

THE FIVE TRAITS OF A

CONNECTIVE ORGANISATION

**Your guide to thriving
in the Twenties**



Q5

~500 EXPERTS

REPRESENTATIVES FROM ~65 ORGANISATIONS

IN COLLABORATION WITH HANZE UNIVERSITY,
THE NETHERLANDS



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We have produced this content to inform, and not instruct, readers on what we believe are the fundamental factors for success as a 'connective organisation'. All of the data has been treated as anonymous and Chatham House Rule applies.

FROM THE DROMEDARY TO THE DRONE

The dromedary camel was probably first domesticated about 4,000 years ago. It was – for the people of ancient Egypt – a reliable mode of transport, travel, information exchange and therefore prosperity.

At the turn of the 20th century, the telegraph and the telephone were the emerging methods of connecting people across oceans and empires.

As we enter the 2020s, technologies have leapt forward. We have drones, satellites, renewables and robotics. Yet, all the while, the dominant model of the organisation has sluggishly limped along, with organisational models often still mirroring the pyramidal structures of a bygone era.

How we live, consume and communicate has irrevocably changed. How we organise our working lives is failing those of us who want to build and lead progressive, productive and purposeful organisations.

We need a “giant leap” in how we design and develop organisations to thrive and flourish in this world. This guide is to help you do that.

"You never change things by fighting the existing reality. To change something, build a new a model that makes the existing model obsolete."

Buckminster Fuller





THE CAMEL IN THE ROOM

Since launching our practice 10 years ago, Q5 has been at the heart of a conversation around modern day working. Specifically, what does the organisation of the future look like? How should it be structured? What should be its guiding philosophy?

This has not been an internal monologue, but a wider debate with business leaders, academics and friends alike.

In our firm's early days, the theory of **holacracy**¹ was beginning to cause a stir in boardrooms. This is the notion of organisations being structurally flat, with self-organised teams, or 'circles'. Tony Psieh, founder of the online shoe retailer Zappos, was an early adopter and champion.

A few FTSE 100 clients sought our counsel on whether holacracy could be embedded within their own organisations. Gently, we explained the 'thing' most getting in the way of adopting holacratic ways of working ... was themselves.

More recently, the emergence of the **'Teal' organisation**² – where the organisational model is inspired by the next stage of human consciousness – has generated some waves. We think it is a very interesting idea, but perhaps too cerebral, in its current guise, for mass adoption. Day-to-day business demands simplicity, and that includes the language used in offices, warehouses and call centres alike, and of course at customer touchpoints too.

Business schools frequently come up with new theories and organisational paradigms and we are often invited to critique them. Yet most of these new models are, unsurprisingly, the result of academic exercises, born in the classroom, and often only lightly piloted.

For us practitioners, the working week is spent on site conducting organisational scans on our clients' businesses. After a decade of exploration and analysis, advising business leaders large and small, lean and portly, we keep observing the same problems manifesting themselves time and again.

Too many organisations are:

- too singularly profit-driven, often contrary to the wishes of their stakeholders;
- reliant on single revenue streams, even where those revenues are in long-term decline;
- inward-looking when they need to be outwardly entrepreneurial to safeguard their futures;
- inept at devising emotionally-engaging communication channels for customers and colleagues alike.

¹ *holacracy.org*

² *Laloux, 2014*

We witness organisations struggling to get colleagues in other departments to buy into necessary change, or failing to work with their upstream and downstream partners to establish a model more suited to today's fast-moving world.

We see organisations who are late to address the **future impacts** on their businesses because they are in the habit of discussing the same agenda items they've been concerned with for decades.

We find a **lack of divergent thinking** for fear of disrupting the customer experience when, in reality, the customer experience needs to constantly evolve.

We are bewildered by organisations who seem to be **happy to lag behind** in their journeys of change because certain developments have not yet hit their industries yet, as opposed to trying to steal a march on their competitors, to get ahead of what's coming their way.

In the media and technology sector, we find organisations dealing with **talent shortages** and grappling with trade-offs between **agility** and standardisation.

In the retail sector, it's hard to miss issues related to **hierarchy**, low levels of employee engagement and internal siloes and competition.

In the public sector, we see spans and layers of organisational hierarchy that makes **decision-making** inordinately slow.

In sectors such as infrastructure, manufacturing and transport, we see a tendency to overvalue the 'expert leader', and 'command and control' ways of working that **stymie innovation and productivity**.

In the financial services sector, we see many large institutions, fending off the onslaught of fintechs, who are also grappling with a millennial workforce that does not fall for 'Values-on-the-Wall' being a genuine substitute for true organisational '**Purpose**'.

With tens of thousands of businesses closing each year, we know the effects of operating an organisation that is not designed to succeed can be huge and result in everything from low productivity to death.

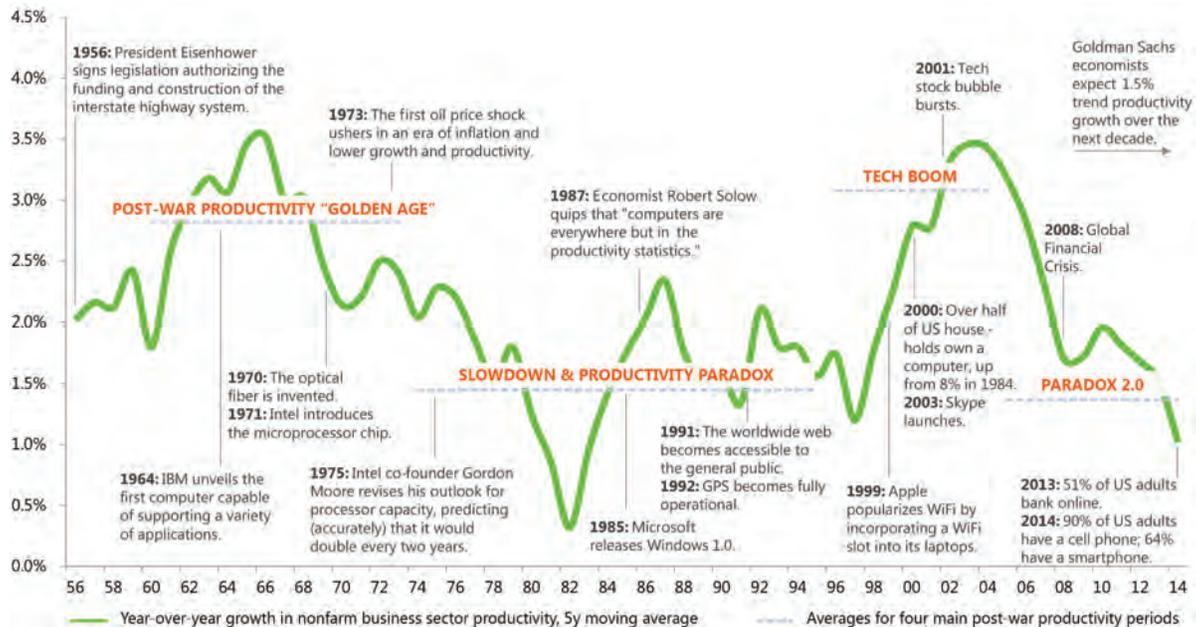
"For those not immediately thinking about organizational death it is probably time that they did so. It is incredibly common."

Naomi Stanford

The Productivity Paradox

Our obsession with camels might seem overstretched at this early juncture, but rest assured it is the penultimate time we refer to them. The humps and dips on the graph below outline something referred to as the “productivity paradox” that is gripping all businesses as they enter the 2020s.

FIGURE 1 PUTTING PRODUCTIVITY GROWTH IN PERSPECTIVE



Source: BLS, Pew Research Center, US Census, PBS, various news sources, Goldman Sachs Global Investment Research

An organisation’s likelihood of success is intrinsically tied with its ability to evolve. The organograms of yesteryear, the management pyramids and leadership protectionism are easily replaceable...if business leaders have the drive and determination to do so.

This report therefore outlines the Five Key Traits that you will need to nurture within your organisation, to help it evolve, and be positioned to thrive in the 2020s.

We suggest there is a new model for success: the **'connective organisation'**.

On the following pages, we bring this concept to life; we explore what exactly it is that an organisation needs to have in place to survive, and we offer advice on re-imagining your organisation to become more 'connective'.

"It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change."

A common maxim

Runners & Riders

- This report is the result of 12 months of research conducted in 2018-2019.
- We enlisted the support of over 100 business leaders, representing 64 participating organisations around the world.
- We have worked in partnership with academic institutions, as well as the global Organisation Design practices of Q5, Kea & Partners (Paris), h&z (Germany) and MBS Consulting (Italy).
- A full list of contributing organisations can be found in the 'And Finally...' section at the back of this report.

"The partnership with Q5 has been very rewarding for us at Hanze University of Applied Sciences. Where other organisations act more as the receiver of knowledge, Q5 showed themselves to be a true partner in this research, unravelling the needs for organisations to be successful in the current but also future business environment. Q5 has demonstrated themselves to be highly aware of what the real issues are, and have undertaken this ambitious joint research endeavour to generate insights and recommendations based on applied scientific research. I look forward to future joint projects with Q5."

