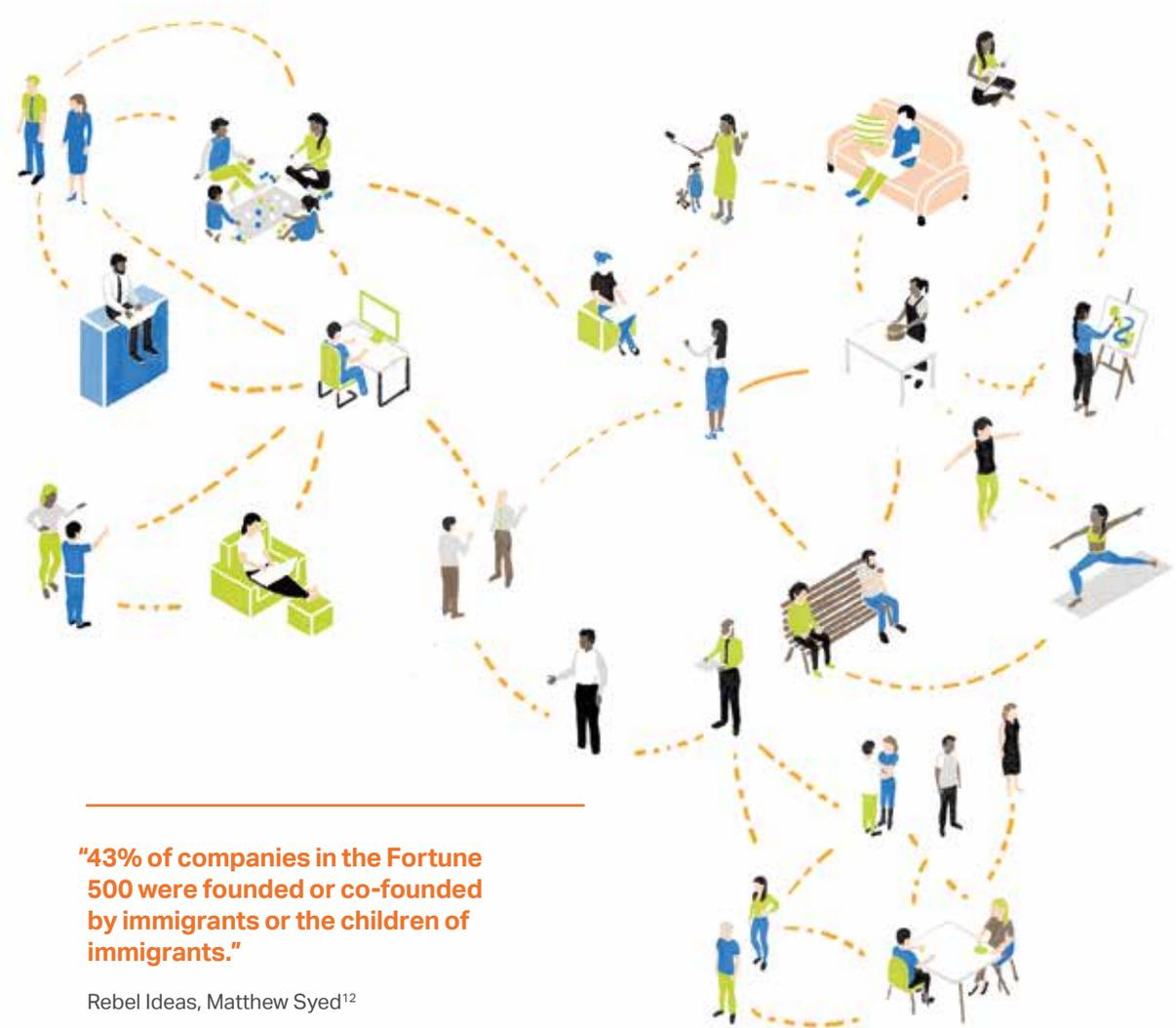
Global investment company Baillie Gifford is an example of how to turn this into practice. According to its Head of Emerging Markets, Will Sutcliffe:

"We don't think an in-depth knowledge of financial theory is a prerequisite to working here: we can teach that. What we can't teach is intellectual curiosity – a desire to understand how the world works – and that's the key attribute we're looking for."

As a result, Baillie Gifford recruits from different disciplines. An example of this, on its website, is an interview with graduates in music. It says:

"Music is hugely intricate. You're simultaneously aware of a horizontal melody, vertical harmony and depth of timbre, all of which can only exist through a fourth dimension of time via rhythm and meter. In practice, students of music are looking for patterns in something that is multidimensional and complex. It's not a coincidence that musicians tend to be quite good at abstract reasoning.

