

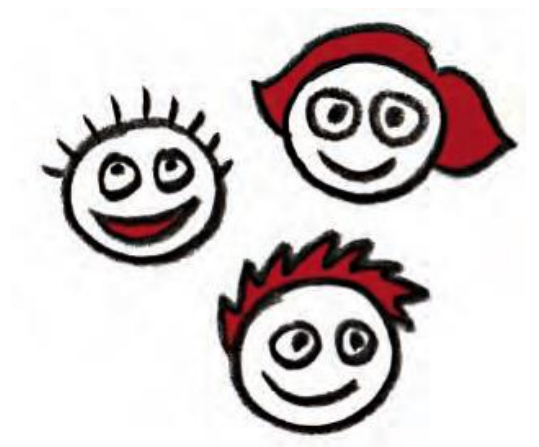
OnAgile virtual conference  
Everywhere, 20.10.2016  
#OnAgile  
@NielsPflaeging

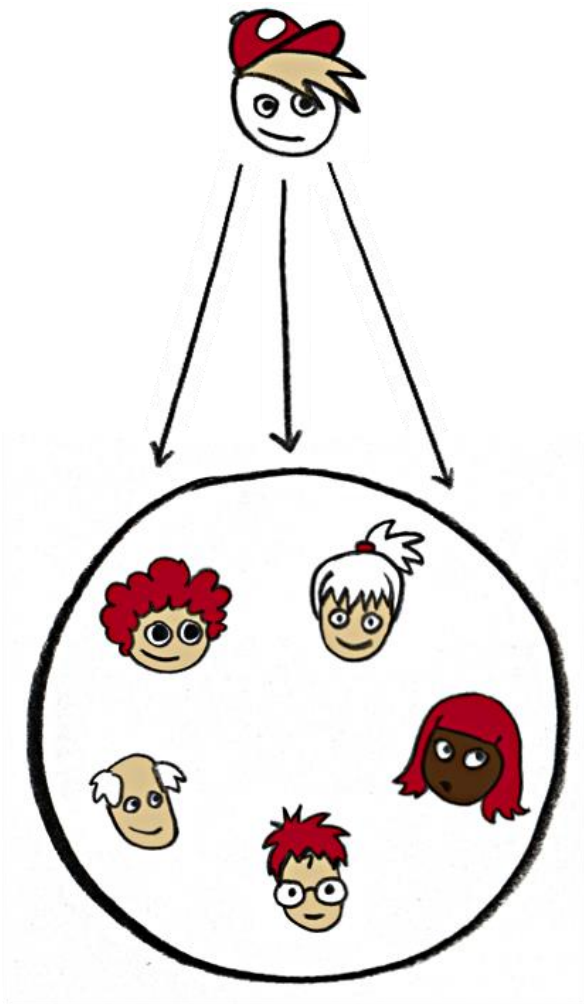
# ORGANIZE FOR COMPLEXITY

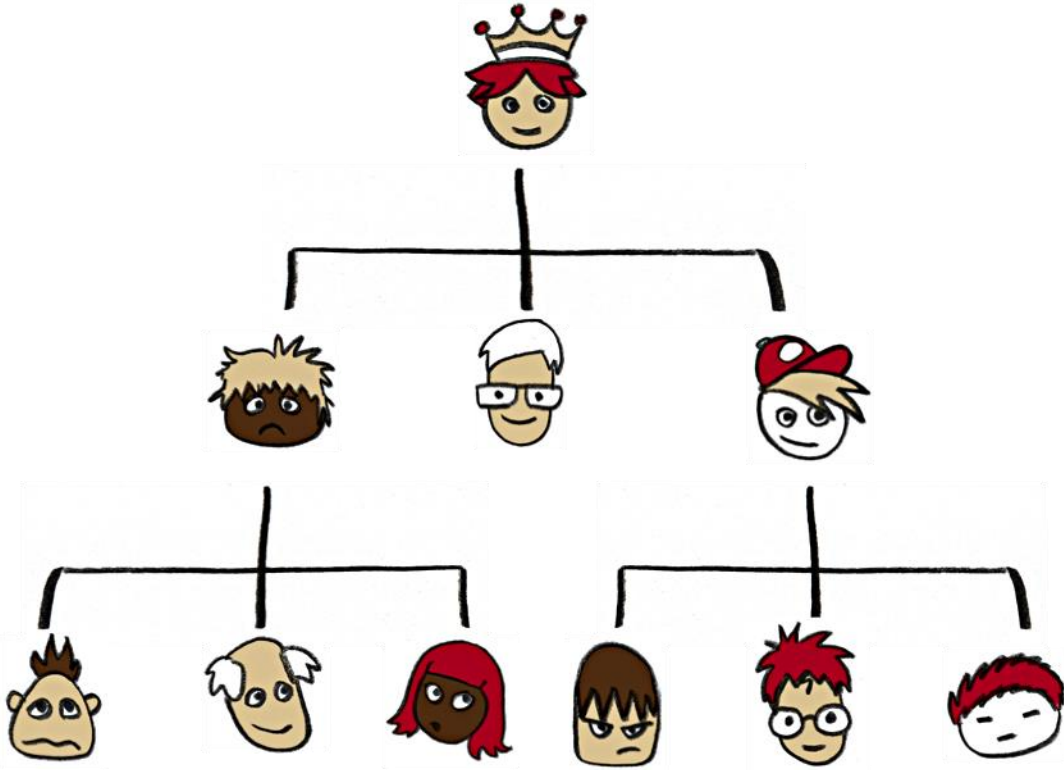
How our organizations will become agile, radically decentralized, and networked. Sooner than we think

Complexity is like the weather.