**Wim J.L. Elving,
Professor Sustainable Communication,
Hanze University**

INTRODUCING THE 'CONNECTIVE ORGANISATION'

Based on our research, we put forward **five game-changing attributes** required for organisations hoping to thrive in the 2020s.

These attributes are as follows:



Purpose – All activities and people are directed by and find meaning in a purpose that goes beyond financial performance to create a positive impact on the world and purposeful advantage for the organisation.



Ecosystems – The organisation has open ecosystems. It is a seamless network of highly autonomous, interdependent units that increasingly includes customers, suppliers, communities and a flexible workforce. It challenges traditional notions of hierarchy and the idea that the organisation is a self-contained entity.



Adaptability – The organisation seeks, anticipates and welcomes change, embracing a state of ongoing flux as the 'new normal'. As the pace of 21st century change accelerates, the organisation employs ways of working that proactively anticipate potential adjustments, ensuring its flexibility and nimbleness to adapt at pace.



Real Empowerment – The organisation carefully manages authority, decision-making and autonomy to bring the best out of each member, fostering a spirit of entrepreneurship.



Leadership – Leaders are 'connective leaders', acting as catalysts and conductors, facilitating connections and creating a diverse environment where people can be inspired and authentic, and where change and people can flourish.

Easily remembered by an acronym (PEARL), collectively, these attributes help to build the **connective organisation**: the successful organisation-of-the-future.

In this report, we dive deep into the connective organisation. We study each of the five attributes. We look at the impact of a *range of characteristics* – in combination with one another – rather than putting forward a “silver bullet”. We know that organisational success can be extremely messy in the real world, so our focus was on building a model of practical use to business leaders.

The **blend** of these characteristics and the way that they **bind** together can be different, but all of them need to be embedded in the **mindset** of the organisation, demonstrated through working **practices** and genuinely **experienced** in the day-to-day life of its people.



As you read this report, **we invite you to consider how evolved your organisation is in each of the five characteristics.**

- What have you put in place to give your organisation the best chance of success in an ever-changing world?
- Reflect on how 'connective' your organisation is (and needs to be) and, learning from the examples of others, decide what it is you need to do to truly become a connective organisation.

'CONNECTIVENESS' IS COMPLEX BUT ACHIEVABLE

Our research into the characteristics of what makes a successful 'connective organisation' tells us **two key things about connectiveness**.

1. The characteristics of connectiveness are truly inter-connected.

Our analysis shows that there's no single factor that's more important than the others and that all the characteristics – when taken together – can have a significant impact on an organisation's ability to evolve. **The major challenge remains where to prioritise.**

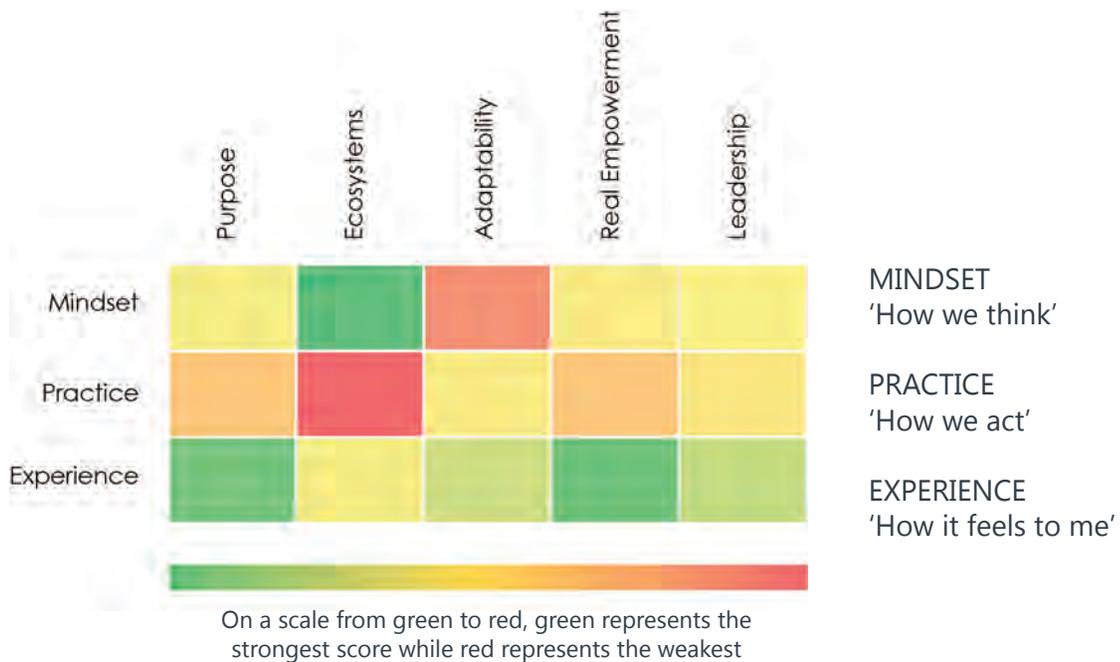
2. We need to fix the disconnect between people's mindsets and actual organisational practices.

Time and again, organisations understand how they need to change but existing practices and experiences remain stubbornly in place as they cling to established ways of doing things.

- Fixing the disconnect means going deep, beyond surface level affirmations, to drive change. We see this particularly around **Purpose**. Business leaders and employees understand the importance of purpose including, increasingly, one which integrates social and economic considerations. However, it is seldom embedded in the organisation. Very few of the businesses we looked at really use purpose to drive action, decisions and, ultimately, advantage. This leads to inconsistencies, contradictions and potentially erosion in the value of the business.
- Similarly, in the area of **Real Empowerment**, there is a genuine desire for greater empowerment and a strong belief in its value, but expectation is at odds with reality and the practices in many organisations work against real empowerment. Employees feel capable to deliver and comfortable in front of colleagues, but can lack the channels, voice and freedom to be effective and innovative.
- The expectations and role of **Leadership** is changing and needs to change further. Through our research, we have developed a new framework for 'Connective Leadership' where leaders are purpose-led, catalysts of change and play a role as conductors in the organisation. While many leaders get this, there is much work still to do to create the conditions, expectations and norms that will help them to embrace this new style of leadership.

We scored how our participating organisations performed against the five attributes, and the degree to which these attributes were embedded within the mindsets (how people think within an organisation), practice (the ways they act, behave and work) and experience (how it feels to an individual and how they experience the organisation). Figure 2 shows the aggregated results.

FIGURE 2 OVERALL RESULTS



These results show it was relatively easy for organisations to 'get' the importance of attributes such as purpose and empowerment, but very difficult to operationalise these into real practices where they scored lower.

This is particularly evident for open ecosystems where practices significantly trail the mindset and experience. This could suggest that we have an innate tendency towards being open, interdependent and connected, even where our organisational practices work against this.

WHAT MAKES A CONNECTIVE ORGANISATION?

We now focus on each element in turn and put the spotlight on organisations who bring these characteristics to life.

PURPOSE



Purpose – All activities and people are directed by and find meaning in a purpose that goes beyond financial performance to create a positive impact on the world and purposeful advantage for the organisation.

Purpose is at the forefront of the conversation about organisations. Many have established a purpose, communicate it but fail to use it to drive meaningful advantage. Leaders need to help translate this purpose into clear principles that drive action and create an environment where people can 'find meaning' in what they do. According to our research, many leaders still believe that the core focus is financial results, with over 60% of our respondents agreeing that financial performance is considered of primary importance in their organisation.

However, there is a growing recognition more broadly that purpose needs to integrate both economic and social considerations.

In the view of some experts we spoke to, such as Naomi Stanford, "shared purpose is now more important than shared values."

“To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate.”

Larry Fink, CEO of Blackrock

"The integration of social purpose is a really important aspect for our younger customers and colleagues."

British Airways



“Purpose is a priority because pure capitalistic models have shown their limits from a sustainability perspective, and purpose engages, motivates and retains talent. It is our first attribute for our transformation programme. There is high investment in communication, education on the topic, daily examples from management and bravery in the sense that individuals can make autonomous decisions tied to purpose.”

Defence contractor leader

"As the younger generation enters the workforce, the link to ethical, social and community-related topics is something we need to care about - there is far more focus on this now."

Logicalis

What else did our findings tell us about purpose?

1. Employees want to connect to a purpose – particularly as Gen Y and Z enter the workplace.
2. Leaders are key to unlocking purposeful advantage – but are failing to do so.
3. Purpose is a primary enabler of the other characteristics. It is and should be the starting point for organisational evolution.
4. Purpose can actually erode value where it is not properly embedded – it can be used to evade decision-making or justify inappropriate action. In our view, you have to properly execute it and ensure that the whole team is fully aligned around what it means.

What do people cite as the 'good' and 'bad' of purpose within their organisations? The top scored questions show strong individual commitment to an organisation's purpose, with respondents feeling that their roles contribute towards achieving it. Purpose scores are lowered by the perception that financial performance always comes first, creating a constant pressure to meet set targets.