"How does this help with our day jobs in investing? Musicians naturally look both at the detail and at the big picture, synthesising the 'macro' with the 'micro'. It helps as we make sense of passing trends alongside structural changes such as those in technology or consumer behaviour... Take for example 'pivot chords', which are chords that simultaneously make sense in both the current key and the future one. With the pivot chords as our mental model, it's easier to conceptualise change in businesses."



"43% of companies in the Fortune 500 were founded or co-founded by immigrants or the children of immigrants."

Rebel Ideas, Matthew Syed¹²

Skunkworks

A 'skunkworks' is a loose group of people set up outside traditional organisational structures, purely to innovate, and with the aim of working on projects that make people say "wow!".

The term comes from a Lockheed Martin project set up in 1939 that led to the world's first operational jet fighter. That original 'Skunk Works' was established in a circus tent next to a smelly factory, which reminded the team of a moonshine factory in the L'il Abner comic strip called the 'Skonk Works'.

¹² Rebel Ideas, Matthew Syed

How on Earth

...do we tap into a diversity of ideas?

Make it OK to challenge accepted ideas. Recruit for cognitive diversity as well as identity diversity. Tune into external idea hubs. Ask disruptive questions.



Human organisations distribute power

"The hierarchical approach is based on the absurd proposition that lower-level employees are unable to think beyond their own role or unit."

Gary Hamel and Michele Zanini, *Humanocracy*

The company isn't a castle with a moat and a single drawbridge. A human organisation knocks down the walls and removes the moat. It is a circle, without barriers, making it as easy as possible to enter and share.

An analysis of 300 real-world projects since 1972 found that those led by junior managers were more likely to succeed.¹³ In 2016, IBM invited 275,000 employees to submit ideas for exploiting the company's work in artificial intelligence.¹⁴

Power devolution

Innovation is dependent on the devolution of power. In *Humanocracy*, Gary Hamel and Michele Zanini illustrate with an example from Haier, a Chinese consumer appliances business. The business seeks to create zero distance between employees and customers. It has divided 56,000 employees into 4,000 market-facing microenterprises, each free to contract, or not, with others. This is the opposite of traditional models where functions like HR, IT, procurement, marketing and finance are monopolies. According to *Humanocracy*:

"Tan Lixia, Haier's chief financial officer, sums up the company's mindset to open innovation this way: "The border of the company is not important. If you can help create value for users, it shouldn't matter whether you're an employee or not." That's also the philosophy of 3M. In a typical year, nearly a third of 3M's sales are generated by products that didn't exist five years earlier... much of this alchemy takes place in one of 3M's ninety labs and technical centres. These facilities host more than a hundred thousand customer visits annually... the ever-recurring question is "What should we do that we haven't thought of yet?"

Power has many forms and is assumed to lie with politicians, the wealthy, and private businesses. Power can be money, influence, share of voice, numbers, force, ideas, social norms or legislation. Founder of Citizen University, Eric Liu, believes the power that flows through networks, organisations, laws and narratives can be mapped, and that it is infinite. We just need to believe we have it.

One young girl initiating a school strike in Sweden can have a major impact on global support for climate change. Individual voices raised against sexual harassment didn't just take down movie mogul Harvey Weinstein; together, they drew a line against disrespect for women in any workplace.

We create power when we act. We yield power to others when we don't act. "When we act powerful, we become powerful," says Liu.

Power distribution

Organisations believe there is too much risk in distributing power. I believe there is too much risk in failing to do so. Think again of the big banks' collective amnesia about small customers, which led to the financial crisis.

And there is too much missed opportunity. It's like a team keeping great players on the bench. Do we really think that board directors know customers better than people in call centres or operations teams in the field? A better idea for a geometric visual of structure than a triangle or pyramid is a circle or sphere.

All we need to do as executive teams is make the decision to distribute power. Imagine, for example, a front-line, employee-led network that tunes into the customer voice and arranges for it to have influence at the top table. Imagine an external network of super-forecasters tuning into context and sharing signals. Imagine a young-people network engaged in live projects. Imagine managers as catalysts to distribute power rather than gatekeepers to retain it.

We need to consign traditional organisational hierarchy to the past.

How on Earth

...do organisations distribute power?

Be an open circle where all are welcome to share ownership, rather than a moated and gated castle with a well-guarded drawbridge.

¹³ From *Rebel Ideas*, by Matthew Syed, quoting a Rotterdam School of Management study.

¹⁴ From *Humanocracy: Creating Organizations as Amazing as the People Inside Them*



Human organisations have human leaders

"You can get compliance top-down, but you can't get commitment top-down."

Mark King, former CEO, Adidas North America

Evolutionary biologists differentiate between two types of leadership: dominant leaders and earned (or in the jargon, *prestige*) leaders.