- Fixed, individual targets
- Management by Objectives
- Budgets and Plans
- Performance Appraisal
- Hierarchical Pressure
- Pay by Position or Performance
- Incentives and Bonuses
- ...

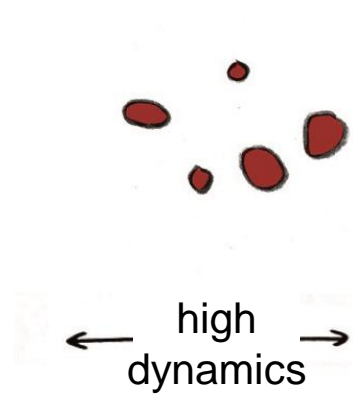


Dynamic part of  
value creation  
Solution: Man



Formal part of  
value creation  
Solution:  
Machine

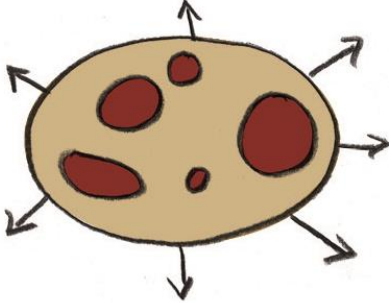
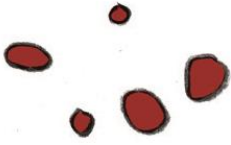
Local markets,  
high customization





Local markets,  
high customization

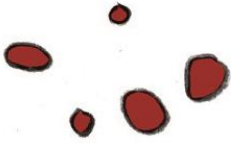
Spacious markets,  
little competition



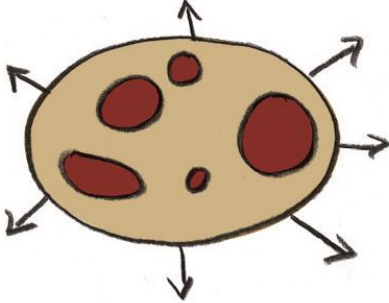
← high  
dynamics →

← Sluggish/dull,  
low dynamics →

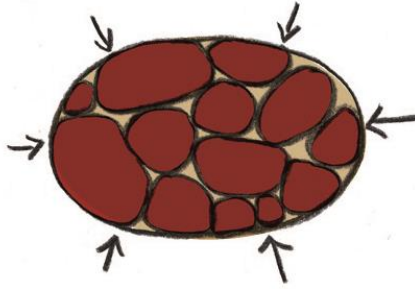
Local markets,  
high customization



Spacious markets,  
little competition



“Outperformers” exercise  
market pressure over  
conventional companies



← high  
dynamics →

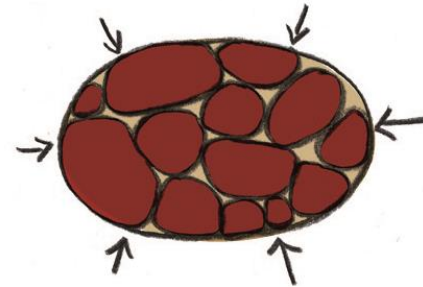
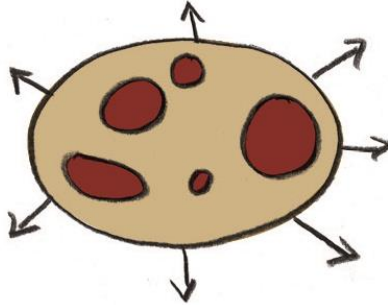
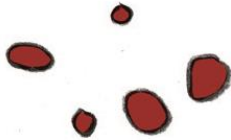
← Sluggish/dull,  
low dynamics →

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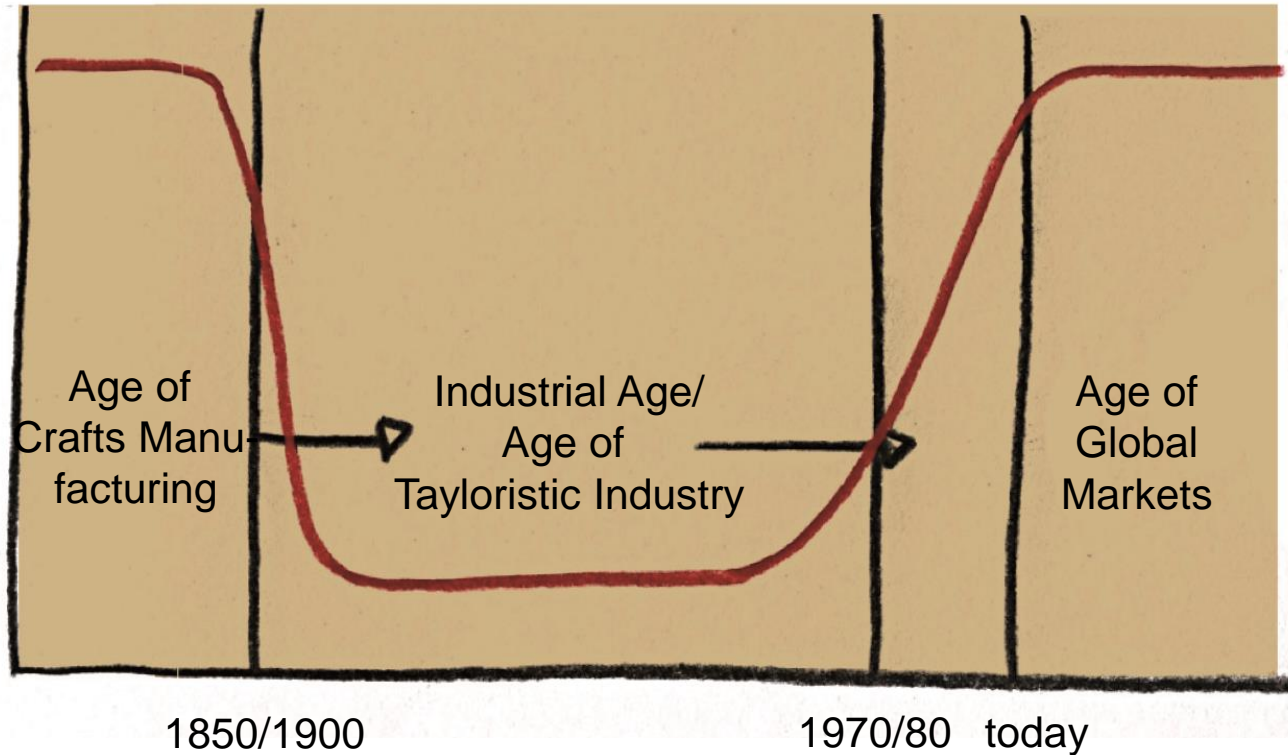
← Sluggish/dull,  
low dynamics →