FIGURE 3 WHAT RESPONDENTS CITE AS THE 'GOOD' AND 'BAD' OF PURPOSE



Our top tips - Purpose

- Use your purpose creatively to create connection to what you do – show the link to projects, goals and ideas in a real and meaningful way.
- Test the alignment with your purpose – does it really mean the same thing to everyone across your organisation?
- Use performance metrics that support more sustainable performance and have a longer-term focus, and ensure they include non-financial measures.

Spotlight on Purpose

NATS

NATS is the UK's leading provider of air traffic control services, handling 2.4 million flights and 250 million passengers in UK airspace each year. We spoke to **Darren Gilmore, HR Strategic Programme Manager** and **Simon Warr, Communications Director**.

What did you do?

NATS is a geographically-dispersed organisation undergoing a period of fundamental transformation. Four years ago, we realised our vision statement was not connecting effectively with our organisation and, after a period of internal consultation, we replaced it with a purpose statement reflecting a widely-held view across the company: "Advancing aviation, keeping the skies safe."

What have you learnt?

Purpose needs to encompass everyone:

Given the role we perform, NATS has a clear reason for existence and so, for us, our purpose statement was about drawing out an essential truth our people have long recognised. The key is to find a form of words everyone connects with; we had to consider different roles, service lengths and geographies – you don't want the language you use to switch any group off.

Purpose allows people to unite:

Articulating a common purpose helped connect people, showing them what they and others do is part of the same whole. At NATS we have a strong sense of pride and responsibility in what we achieve together; we connected with this shared passion, helping remove the sense of disconnection between groups and building trust.

Use your purpose creatively: It was important to use the new purpose statement in ways everyone would see it. Linking activities and new initiatives to purpose has proved very helpful and we have used it in several different ways; we found short videos a really successful way to showcase operations, providing pride points for operational employees and insight for non-operational colleagues.

Purpose provides the context and connection for all you do: Unlike the vision we had, which was largely ignored outside the senior management layers, we find the purpose now quoted in slide presentations, leaflets and posters around the organisation as the common thread for a wide range of projects. Leaders use our purpose to provide context for teams and so we reinforce the connection to our shared goal.

Your purpose creates your culture: Clarifying our purpose statement allowed us to create a common thread for our subsequent culture work, bringing different groups together and allowing them to see how the purpose resonated across everyone, even with different roles and views. Culture is a product of your people and their interactions, and a clear purpose anchors it.

What's next?

We are using our purpose as the common orientation point to articulating our strategy. The aim is to link our strategic initiatives, objectives and priorities with a longer-term picture of the future, showing that they, along with the high degree of change taking place, are all driven by the fundamental purpose for the organisation's existence.

ECOSYSTEMS



Ecosystems – The organisation has open ecosystems and is a seamless network of highly autonomous, interdependent units that increasingly includes customers, suppliers, communities and a flexible workforce. It challenges traditional notions of hierarchy and the idea that the organisation is a self-contained entity.

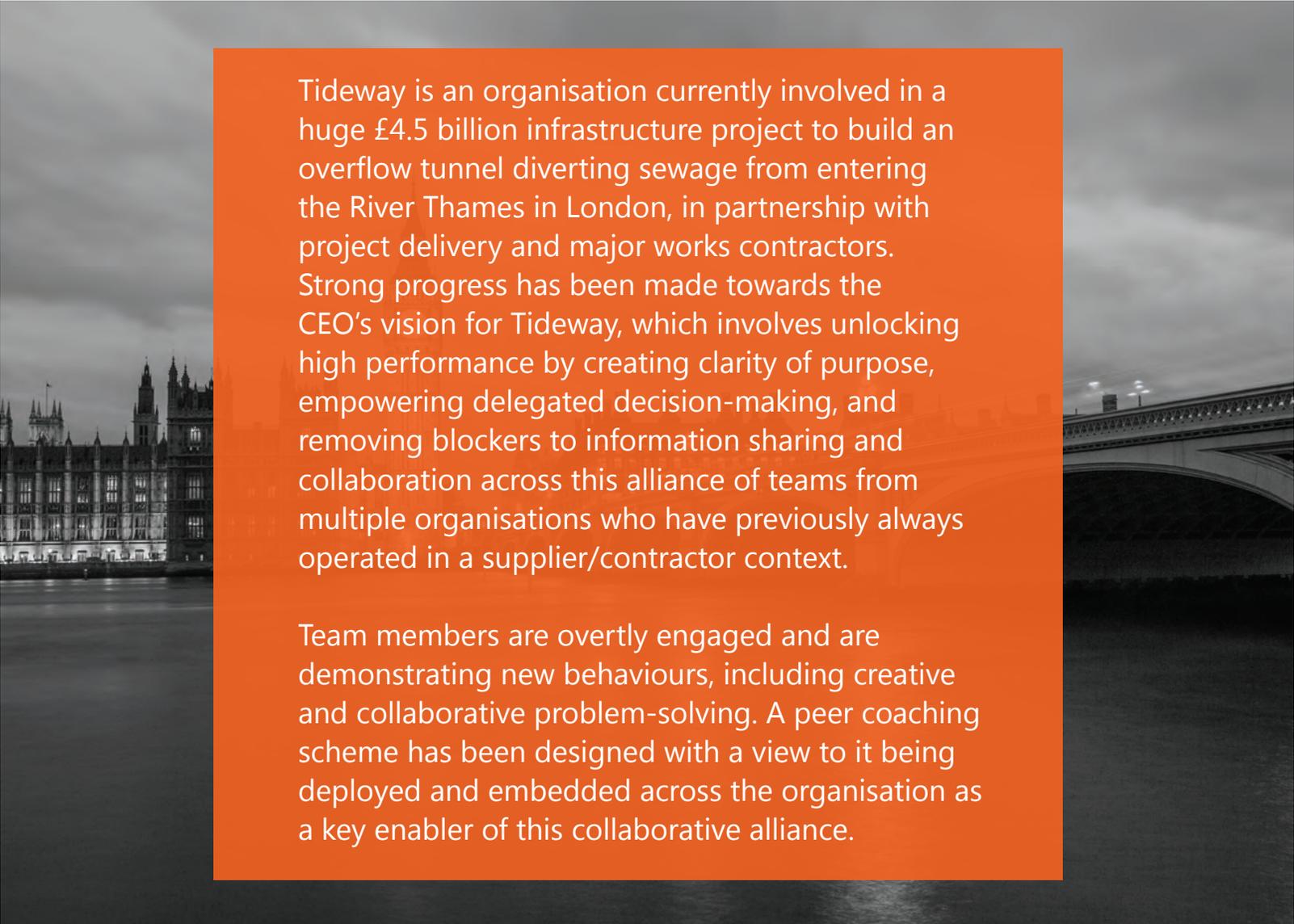
Ecosystem was the lowest scoring of all the characteristics in our research. Structural factors like the failure to use technology appropriately, complex processes or rigid team structures are inhibiting people from going about their work in the most effective way. More **evolved** organisations with more open ecosystems are able to share information freely without barriers and are well supported by appropriate enabling technologies.

Trust and collaboration are key. Allowing different parts of an organisation to come up with solutions, do things differently and at different speeds, is a characteristic of organisations with a more open ecosystem. Transparency is a key factor in this. It is important to create an environment in which people understand what is going on across the organisation and can see the bigger picture. This drives better decision-making and increases collaboration.

The role of **leadership** in making the ecosystem work is critical – with a specific focus on transparency and the need to encourage collaboration and networking both within and outside the organisation. We also observed in some sectors that organisations are coming together in new ways, creating powerful and successful alliances and partnerships that require a real shift in mindset about organisational boundaries.

"As the world becomes more connected through technology, the ecosystem becomes more and more critical."

Naomi Stanford



Tideway is an organisation currently involved in a huge £4.5 billion infrastructure project to build an overflow tunnel diverting sewage from entering the River Thames in London, in partnership with project delivery and major works contractors. Strong progress has been made towards the CEO's vision for Tideway, which involves unlocking high performance by creating clarity of purpose, empowering delegated decision-making, and removing blockers to information sharing and collaboration across this alliance of teams from multiple organisations who have previously always operated in a supplier/contractor context.

Team members are overtly engaged and are demonstrating new behaviours, including creative and collaborative problem-solving. A peer coaching scheme has been designed with a view to it being deployed and embedded across the organisation as a key enabler of this collaborative alliance.

What else did our findings tell us about ecosystems?

1. There is a resounding lack of optimal, fit-for-purpose connective technologies in the workplace – open ecosystems are founded upon willingness and ability to distribute information freely without excessive barriers.
2. People generally welcome greater opportunities to collaborate within and outside the organisation. However complex processes, technology and rigid organisational structures inhibit this.

What do people cite as the 'good' and 'bad' of ecosystems within their organisations? The top scored questions show that people are encouraged to strengthen their internal and external network and there is enough visibility across the organisation of what other colleagues are up to. On the 'bad' side, rigid structures seem to inhibit performance and sub-optimal technologies lead to inefficiencies. Structures and technologies prevent quick and easy access to information required to deliver their work. As many as 80% of respondents believe that out-of-date technology systems have a direct impact on their ability to do their jobs.