A dominant leader is certainly decisive. Yet, at their worst, they demand support, use fear and thrive on conflict. Does that remind you of anyone in your organisation?

Earned leaders, on the other hand, listen. They have empathy. They persuade.

Great leaders can pivot between dominant and earned leadership. They know when to listen and when to act. They consult, welcome challenge and earn respect. They also make decisions, clarify direction and remove uncertainty.

Be open to transformation

Sir Christopher Hardng was Chairman of United Utilities in England. For fun, he was a pocilovist (look it up yourself). He was also an earned leader, a man with great natural human empathy. He knew everyone by name, and was interested in their and their family's wellbeing. If you worked with him on a project, he'd send you a handwritten note of thanks. And he took time off each year to write Christmas cards to his huge network of contacts. He knew his way around business, politics and communities. He exemplified the human organisation.

Human leaders are open to transformational change. Feike Sijbesma was the Chief Executive of Royal DSM until 2020. The organisation was set up in 1902 as Dutch State Mines. Feike said: "We used to be one of the most polluting industries and companies in the world. We transitioned from a coal-mining company to a bulk chemical company". In the 1990s "we entered into a new transformation" when DSM pivoted to a focus on nutrition, health and sustainable living. DSM says the company name now means 'Doing Something Meaningful'.

Revisit your roots

In a human organisation, leaders go where humans hang out. The key humans for a business are employees and customers. Experiencing your company from their perspective involves being there – what manufacturing companies have called 'gemba walks'. 'Gemba', in Japanese, means 'the actual place'.

Toyota call this 'genchi genbutsu' or 'go and see for yourself'. Another useful term from Toyota's manufacturing process is 'nemawashi', or 'going around the roots', which means sharing information with key people about decisions that will be made. It creates engagement and eases the introduction of change.

Understand your character

Human leaders have character – integrity, authenticity, a spine – even if it means taking on other power hierarchies in an organisation. Shortly after being appointed new CEO of Olympus, Michael Woodford discovered that hundreds of millions of dollars had been paid to obscure companies. He called it out and was sacked. He fought back, leading to the resignation of the whole board of Olympus and several arrests.

The character of an organisation is not the same as the character of an individual. An organisation's character is captured in its strength and originality, in its mental and moral qualities, and the reputation it earns.

There are 12 characteristics that define an organisation: its origin story; its ownership; the personality of its founders; the personality of current leaders; its purpose; its long-term vision; its beliefs; its innovations; the customer experience; its daily practices; its distinctive products and services; and its business model. That character is then brought to life by the stories it tells and the actions of its people.

Back to Being Co-op

A great example of an organisation strengthening its character was the Co-op's 'Back to Being Co-op' strategic programme. This saw the retailer refocus on what made it special: its founding ethos. This theme underpinned a series of experiential and emotional events for 55,000+ Co-op colleagues across the UK. It used an interactive narrative, told through facilitator actors, that helped knit together all the elements of the Co-op story: from its founding principles, to its new membership proposition, refreshed brand and 'Ways of Being Co-op'. All of this was shared in a way that every colleague could relate to and pass on to the customer.

How on Earth

...do you encourage leadership that is empathetic and decisive?

Revisit your roots. Define and live your character. Let your personality shine through.

Additional source:

- A dual model of leadership and hierarchy: evolutionary synthesis. (Van Vugt and Smith, 2019).

Moving forward

A final challenge

In their book *Humanocracy*, Gary Hamel and Michele Zanini pose a compelling challenge:

“There’s no shortage of original thinking in the world, but most companies aren’t harnessing it...”

- They haven’t published an online catalogue of skills and assets and asked the world, ‘What would you do with our capabilities?’.
- They haven’t built an always-on platform where anyone – customers, suppliers, partners, entrepreneurs, industry experts, amateur inventors – can post their ideas.
- They haven’t devised clever ideas for safeguarding intellectual property and rewarding contributors for their work.
- They haven’t invited outside innovators to work alongside internal teams.
- They haven’t thought about how to build a giant magnet that attracts the world’s most radical thinkers and doers.”

Lots to go at, then.

Conclusion

This should be the end of ‘either/or’ thinking. The human organisation is inclusive, and it has both:

Reason and emotion

Home and work

Control and freedom

Conscious and unconscious

Success and failure

Certainty and uncertainty

Short term and long term

Risk and opportunity

Efficiency and creativity

Competition and collaboration

Power of the centre and power of the edge

Decisive leadership and earned leadership

This report is a green paper for discussion, and we’d love your comments. We are here to support your journey. Our thanks again to Landmark for partnering with us to bring you this report.

An invitation

To learn more about becoming a more human organisation, or to discuss any of the topics raised in this report, please email:

info@how-on-earth.co.uk

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Estuary Commerce Park, Liverpool L24 8RN



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