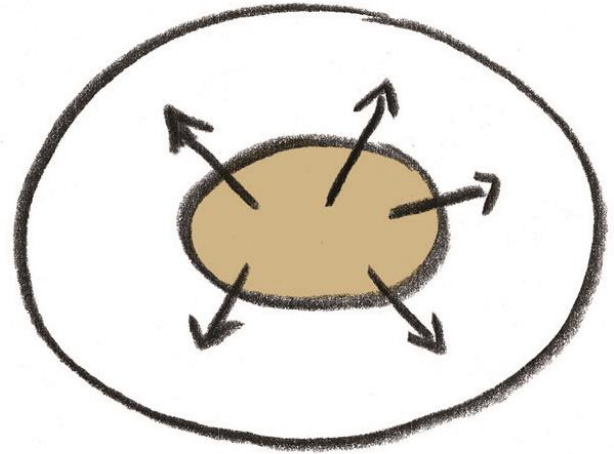
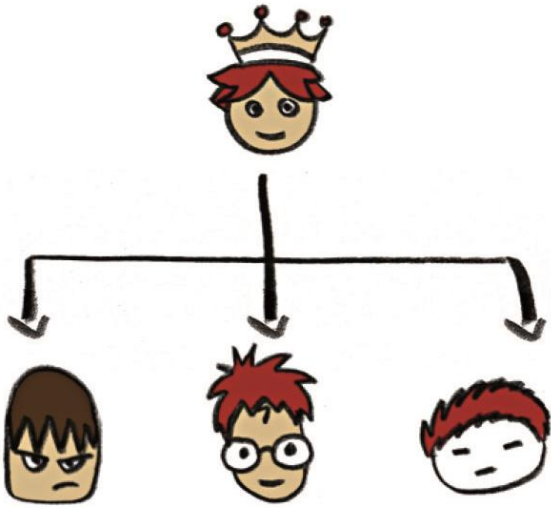
← high  
dynamics →

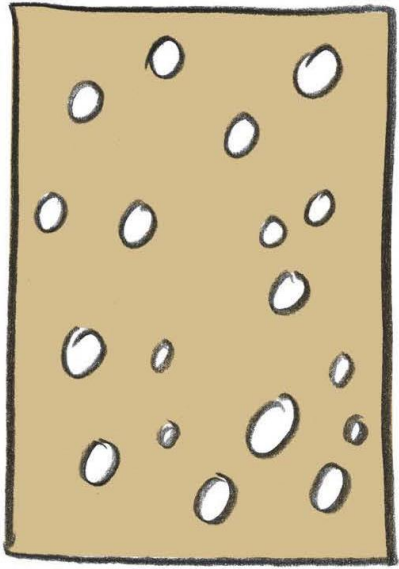
Dynamic part of  
value creation  
Solution: Man



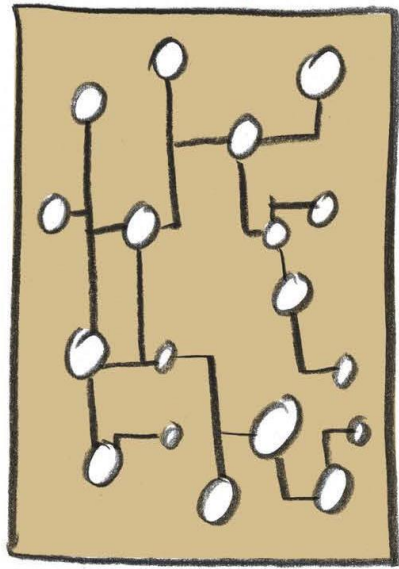
Formal part of  
value creation  
Solution:  
Machine