FIGURE 4 WHAT RESPONDENTS CITE AS THE 'GOOD' AND 'BAD' OF ECOSYSTEMS



Our top tips - Ecosystems

- Flatten hierarchies wherever possible.
- Err on the side of transparency.
- Remove performance measures that exert pressure, which could drive unethical behaviour – think about the behaviours you want and create the environment that encourages them.
- Address inadequate technology for managing workflow, information sharing and collaboration.
- Resist too many standardised processes and rules; instead think about where you need to exert control and where you can allow people freedom to exert choice and adapt their approach.

Spotlight on Ecosystems

Matt Black Systems

Matt Black Systems is a leading provider of man machine interfaces for land, sea and air applications. It was founded in 1971 and is based in Poole, in the south of England. Since 2003, it has been operating as a self-managing organisation. We spoke to **Julian Wilson, CEO**.

What did you do?

When I took over as CEO, Matt Black Systems was not in a good place. We stumbled through a desperate situation, making lots of mistakes along the way. But we gained a lot of new knowledge through those mistakes, and it led us to create a unique devolved-management model where a bespoke IT system underpins the work of employees who are entirely responsible for their own work.

What have you learnt?

Self-leading organisations are ecosystems that put different demands on their creators: Leaders typically try to control the resources, activities and arrangements of their people. Structures hold a powerful influence over performance because individuals naturally adapt to their circumstances: if you want to change an organisation, move your focus to creating the appropriate structures.

Organisations are normally focused on suppressing not supporting dynamic ecosystems: By their very nature organisations are self-managing because they contain people. Devolved-management uses framed goals instead of rigid instructions. It is like the difference between roundabouts and traffic lights: one allows drivers to pursue their goals within a framework, the other tells them what to do.

Accommodating an ecosystem requires wholesale change:

If you do what you always did, you are going to get what you always got. Stop patching broken systems; instead experiment with transformative structures. We only use rules to limit behaviour; our activities and arrangements are the result of aligning individual goals with the interests of each other and our customers. When people were misaligned, we explored why and made structural changes.

Technology was vital to create the transparency in our ecosystem:

Sophisticated, fast but laborious admin enables our people to both network and maintain their "situational awareness"; IT provided a cheap solution to this task. Within this network, individuals can integrate and share costs and expertise, pursue their independent goals and stay optimally aligned.

The ecosystem approach benefits everyone involved: When well established, it's both very cheap and super productive; teams find novel and creative ways to collaborate more effectively. It also creates an environment that garners personal growth, for everyone, and that's pretty much the biggest payoff of all.

What's next?

We operate in a highly constrained market, so we have chosen to diversify into new areas that offer more potential for our high-productivity, low-cost approach. The individual motivations and goals of our people allow us to successfully explore many opportunities at once. Exciting times!

ADAPTABILITY



Adaptability – The organisation seeks, anticipates and welcomes change, embracing a state of ongoing flux as the ‘new normal’. As the pace of 21st century change accelerates, the organisation employs ways of working that proactively anticipate potential adjustments, ensuring its flexibility and nimbleness to adapt at pace.

Adaptability is the extent to which agility is built into the DNA of an organisation. Being adaptable is at the core of driving new practices in organisations – there needs to be a fundamental shift away from the practices of the past for organisations to succeed. We found many organisations are starting to explore new practices, new ways of organising and new ways of working. But our data showed adaptability performs poorly in mindset, clipping the wings of those who might want to drive change. Working in new ways with greater levels of ambiguity causes discomfort for many. We believe that culture, and specifically one in which people are quick to place blame, is a significant barrier to enabling change in many organisations.

It’s also worth recognising that it is easier to change working **practices** than it is to change the way people think. Our research shows that having strong expectations of how things ‘should be done’ (based on what has worked in the past), acts as a barrier to an adaptability **mindset**. Many people fear the consequences of taking risks, so find reassurance in set ways of working to protect themselves from failure.

British Airways recognises that its business model could come under threat from a future as-yet unknown rival and that it must sell its value and differentiate itself as a business from competitors now and in the future. The company is making efforts to be more agile and encourage innovation. It has established a means of providing seed funding to explore and bypass some of the very strict financial governance that it has in place. This seed money is used to fund proposed ventures in order to encourage innovation. Employees come with a broad goal, are equipped with some funds and then proceed to build a minimum viable product, test it and scale if successful. Without this licence to explore, ideas might be stifled very quickly.

What else did our findings tell us about adaptability?

1. Where organisations get it right, adaptability is a great source of new and divergent thinking. Adaptability is a driver of creativity and innovation. Creating a workplace where people can be more themselves and more human is key to unlocking this.
2. Culture is often the biggest inhibitor of adaptability. Particularly where a culture of blame prevails, people crave more certainty of role and set ways of working to feel secure.
3. Adaptability is supported by a strong focus on learning. The more successful organisations invest in a 'deliberately developmental' approach – embedding opportunities to learn into every aspect of what they do and how they do it.

FIGURE 5 WHAT RESPONDENTS CITE AS THE 'GOOD' AND 'BAD' OF ADAPTABILITY



What do people cite as the 'good' and 'bad' of proactive adaptability within their organisations? The top scored questions show that people feel comfortable bringing their real selves to work and that their job makes them feel like a better person. They feel encouraged to learn from mistakes which, as our research has shown, is a critical success factor for a connective organisation. On the other hand, personal development is often left behind. Dealing with ambiguity, taking risks and being open to doing things differently is poorly ranked.

The challenge for organisations in becoming more adaptable will be in how they can reassure their people when everything around them is changing. Connective organisations will find ways to plan for failure and create an environment where it is acceptable and part of the learning process. Connective leaders have a crucial role to play in helping their organisations move towards a constant state of adaptability.

Our top tips - Adaptability

- Strive to achieve the optimal balance of strategic planning (scenario-based) with willingness to adjust to reinvent the organisation, as needed.
- Build change capability and change resilience at every level.
- Encourage experimentation, expect mistakes – adopt the mindset of an R&D function.
- Be deliberately developmental and encourage intrapreneurship.
- Revise rigid approaches to managing skills, such as complex and lengthy competency frameworks, detailed job descriptions and lack of talent mobility.

Spotlight on Adaptability

Bud

Bud is a fintech company based in London. Bud's API platform connects people, banks and service providers to make money simple for everyone. We spoke to **James Perry, Head of Implementations**.

What did you do?

We had a vision to build an organisation that was truly flat, removing outdated hierarchy that wasn't needed, and allowing us to be nimble and transparent. Over the last year, we have been on a journey to work out what that means – and we discovered that in practice we needed more structured leadership than we thought!

What have you learnt?

Adaptability only works if everyone goes in the same direction: You need an overall vision and strategy for everyone to work towards. Clarity and alignment are key – without this, when people are dispersed, they may make decisions in the ambiguity that take you in different directions.

Adaptability needs accountability: In a flat hierarchy we found that people deferred decisions and created bottlenecks, and no-one felt real ownership of decisions either. We had to rethink our hierarchy and establish clear decision-making structures and accountabilities, enabling people to make timely decisions.

Be adaptable yourself: We tried something, it didn't work, we learnt from it, and moved on. Don't be too rigid or proud – adaptability is about the journey and you will never be perfect. Failure is easier in small teams, and nudging change along constantly by trial and error works well.

Adaptability is cultural: Our culture is very flat – everyone has a voice to be heard, and we encourage new ideas from all parts of the business in our work; we use a weekly engagement survey for teams to formally feedback to leaders. Within our teams, individuals have a large degree of autonomy over their work, which drives creativity and innovation.

Adaptability requires everyone to remain aligned: The discipline of everyone clearly articulating what they are doing is vital – you can't communicate enough. We have weekly meetings where teams share brief updates, and leadership clarify the journey we are on, sharing strategy, goals and the vision.

What's next?

We are now moving into a phase of accelerated growth and recruitment; Bud is hiring! We need to build on our foundations and make sure that with each new person who joins the team we keep clear accountabilities, and that they know where we are headed and what role they play to help us all get there together.

REAL EMPOWERMENT



Real Empowerment – The organisation carefully manages authority, decision-making and autonomy to bring the best out of each member, fostering a spirit of entrepreneurship.

Organisations increasingly understand that empowerment is essential in creating a business that makes better decisions. It enables people to perform at their best, fulfil their potential and be creative and innovative in their work. All these factors are necessary for survival both now and longer-term. **Empowerment** is the key to creating a human advantage that may differentiate organisations in future. The 'real' here is important. Empowerment is no longer about trusting people to work remotely or a less draconian expenses policy. It is giving employees a meaningful role to make autonomous decisions.

"The most exciting breakthroughs of the 21st century will not occur because of technology but because of an expanding concept of what it means to be human."

John Naisbitt

There has been a change in **mindset** – the large majority of organisations we spoke to score highly here – but it is tricky to undo some of the hardwiring around practice. While many people feel confident and capable in their roles, there are still barriers that prevent them from being able to plot their own path. Leadership and empowerment are intrinsically linked – leaders need to get better at building a culture of "trust by default" and relinquishing control.

One of **Europe's largest mortgage lenders** is a prime example of how real empowerment can be used to generate results.

The issue

The bank in question realised that it was taking too long to get a mortgage from application to offer. This not only had a negative impact on a customer's experience, but it also affected their ability to buy a home.

The bank set itself a first-year target of getting 60% of its customers a mortgage within 14 days. At the time, only 20% of applications were reaching offer stage within 14 days, with the average being 27 days.

The solution

The bank realised that one of the keys to overcoming this problem was to evolve its customer journey around the bank's core purpose, which was to help someone buy a home – not fill in a form. Critical to this was empowering employees: giving mortgage advisors the space to use their judgement, which the bank found led to better outcomes for customers.

In parallel, the bank built better team structures and ways of working. These included: providing clarity on team manager/leader roles; using simple applications of technology; focusing more effectively on what was measured and how; and adopting better policies and simpler processes. The results speak for themselves:

Significant decrease in Application-to-Offer time:

- Average Application-to-Offer time reduced from 27 days to 10
- 41% of applications resulted in an offer within 7 days (previously 9%)
- 79% of applications resulted in an offer within 14 days (previously 20%)

Improved customer experience:

- Customer touches reduced by 40%, resulting in increased customer satisfaction

- Customer 'chasers' decreased from 1 per application to 1 per 6 applications
- No adverse impact on 'risk' events

Bank saving:

- Processing/admin full-time employee requirement reduced by 17%
- Mortgage advisor productivity increased by 27%
- Failure demand reduced by 34%

What else did our findings tell us about real empowerment?

1. Real empowerment is at the heart of a connective organisation.
2. Transparency of information and decision-making are drivers of real empowerment.
3. Proximity is essential – employees must feel connected to the business, to decisions and also to each other to feel empowered.
4. Leaders steeped in a personal history of hierarchy and vertical progression are not primed to ‘re-wire’ the organisation differently.
5. Pressures on top teams to post positive quarterly results are driving top-down control at the expense of real empowerment.
6. Increased empowerment needs the right environment – people will not thrive where they are not given adequate support for their new decision-making responsibilities, or where leaders are not open to learning through mistakes.

FIGURE 6 WHAT RESPONDENTS CITE AS THE ‘GOOD’ AND ‘BAD’ OF REAL EMPOWERMENT



What do people cite as the ‘good’ and ‘bad’ of empowerment within their organisations? The top scored questions from participants show that there is confidence in their competences and ability to deliver. There is a strong sense of freedom to explore how the outcomes can be achieved and encouragement to explore new opportunities. Limits to empowerment relate to high work demands that affect their work-life balance and a constant chase to get things done. Procedures are often bureaucratic and restrictive, and people feel that they must stick to the status quo.

Our top tips - Real Empowerment

- Introduce working practices that maximise flexibility – such as remote working, flexible scheduling and use of a contingent workforce.
- Discourage a culture of blame that doesn't support 'speaking up'.
- Be clear about accountabilities – setting out who is responsible for decisions frees people to operate effectively and drives creativity.

Spotlight on Real Empowerment

Propellernet

Propellernet is a digital marketing company, established in 2003 and headquartered in the UK, that helps its clients 'be found' online. We spoke to **Nikki Gatenby, Managing Director and co-owner** of Propellernet. She is also the author of a recent book, *Superengaged*.

What did you do?

We set out to create a people-based business, where our people are truly our business. For the whole organisation to thrive, it makes sense to start with people. Our culture is our strategy. We've been recognised as one of the Best Places to Work in the UK for the last seven years and we regularly ask our team what's working and encourage any ideas for improvements. Two years ago, our staff engagement levels were so high across the business that a new category was created just for us: 'Superengaged'. So, what does that mean? 'Superengaged' employees (1) know the organisation cares for them, (2) have complete faith that the organisation will tell them the truth, and (3) feel challenged.

What have you learnt?

Set the foundations for empowerment: Ambition alone won't create a brilliant place to work, you need a clear articulation of purpose and strong foundations in place too. We didn't do this at first and learned that empowered working needs a set objective for the team to make happen.

Empowered working needs structure to create results: Creating a framework for empowered working is vital. It's easy to confuse chaos with creativity and think all process is evil, rather than understanding that it unlocks quality thinking time, creates space for deep work and ultimately releases creativity.

Empowered working still needs a strategy: Be open to ideas but be strategic in your planning. We missed strategic opportunities right under our noses by exploring other less valuable ideas.

Create the correct environment for empowerment: Leaders need to have a positive attitude to risk and create an environment of safety where people are prepared to go out on a limb. It is crucial that you do things that add to the psychological safety and wellbeing of people – without this, people cannot work effectively and do great work.

Empowerment relies on the right people: We have been guilty of recruiting in haste and repenting at leisure – you must be strategic in your hires. You must also realise that the recruitment process doesn't stop as soon as someone accepts a job; you need to help them understand how you work and see what they can add to this.

What's next?

Right now, we are exploring what 100% Employee Ownership might look like for us, as well as having a resident coach that would allow us to take a holistic approach to coaching, encompassing things such as professional development, financial wellbeing and nutritional support, among others.

LEADERSHIP



Leadership – Leaders are ‘connective leaders’ and act as catalysts and conductors, facilitating connections and creating a diverse environment where people can be inspired and authentic, and where change and people can flourish.

Our research highlighted a real shift in the role and required capabilities of a leader – it points to an emerging framework for ‘Connective Leadership’ where leaders need to be purpose-led, catalysts of change and conductors of their people and organisations.



A leading defence contractor employs some of the best technical scientific brains in the UK. When the company started to lose people to other businesses and technologies, the company had to engage with its people and ask, “What do we need to do to keep you motivated, tested and challenged?”

Leaders had to show why they needed and valued their people, why certain decisions were made and how they linked to actions. By sharing ideas around longer-term challenges, they were able to show why constant training was required and what work needed to be done. Leaders openly worked with their teams, demonstrating the issues and asking what they could do together to be ready when problems arose. Offering clarity in decision-making and providing the rationale for choice was critical.

“ Even if you fail a couple of times, at least people know why you took a given direction and they will be more likely to accept and support it, even if they disagree. That said, moving away from directive leadership naturally shifts towards “we” rather than “I”. ”

Defence contractor leader

What else did our findings tell us about leadership?

1. Leaders need to channel their organisation's purpose and translate it into practices and meaning for people at different levels of the organisation – this is still a big gap for many.
2. Leaders are getting better at enabling empowerment and collaboration, but still struggle to truly relinquish control and achieve the right balance of freedom and governance, to create a culture where people can take risk and fail in safety.
3. Leaders are challenged to create truly diverse and inclusive work environments – this is increasingly a pressing issue for most of our clients and participating organisations.
4. Leaders do not sufficiently catalyse and support change.

FIGURE 7 WHAT RESPONDENTS CITE AS THE 'GOOD' AND 'BAD' OF LEADERSHIP



What do people cite as the 'good' and 'bad' of leadership within their organisations? The top scored questions portrayed leaders as pivotal enablers of collaboration encouraging others to contribute and identify ways of improving current working practices. They are flexible and responsive to the needs of their organisation and people. On the 'bad' side, leaders are less likely to challenge the status quo and, when it comes to change, practical support is often lacking. It is also felt that more can be done by leaders to ensure that teams are sufficiently diverse.

Our top tips - Leadership

- Stop promoting functional experts to leadership roles without sufficient investment in the development of 'people skills' and more connective leadership capabilities.
- Decide where you need to provide support to or have control over decisions, and delegate the rest.
- Create a space that is safe for your people to take risks – think about how you can support your people as they try new things.

Spotlight on Leadership

GoCompare

GoCompare is a technology company that provides price comparison services to consumers, authorised and regulated by the UK's Financial Conduct Authority. It was founded in Newport, South Wales, in 2006, with a vision to help people get more from their money. We spoke to **Jackson Hull, Chief Operating and Technology Officer.**

What did you do?

In late 2016, we decided to restructure our teams into 'cross-discipline' tribes and squads to drive more effective and efficient working practices across the organisation. At the same time, we began the journey to drive better working practices, creating new processes for the teams to work together to get things done.

What have you learnt?

Top-level leaders are key to transformation: We found that leaders being visible and communicating purpose helped a lot. We used "all hands" meetings (company-wide meetings) for leaders to communicate with teams. That two-way communication was vital. Purpose is at the heart of getting everyone else on board and leaders need to build the bridge to help people connect what they do with the bigger picture.

The next level of leaders unlock team potential: It was about us empowering those leaders, and then empowering their teams, which takes time to do properly and provide the right support. We found that when things started to go awry in the transformation, it was this level of leadership who pulled things back on track.

Leaders still need to make decisions:

We really struggled with the aspect of mutual accountability in decision-making. Practically it just didn't work to lose the typical management decision chain – we had to backtrack to add in escalation points with a clear place for who makes the call when the buck stops, or when teams can't reach decisions.

Leadership transparency is a double-edged sword: We found that giving some transparency led to employees wanting increasingly more insight and time from leaders, which made it really hard for us to do all the other stuff we needed to do. We would suggest that it is more about a practical transparency than deep insight, and you need to work this through with your teams.

Leaders need to prioritise and manage the change: This is where experience of this change makes a huge difference – if you have done it before, it's a lot easier. In hindsight, we did too much at once! Taking things at a slower pace also allows you to make the team co-creators, allowing them to really own the change.

What's next?