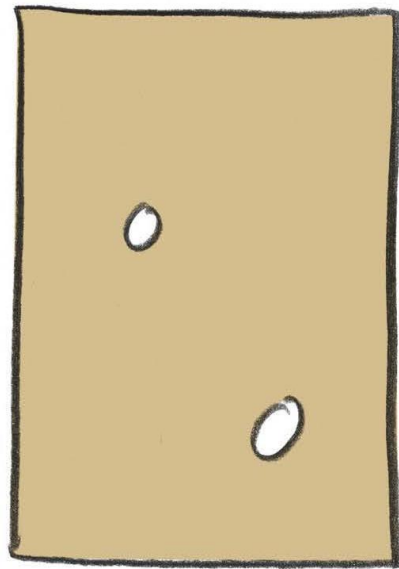




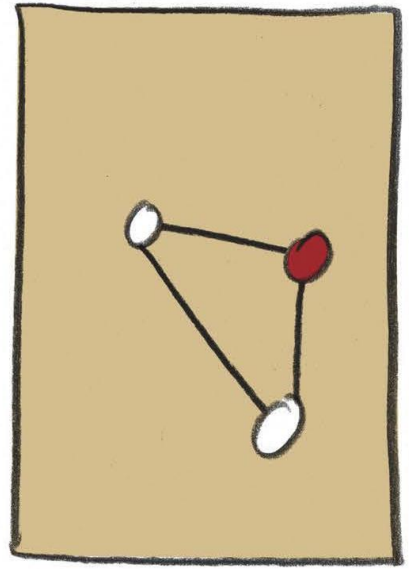
Data



Information



Knowledge

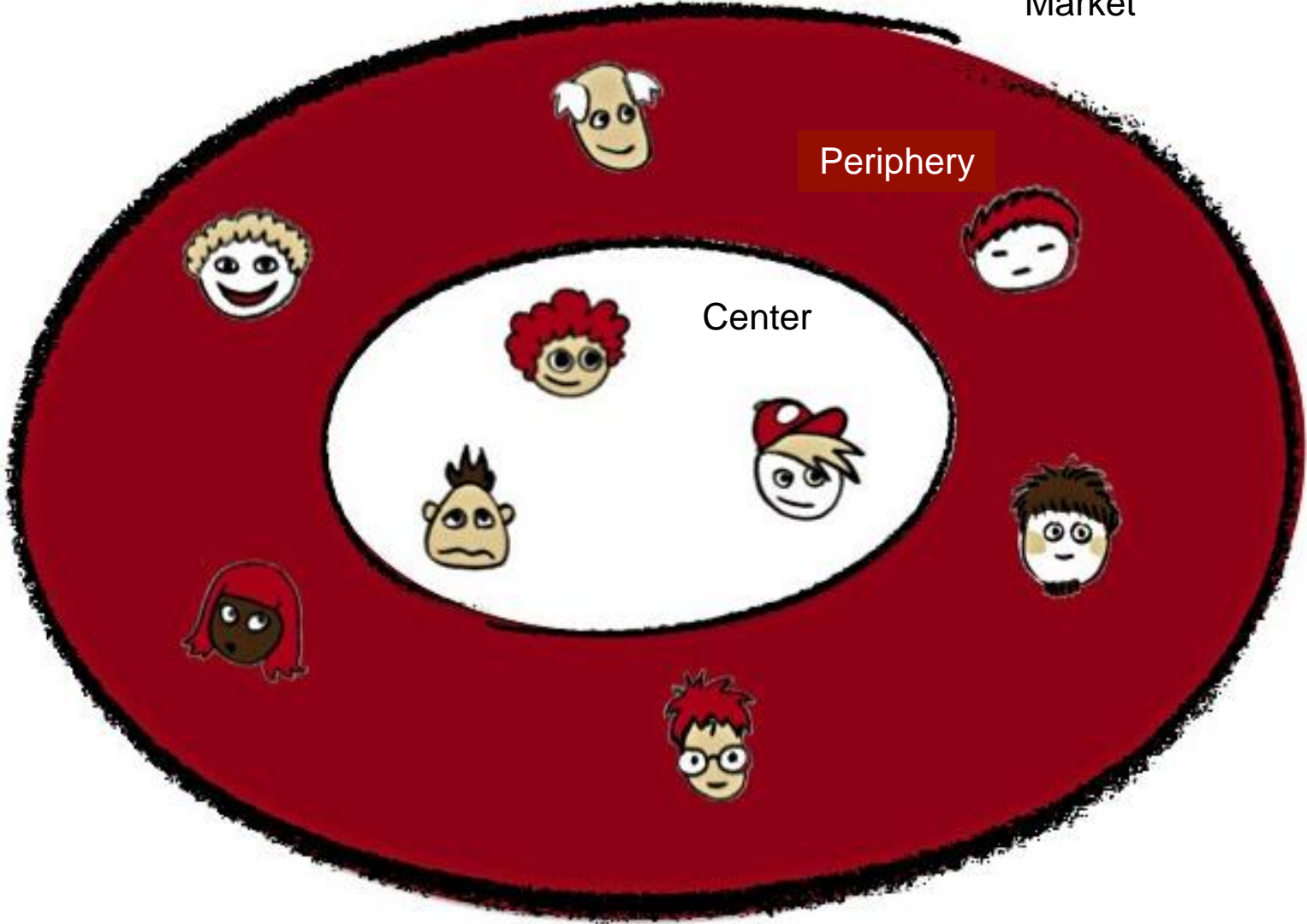


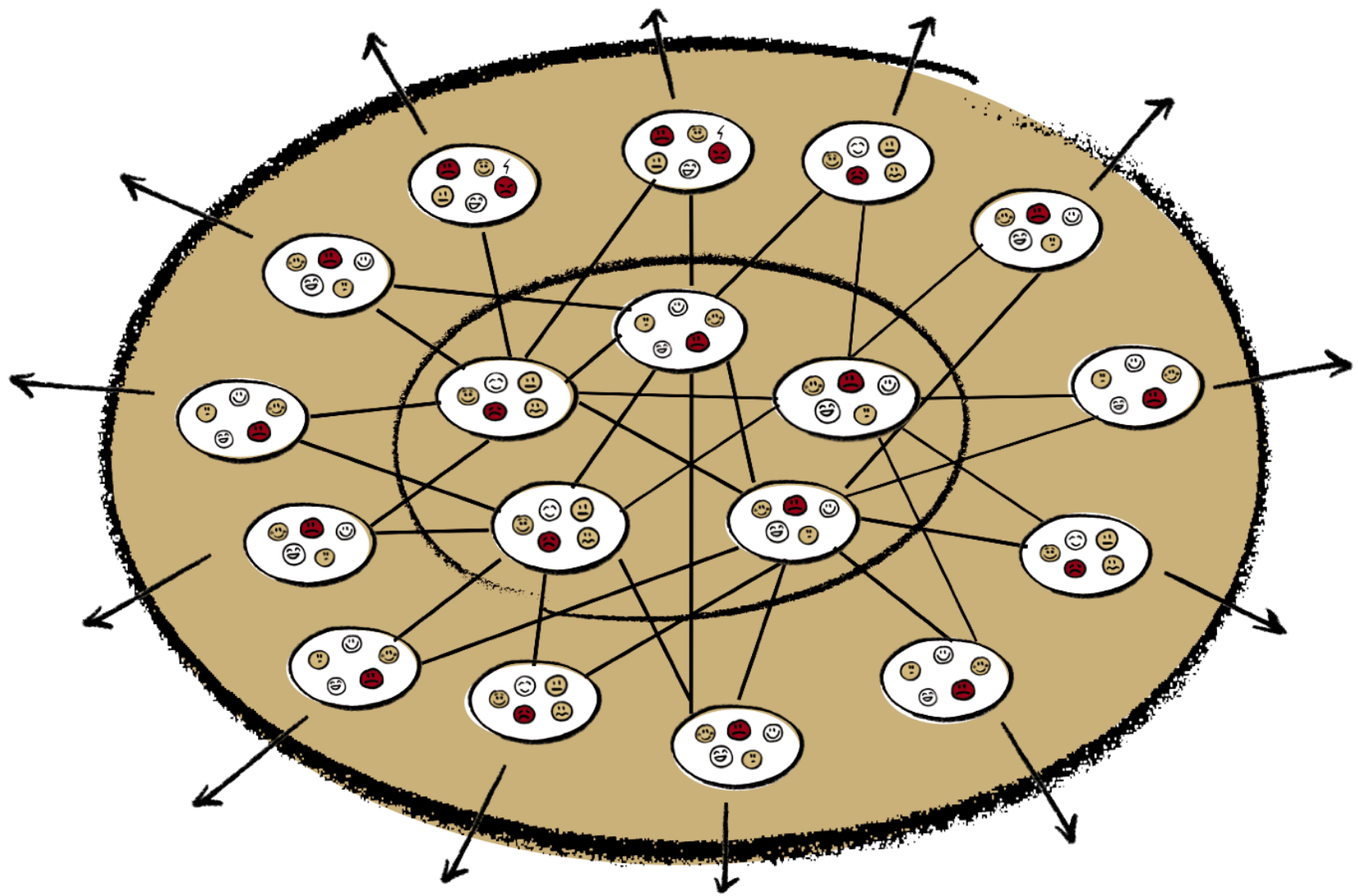
?

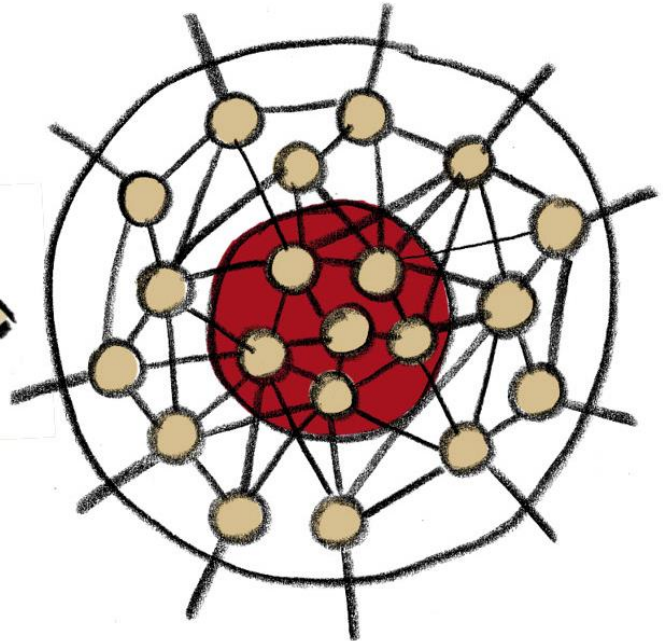
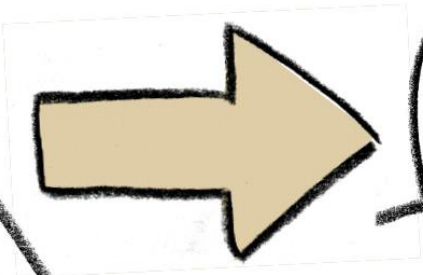
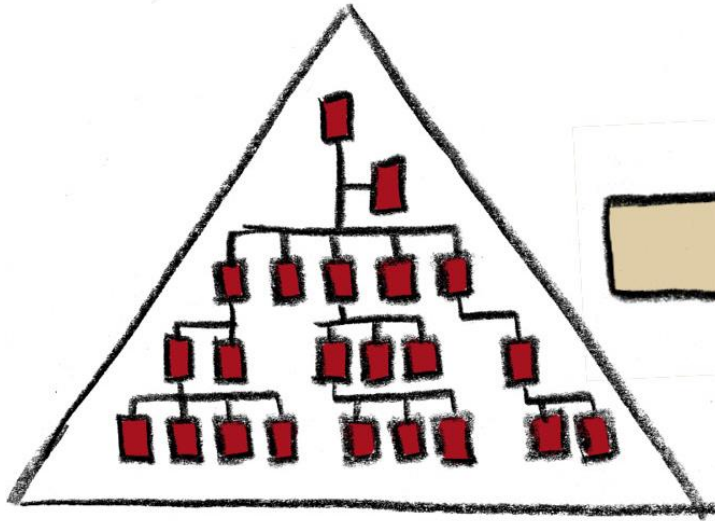
Market