As we have expanded, our top-level leaders have stayed operational too long, which is now resulting in the team not feeling as connected to the vision. We are working hard to empower the next level of leadership by putting time and training into them – allowing our top-level leaders to step back and be more strategic.

What did we learn by sector and size?

SECTORS

Looking across different sectors, we observed a tension between **purpose** and other characteristics. Where purpose performed better, the other characteristics were lower scoring and vice versa.

Where organisations are more purpose-led (particularly public and non-for-profit sectors), their strong purpose masks the fact that many other attributes are not effective. We believe the resulting outdated working practices will be a source of future problems if they fail to address other areas of connectiveness.

Where organisations scored highly across **real empowerment, adaptability and leadership**, they scored less well against purpose. Examples include professional services organisations and technology companies. These are typically sectors that have to work hard to attract and retain the best talent and have focussed on creating an agile and empowering workplace and culture. In doing so, however, they may have taken their eye off the need to develop a clear and engaging **purpose**.

FIGURE 8 RESULTS BY INDUSTRY

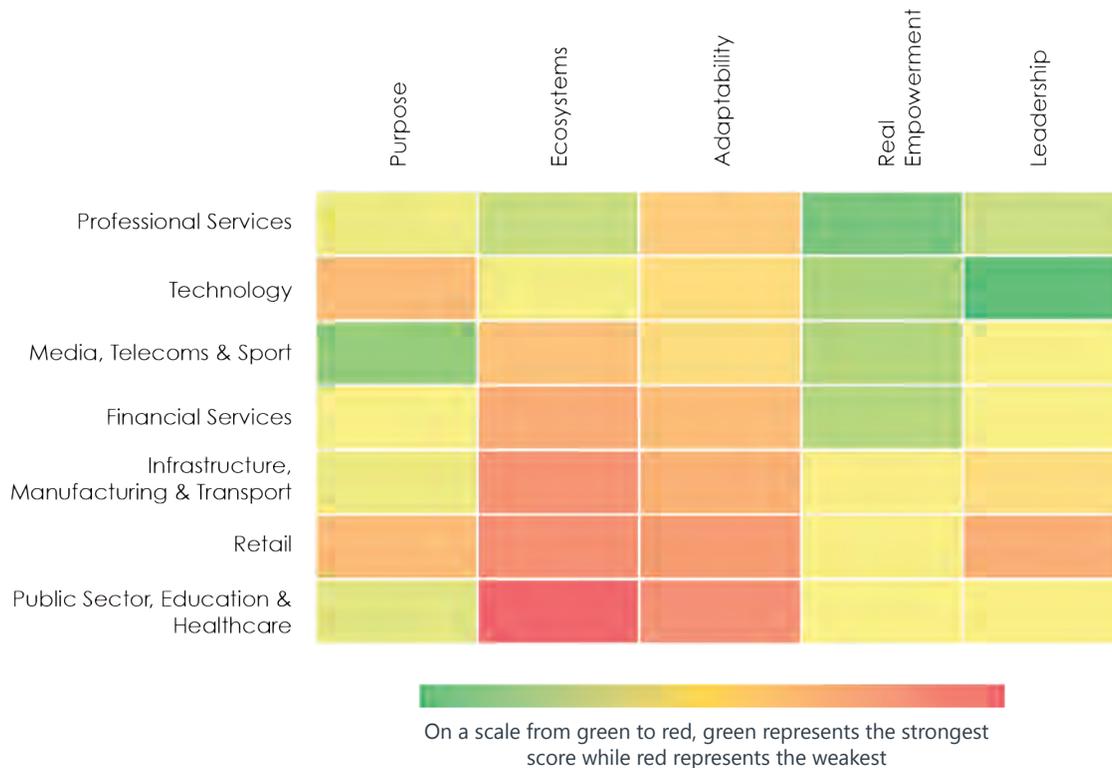


Figure 8 shows how each industry ranks across each attribute of a connective organisation.

Our findings also suggest that some sectors are trailing significantly behind and scoring poorly across most areas. These include retail and infrastructure. The reasons for this are varied and complex, as the examples on the next page show.

"Many retail and consumer goods organisations are very traditional, hierarchical and limit real opportunities for empowerment and a sense of purpose. However, some are trying to move away from this. Unfortunately, the reality is that most are still caught up in the structures and ways of working that they have had for the last 50 years.

Purpose is poorly shared throughout the organisation, flexibility is limited with significant presenteeism.

This is an industry which, as a whole, requires a very large workforce, operating at fractional margins. As a result, robotic completion of tasks and efficiency are valued far above free thinking and creativity amongst many retailers."

***Dan Upward,
Q5 Partner & Head of Retail***

"Many large infrastructure businesses were born in an era where traditional hierarchies were the unquestioned norm for designing organisations.

They have traditionally focused on maintenance and operation of long-term fixed assets, which demands stability, safety and predictability over versatility and flexibility. In other words, in an operating environment demanding high levels of control and tightly defined engineering/technical skillsets, it may be less conducive to introducing more fluid organisation/control structures.

They often have a longer than average tenured employee, so it can be challenging to introduce new ideas and leadership styles when it's largely those who've grown up through the ranks that make it to the top.

Furthermore, shareholders', investors' and owners' demand for management of risk and predictable returns on assets will, naturally, encourage leaders to think twice about profound operating model innovations. While we often see great agility in times of crisis, asset-heavy industries are only now starting to establish new, empowered and lateral structures and capabilities. When they do, they typically see uplifts in speed, quality, productivity and engagement."

***Jen Gramolt,
Q5 Partner & Head of Infrastructure***

SIZE

Not unexpectedly, smaller – and potentially more entrepreneurial or agile businesses – performed best in the assessment, exhibiting many of the characteristics of a successful connective organisation. However, we had imagined we might see a steady decline in the ability to ‘evolve’ as organisations get bigger. This would seem to make sense as size is often linked to increased bureaucracy, more hierarchy and the ability to change and adapt quickly. What we actually observed was a ‘squeezed middle’. Larger and smaller organisations scored better than medium-sized businesses, illustrating that, as an organisation grows, there is a dip in purpose, real empowerment and adaptability but organisations can “bounce back” as they reach a greater scale.

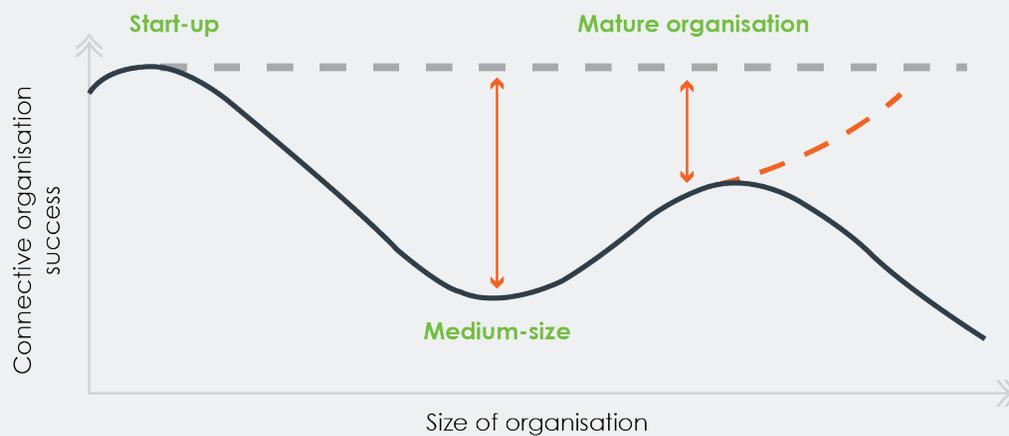
"Often, when a company enters 'medium-size', they will have almost certainly undergone a series of capital events, perhaps even a stock market flotation. At this point, the business has to get used to the rhythm of quarterly reporting and going out to woo the city. This brings myriad process. You're plugging your business into someone else's machine, which inevitably brings hierarchy and bureaucracy ("it's how things are done around here")."

Olly Purnell, Q5 Managing Partner

Once they reach a certain size, things start to recover, although never back to the original level of connectiveness of the new and agile start-up. Larger organisations, who have been able to embrace connective working in many instances, have often been able to create two different operating models within one organisation. They have one that deals with the ‘machinery’, and another that focuses on going out and generating new business.

This represents a key point in the organisational maturity journey of a business.

FIGURE 9 THE ORGANISATIONAL MATURITY JOURNEY



Our results show that smaller companies have the most success in performing as a Connective Organisation. However, most experience 'growing pains' as they expand with less flexibility in their business model, workforce and process. It is unlikely that an organisation can or will attain the level of strength it had nearer the beginning of its journey. This is a crucial point at which the business must enact real change or prepare to manage its decline or repurposing.

"Many start-ups, unencumbered by corporate legacy, adopt and build the characteristics of connective organisations quickly and easily. As they grow, without actively considering how to refresh those connective characteristics, the organisation gets stuck or loses its way, layering process and roles into the organisation without truly assessing the value they bring."

Sharon Rice-Oxley, Q5 Partner

So, can the larger organisations continue to evolve in order to survive or do we need to start talking about organisational death and replacement? Will big business be replaced by a growing and connected network of highly evolved, interdependent new organisations that are uninhibited by the **mindset** and **practices** that have dominated our organisations for the last 100 years? And can we help the 'squeezed middle' to avoid the dilution of connective characteristics?