Periphery

Center

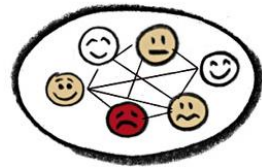








1. Start-up phase  
or "Pioneer phase "



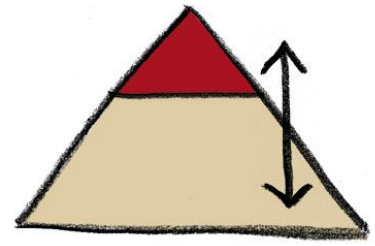
Young organization

Older organization

1. Start-up phase  
or "Pioneer phase"



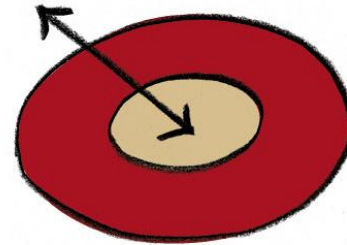
2. Alpha phase  
or "Differentiation phase"



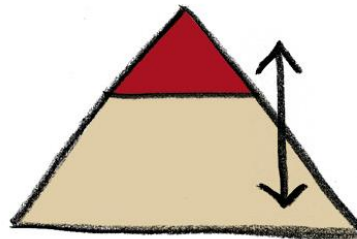
1. Start-up phase  
or "Pioneer phase"



3. Beta phase  
or "Integration phase"



2. Alpha phase  
or "Differentiation phase"



Young organization

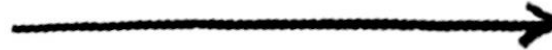
Older organization



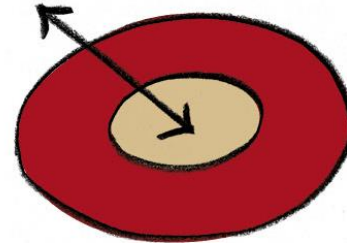
1. Start-up phase  
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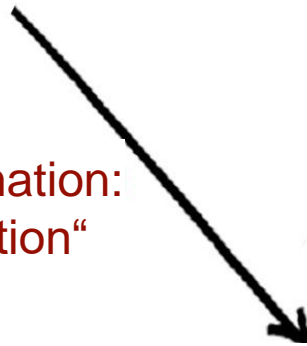
Type 2 transformation  
"Deepening"



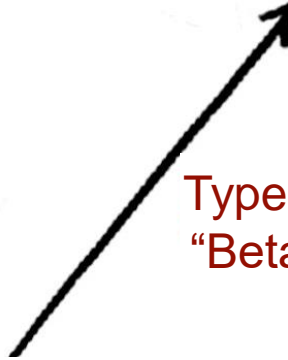
3. Beta phase  
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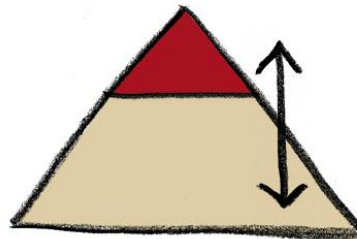
Type 1 transformation:  
"Bureaucratization"



Type 3 transformation:  
"Beta Transformation"



2. Alpha phase  
or "Differentiation phase"



Young organization

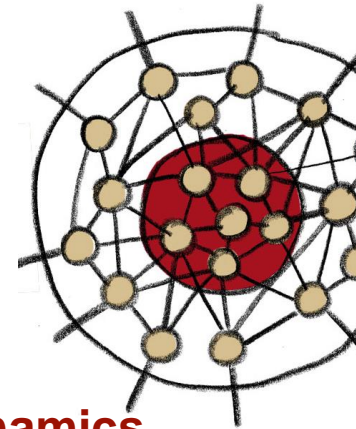
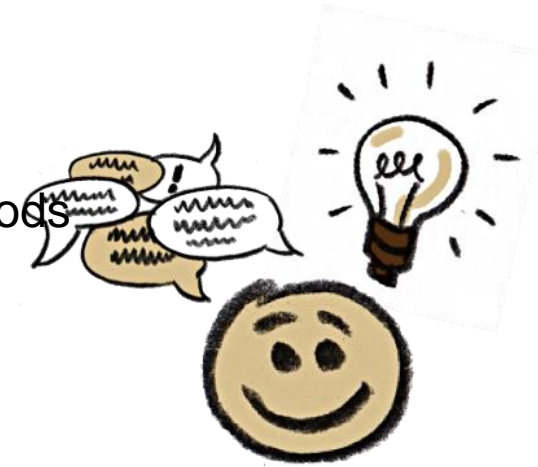
Older organization





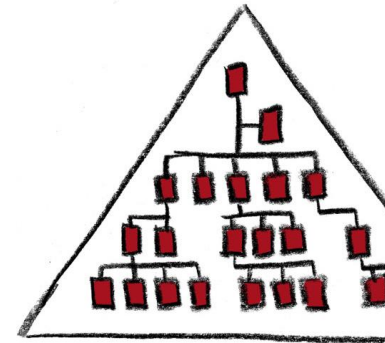
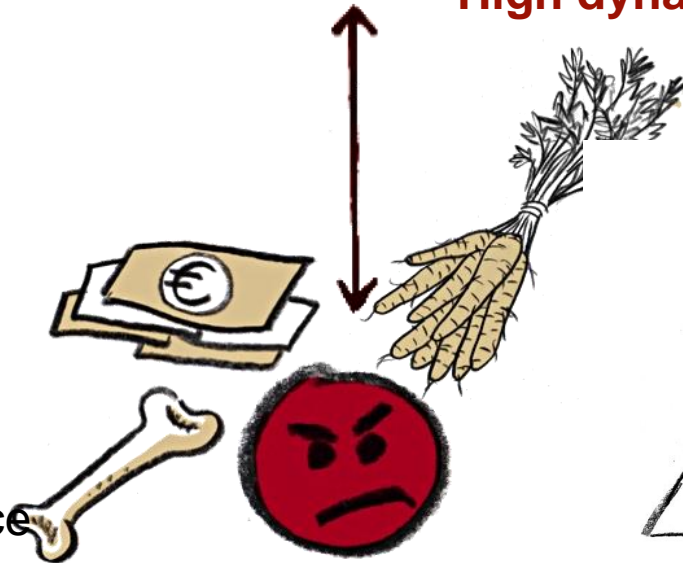
... Dress codes SWOT Analysis  
Org charts Performance Appraisal/360  
Plan-Actuals variances Strategic Planning  
"Meritocracy" Business Partners Holiday applications  
Budgeting HR Planning Paid extra hours  
Key Accounting, Business Areas Cost Management Incentives Sales Quota  
Control of work hours MbO Individual targets  
Job Descriptions Bosses hire Target negotiation  
Pay for Performance Job titles Jours fixes  
Travel policies Bonuses Salary Ranges  
Competencies Management Earnings Guidance  
Suggestion boxes Matrix Structures Knowledge Management  
Allocations Training budgets  
Personnel Development Forecasting  
Development Centers "Personnel Expenses"  
Assessment Centers

- Transparency & Improvement
- Comparisons between peers
- Comparisons with previous periods
- Dialog and Dissent
- Social and group pressure
- Pay by market value
- Results Sharing
- ...

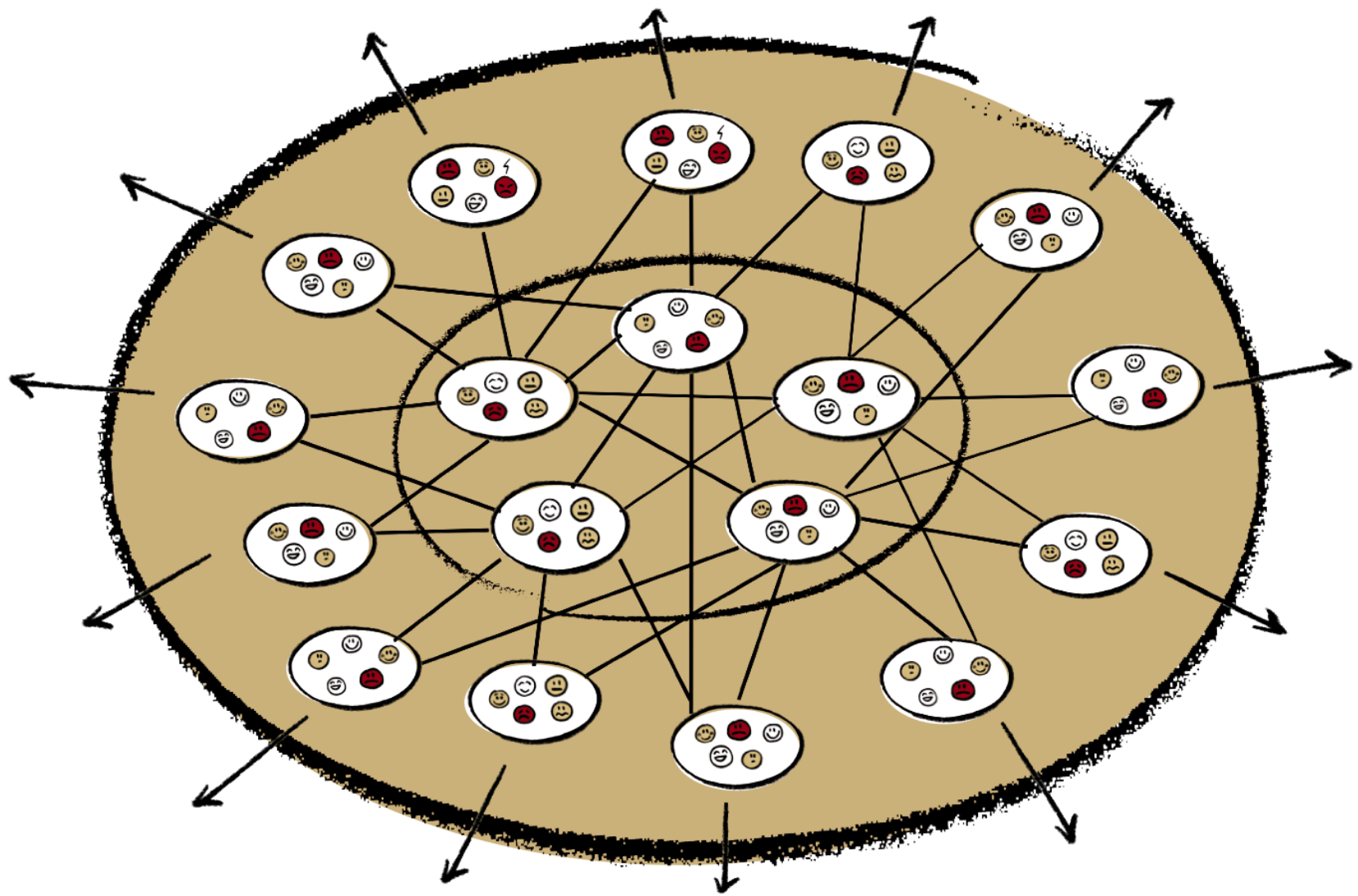


**High dynamics**

- Fixed, individual targets
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- ...