Insights from Q5's Youth Panel

Our view on what makes a connective organisation and what it takes to succeed is also informed by what we have learnt from our firm's 'Youth Panel'. The panel is made up of a group of high-school students aged between 16 and 17 who meet quarterly with us to discuss topics including what the future workforce expects from an organisation.

Five key themes

1. There is desire for a shift of control – the individual wants the power

We expect the power to shift from the organisation to the individual – employees coming into the workforce want complete control over their professional experience. The next generation expect an adaptative and responsive employer that will tailor their employee experience and support individual growth. Similar to the way in which we encourage our clients to offer a personalised experience to their customers, we encourage employers to have the same consideration for their employees. This consideration ranges from the cultural – for example, the sense of purpose the company strategy imbues in the employee – to the physical, which would include the attributes of the working environment itself.

"It's important to have the right amount of structure in an organisation. However, I want to be able to have complete freedom in how I deliver the task".

2. This shift of control has already started

The young people want a 'pick and choose' model from universities. Fees are high so they view higher education as an investment. They see universities as service providers that give them access to support when they want it. They expect university clubs, mental health services, fitness options, potential job prospects and a hands-on careers service to be widely accessible. They expect teaching, learning and assessment methods to be varied and, at times, tailored.

"I want to be able to hand-pick the tools and trainings that I need to grow as a professional."

3. Diversity is highly prized

Our future workforce members are openminded digital natives. Their access to information and ways of connecting with each other constantly improve. They treasure the resultant diversity in their social interactions and lives. They aspire to lateral career paths that may be outside of their field of study.

"I am expecting to see work experience that might not necessarily relate to my field of study advertised within my university department".

4. Working for a company whose purpose you believe in tops nearly everything else

We heard that young people feel proud to be able to say that they work for a company that has a worthy purpose and a compelling mission their peers can identify with. It's important to them to be part of an organisation that fits with their overall life values. They pay close attention to the brand values of all organisations they engage with.

"I want a job that allows me to be able to give back and have an impact on the wider community."

5. There is anxiety around cost and spending

The next generation value financial independence and use part-time work during their studies as one way to achieve this. They use apps to manage their spending, and they are interested in getting financial support early on in order to keep track of where their money is going.

"I am looking to get part-time work during university to earn money, and I am expecting helpful advice at university on banking and spending".

We ran a similar exercise with 50 college students in the United States.

We sought their insights into how they view the 'world of work' and what they hope to get from the future workplace. We used spectrums and interviews to explore 12 different topics.

- **Asked about how they will be managed...** Students leaned strongly towards having the autonomy to manage themselves once settled in their roles versus being closely guided by management.
- **Asked about the people they will work with...** Students leaned towards working with different types of people versus people like them.
- **Asked about rules and ways of working...** Students' views were split, with some wanting to work within clear and precise boundaries and others favouring an open and flexible environment.
- **Asked about the places they will work in..** Students leaned strongly towards wanting the flexibility to choose their workplace as opposed to having a single, stable place of work.
- **Asked about their future capability...** Students leaned towards their workplace allowing them to learn on the job versus formal, professional training.
- **Asked about technology in their future workplace...** Students leaned towards wanting to work with more cutting-edge technology as opposed to technology that could simply enable them to do their jobs.
- **Asked about how they will manage their time...** Students' views were mixed on time management, with some slightly inclined towards having clear criteria and advice on how to do things at work and others wanting the freedom to decide how to get things done.
- **Asked about their relationships in their future workplace...** Students felt strongly that close working relationships were fundamental to getting things done at work versus working independently and making all their own decisions.
- **Asked about how they will make decisions...** Students largely wanted to work in an environment in which any decisions they might make could be quickly implemented, rather than feeling strongly that their decisions should be checked first.
- **Asked about how their performance will be measured...** Students leaned towards having structured targets to measure their performance against versus having no criteria against which to benchmark their success.
- **Asked about the shaping their future workplace...** Students' views were split, with some wanting to be involved in creating plans related to the future workplace and others being satisfied with knowing that their leaders have a clear vision.

HOW DOES AN ORGANISATION BECOME MORE CONNECTIVE?

Our findings show that organisations are beginning to evolve to be more connective and therefore responsive to the unprecedented current levels of change in the workplace, but there is a clear need to evolve further and faster. Based on our research on the connective organisation, we have identified a number of opportunities that we think all organisations should seek to address. In this section, we outline our 'Big Five.'

1. Create purpose with a purpose

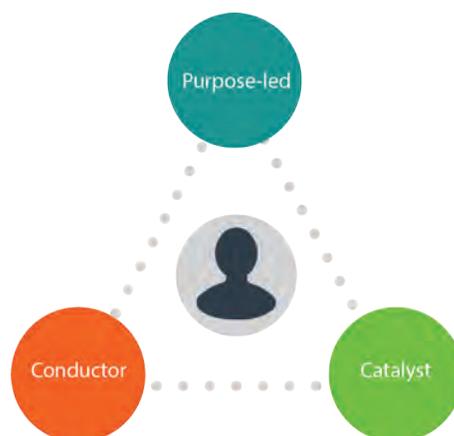
The ability to integrate social and economic purpose and align your organisation with this to drive better business outcomes will differentiate those that are able to successfully navigate the challenges of today's world and those of the future. Purpose works, but it needs everyone in the business to drive it. It's therefore vital to underpin purpose with the appropriate values, culture, structure and behaviours.

It's also important that organisations support people in finding 'meaning' in their work. This requires them to more consciously understand people's intrinsic motivations – as much as their extrinsic motivations – in order to help to make roles rewarding in and of themselves and aside from any external reward or recognition.

Successful business leaders know that culture drives behaviour, product and service innovation, and customer experience. We are experts in culture change, helping clients understand what needs to be protected, nurtured or radically shifted to support their overall purpose.

2. Develop Connective Leaders

Leaders have a vital role to play and, as we have identified through our research, some organisations need to develop certain skills more suited to today's world in their leaders. Through our research, we have developed a framework for the connective leader.

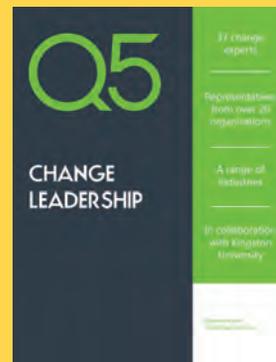


Purpose-led: knows their purpose and can articulate it in an authentic and compelling way as well as being able to help others find their own meaning; communicates goals and expectations so that people understand and sign up to them.

Catalyst: embraces and supports change; constantly challenges the status quo and builds resilience in their teams; constantly seeks diverse input, ideas and feedback.

Conductor: creates conditions for teams to flourish; ensures diversity (of thought and people); willing to 'let go' of control; empowers teams to succeed and fail in safety; supports work and fosters collaboration.

This all needs to be underpinned by an ability to lead through change, which is increasingly seen as a gap. The Q5 **Change Leadership** report explores what makes great change leaders. It is available upon request.



3. Build lateral capability

Traditional organisations have become very adept at working 'up and down'. There has been considerable under-investment in **building lateral capability** within organisations, which we believe needs to **become the priority** for organisational development.

- Lateral capability is established through collaboration, connective technologies, peer challenge/support and talent mobility. New ways of organising to deliver work, such as sprints and dynamic hierarchies, and an inclusive culture can help organisations to be deliberately developmental. Increasingly, cultures that promote flexibility and empowerment are generating stronger results than more rigid, hierarchical power-based ones. This is not an overnight fix but requires concerted and sustained focus.
- Lateral capability is also about developing effective and efficient ways of working across teams. We support organisations in establishing frameworks for how things get done, balancing the controls and governance required with creating space for people to flex and adapt their approaches – creating 'roundabouts' to guide rather than prescriptive 'traffic lights' to control. We work with teams on the ground to set out who is accountable for what and to co-create these processes, meaning people start to test out what empowerment feels like in real life and embed new behaviours.

4. Sustain evolution with growth

Our research clearly shows that, as businesses scale and develop more rigid processes, bureaucracy and less flexible ways of working, they often find it difficult to be truly connective. This is a **critical turning point** where organisations need to figure out how they would like to evolve to stay relevant.

- Organisations need to be prepared to review and iterate their operating model and structure with increasingly greater frequency – moving away from the large-scale restructures and transformations we have seen in the past, and towards a more flexible organisation system that senses and adapts to a constantly changing business context.
- Successful implementation and moving towards an evolved state is dependent on embedding enabling ways of working and shifting culture. **Q5's report on Nurturing Culture** outlines many of the challenges around culture and what we can do to help you. It is available upon request.
- The ability to **build agile muscle** will be critical. Our programmes help clients explore different ways of doing things, using principles to embed appropriate methodologies that drive new ways of working right across their organisations. This includes upskilling teams and leaders through practical workshops to increase the tools at their disposal for everyday use, really growing the agile muscle of the organisation.