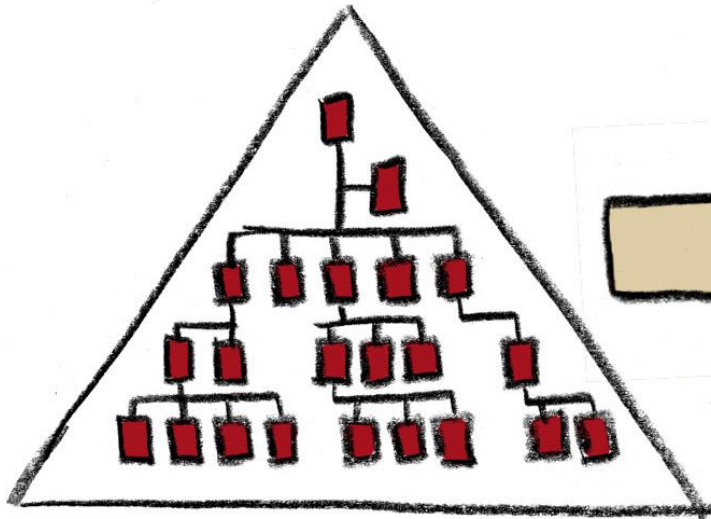


**Low dynamics**



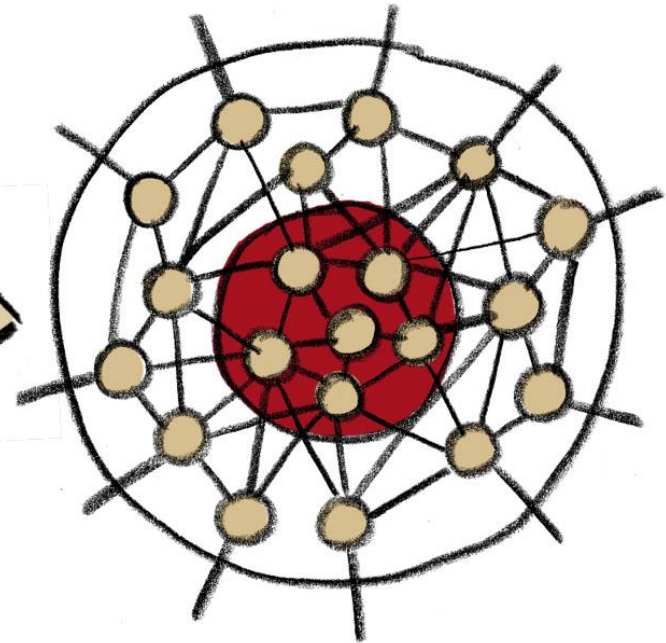


## Industrial Age



Mechanistic, dead  
Differentiated, individualizing  
Work the people  
Top-down, managed  
In parallel, in line  
Efficiency-oriented

## Knowledge Age



Systemic, alive  
Integrated, team-based  
Work the work  
Outside-in, led  
With-each-other-for-each-other  
Complexity-robust

Your people **are not the problem.**

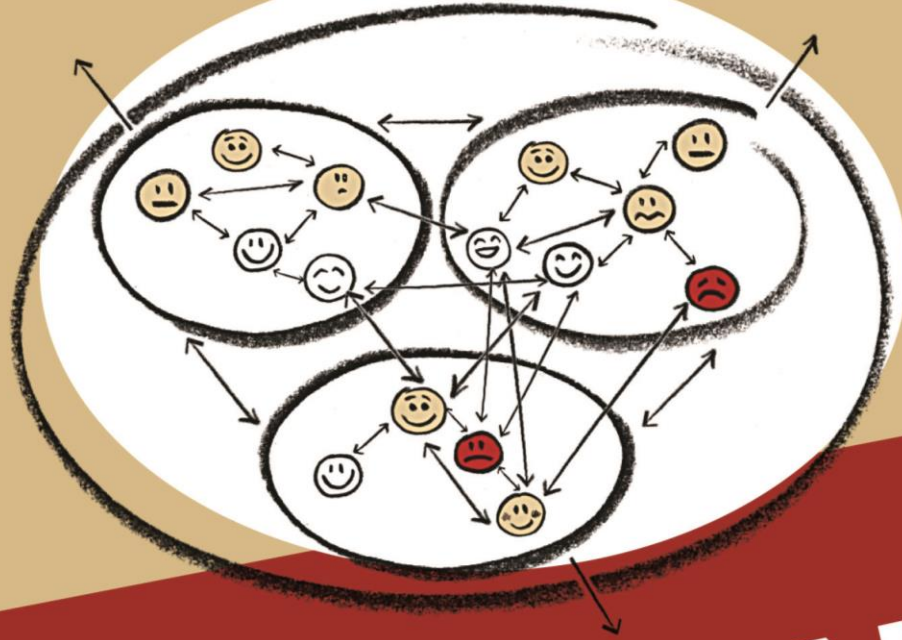
**Systems drive behavior.**  
Not the other way 'round.

**the models,** or systems.

We have to stop working the people, and **start working organizational**

The radically decentralized “peach” model of designing organizations is **not an option.** It is a necessity.

OnAgile virtual conference  
Everywhere, 20.10.2016  
@NielsPflaeging



# ORGANIZE FOR COMPLEXITY

How our organizations will become agile, radically decentralized, and networked. Sooner than we think