5. Build change capability

Change is no longer an event to be managed. It is a constant and so for businesses to thrive we believe that it is imperative to build the capabilities and resilience to embrace and sustain change. Organisational change can undermine all of the 'social needs' that humans seek to cling to: status, certainty, autonomy, relatedness, fairness (the NeuroLeadership Institute's SCARF® model). The 'social pain' this causes is found to register in the brain in the same way as physical pain.

Q5 work with over 100 organisations every year on all aspects of change. Core to our approach and methodology is helping clients build change capability and resilience within their organisation. We have built all of our change experience into a series of masterclasses, toolkits and coaching that we run for our clients to ensure we leave a more change-capable organisation than we found.

WHERE TO START?

Our research has shown that organisational evolution is complex to understand. It is driven by the interaction of five increasingly critical characteristics, summarised as PEARL – purpose, ecosystems, adaptability, real empowerment and leadership. Becoming a connective organisation takes a sustained and deliberate focus across each of these areas.

There is a risk — greater in some sectors than others — that complacency or a legacy of supporting and reinforcing outdated ways of working is putting the organisation and the wider industry at risk. A need for control and a discomfort with change and ambiguity is severely limiting organisations' ability to adapt and respond to disruption. As a result, many fail to meet the changing and increasing expectations of employees, consumers, investors and the wider communities in which they operate.

Our intent all along was to identify practical actions business leaders can take – a way for them to cut through the complexity that we all now face and start to drive change and evolution in their organisation.

Our work has allowed us to observe the main drivers and barriers to becoming more connective and we have shared some key takeaways throughout this publication. On the following two pages we summarise our top tips. Do get in touch with us at Q5. We would love to discuss the next steps in your journey.

Top tips to help you evolve towards becoming a connective organisation

PURPOSE



- Use your purpose creatively to create connection to what you do – show the link to projects, goals and ideas in a real and meaningful way.
- Test the alignment with your purpose – does it really mean the same thing to everyone across your organisation?
- Use performance metrics that support more sustainable performance and have a longer-term focus, and ensure they include non-financial measures.

ECOSYSTEMS



- Flatten hierarchies wherever possible.
- Err on the side of transparency.
- Remove performance measures that exert pressure, which could drive unethical behaviour – think about the behaviours you want and create the environment that encourages them.
- Address inadequate technology for managing workflow, information sharing and collaboration.
- Resist too many standardised processes and rules; instead think about where you need to exert control and where you can allow people freedom to exert choice and adapt their approach.

ADAPTABILITY



- Strive to achieve the optimal balance of strategic planning (scenario-based) with willingness to adjust to reinvent the organisation, as needed.
- Build change capability and change resilience at every level.
- Encourage experimentation, expect mistakes – adopt the mindset of an R&D function.
- Be deliberately developmental and encourage intrapreneurship.
- Revise rigid approaches to managing skills, such as complex and lengthy competency frameworks, detailed job descriptions and lack of talent mobility.

REAL EMPOWERMENT



- Introduce working practices that maximise flexibility – such as remote working, flexible scheduling and use of a contingent workforce.
- Discourage a culture of blame that doesn't support 'speaking up'.
- Be clear about accountabilities – setting out who is responsible for decisions frees people to operate effectively and drives creativity.

LEADERSHIP



- Stop promoting functional experts to leadership roles without sufficient investment in the development of 'people skills' and more connective leadership capabilities.
- Decide where you need to provide support to or have control over decisions, and delegate the rest.
- Create a space that is safe for your people to take risks – think about how you can support your people as they try new things.

OUR METHODOLOGY AND DATA SET

Building the framework

Our initial design phase involved working with academic partners to undertake an extensive review of the latest thinking and literature on what makes organisations successful today. We also drew upon what we had seen in our years of working on organisation design and change projects, particularly what we had observed about successful organisations. From this, we derived the five characteristics of a connective organisation. The research showed that these key characteristics were underpinning successful organisations in today's environment. We then enlisted the support of **more than 100** organisational experts, business leaders, consultants and futurologists to refine the five characteristics before testing them with a range of people and organisations.

Business leader interviews

We followed up our data collection by conducting a series of interviews with business leaders across the world to further drill down into the findings, understand a business leader's perspective on these and capture insights on what has or hasn't worked in their effort to become a connective organisation. We spoke to **41** leaders (from 61% of the businesses that participated in the data collection) as part of this work.



Q5 survey respondents

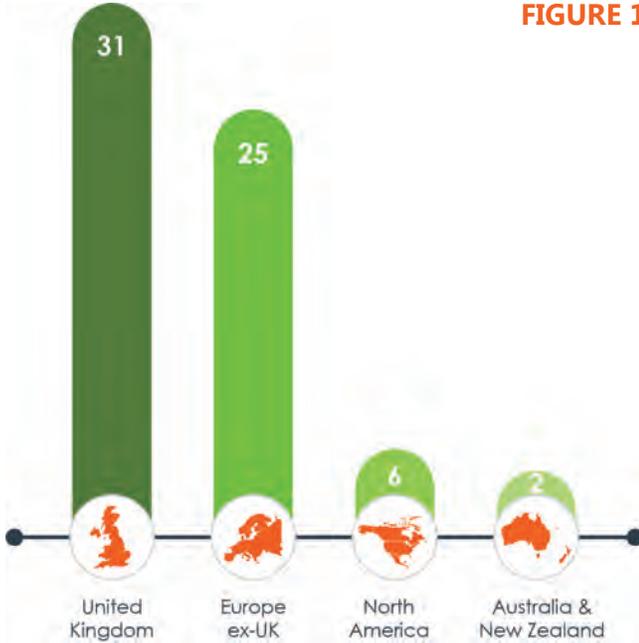


FIGURE 11 GEOGRAPHICAL COVERAGE

Our research has a global reach: 64 organisations across the UK, Europe, North America, Australia and New Zealand have participated.

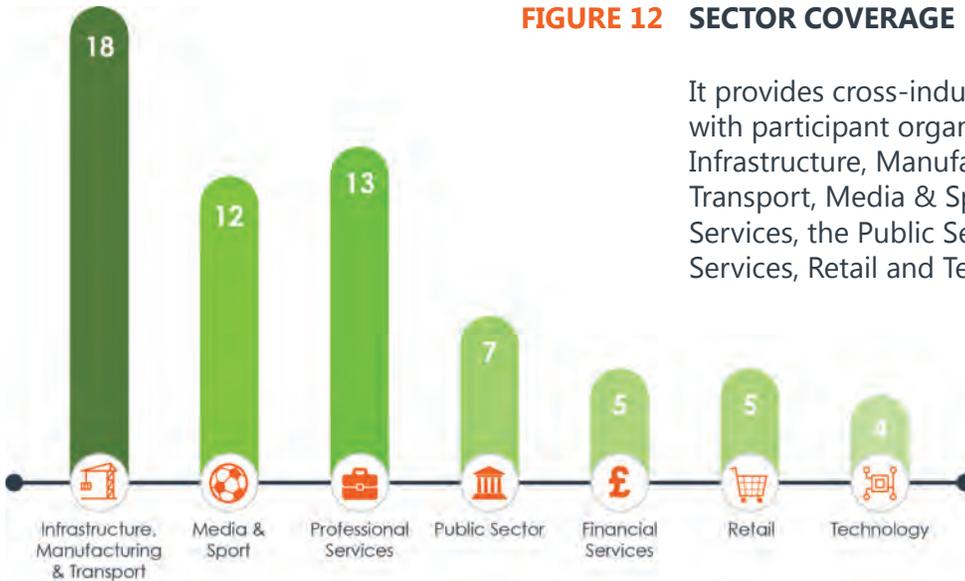


FIGURE 12 SECTOR COVERAGE

It provides cross-industry insights with participant organisations from Infrastructure, Manufacturing & Transport, Media & Sport, Professional Services, the Public Sector, Financial Services, Retail and Technology.



FIGURE 13 COMPANY SIZE

It provides insights across a wide range of organisations, from start-ups to mid-sized companies and large multinationals.

AND FINALLY . . .

Our research would not be meaningful without the contributions of our participants. Q5 thanks our interviewees who come from a variety of organisations, including those below who are happy to be mentioned:

- ABB
 - A2A
 - Airbus
 - Atom Bank
 - AusPost
 - AWE
 - BMJ
 - Bombardier
 - British Airways
 - British Heart Foundation
 - BMW Group
 - Brumbies
 - BT
 - Camels around the world
 - Capgemini
 - Centrica
 - Chanel
 - Channel 4
 - CharlieHR
 - CityFibre
 - Dentsu Aegis Network
 - Dow Jones
 - Engie
 - Enel
 - Eurostar
 - Frieze
 - FutureGov
 - Gecko
 - Hanze University of Applied Sciences
 - h&z
 - House of Commons
 - IBM
 - IKEA
 - J. Murphy & Sons
 - Kea & Partners
 - Logicalis
 - London Stock Exchange Group
 - MBS Consulting
 - Michael Kors
 - Naomi Stanford
 - Nexity
 - NHS Digital
 - Observia
 - Old Street Labs (vizibl)
 - Parliamentary & Health Service
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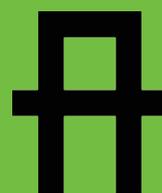
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