



PREDICTABILITY:

Increasing the probability of high performance; diminishing risk of derailment

Introduction

Business leaders often ask:

- What is it I need to do to realise the growth potential of the organisation?
- How do I create the most powerful teams?
- Where are the main risks to achieving growth?

In other words the business leader needs more predictability. Leaders want to be in a position to create and change teams in order to make appropriate and well timed steps as it fulfills its potential or builds on new ideas. They want to know how their organisation performs across its value chain – where there is a greater need for change and innovation, where there are failures in communication and risks in execution and where alignment and trust need to be refreshed.

The Human Insight approach to leadership can predict how teams and organisational units will perform in pursuit of their strategic tasks and where the risks of derailment lie.

We do this by combining our analysis of the strengths of an organisation, and the teams and individuals within it to a mapping of the strategic goals of the organisation. Our approach adds the dimensions of strategic context, systems thinking and cultural independence when compared to other methods.

Summary of our approach

Our method of information gathering captures and processes data in such a way that the connection between a strategic task and an organisation, and the teams and individuals within it is immediately visible.

To capture and organise data about the strategic context and how it will change over time we use the S-curve.

The process by which a new idea, a dream, an investment, a start up or a new product or service flows through specific stages of growth follows the pattern of an S-curve. Growth starts slowly, with trial and error, then speeds up and at the end begins to slow down before decay sets in. It looks very much like the changing of the seasons for a farmer – from winter to spring, to summer and autumn.

We discovered that we can identify where an organisation and its people make their best contribution to the S-curve:

- *at the start* where creativity and innovation are most needed – inventors, scenario planners, creators of intellectual property.
- *at the start of the growth phase* where converting the intangible to the tangible and up scaling are most needed – marketing strategists, business developers, programme and project managers
- *along the growth phase* where commercial and operational excellence is most needed – managers in production, operations and sales
- *at the top* where protecting and harvesting the return on all the investment in earlier stages are most important – managers of resources, assets, finances, accountants and lawyers.

The point is that every individual, team and organisational unit will be predictably strong in one phase of the S-curve and relatively weak at another. The risks of derailment are greatest when the team is not suited to the next stage of growth or if the value chain is not aligned, ready and able to execute the next change in the cycle.

The data we collect measures precisely where the optimal contribution to the growth curve sits and what kind of growth curve – either relationship based curves described as people attached, or curves which are based on technical or professional content described as matter attached.

These two concepts ‘what curve’ and ‘where on the curve’ form a matrix with the degree of stability and exploration on one axis and the degree of matter attachment and people attachment on the other axis. This is the floor plane of Human Insight’s instruments used to gather data. Using our instruments means that the data we gather is independent of cultural differences: the data describe the *outcome* which an organisation and its people work towards and not the behaviour used to deliver it. The predictability is the outcome and not the method.

To this matrix we have added an additional dimension - a vertical axis - which is used differently depending on whether we are collecting data about a team and its members or an organisation.

With individuals it corresponds to the span of the contribution an individual can make to the growth curve. A short extension on this axis corresponds to a focus on only a part of the curve: the individual contributes through their specialist competencies. A long extension on this axis reflects a focus along the whole length of the curve, which means the individual, wants to invest time and energy to discuss, interact, and relate to all other points on the curve: the individual is more of a generalist. An individual cannot be both.

With organisations it highlights the strategic readiness of that unit. This is because it measures consistency. The benefit of high consistency is that it enables involvement, identification and loyalty and releases the creative energy to discover new possibilities. High consistency means that the unit is ready to move forward and execute the strategy. If consistency is low there is a negative effect on the ability to change and look for new opportunities and the organisation will not work efficiently and effectively.

In summary the information generated by our instruments informs **which** S-curve and **where** on that S-curve an organisation’s or individuals maximum contribution to growth will occur – and **how** the organisation and individual contribute to change along an entire S-curve.

The S-curve

S-curves illustrate flow from an intangible idea to a viable asset. The flow is always in one direction, it is irreversible.

This flow starts with what we call feed forward control: a process of scanning the horizon, collecting data, coming up with a new idea, and designing a new future not knowing whether it will be successful or not. It ends with what we call feedback control: a process of maximising the return on the past investments which created tangible assets.

We use eight phases in our analysis of the strategic context. These start with an investment driven design of the future. They end at a time where an organisation feels most successful with an optimal return on investment but with the need to anticipate and plan for the next growth curve.

How to sustain profitability...

1. Design a future
2. Upscale through exponential growth
3. Operate business
4. Squeeze efficiencies out of the existing curve
5. Creatively deconstruct old systems
6. Transform to next phase of exponential growth
7. Anticipate and plan for next curve
8. Save and nurture core values

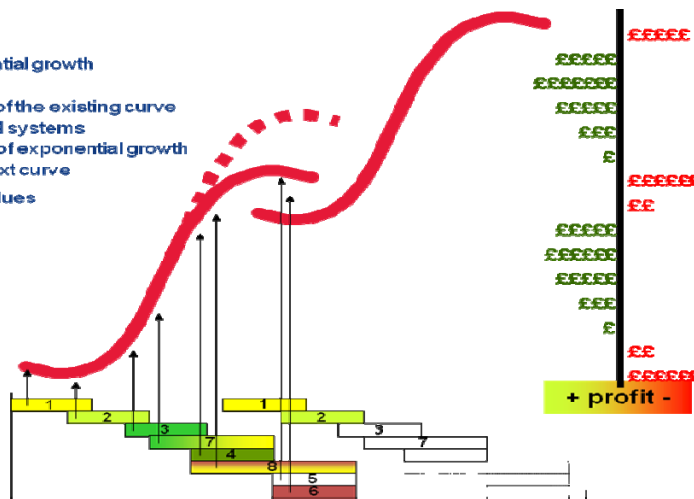


Figure 1: How to sustain profitability.

The opportunity for achieving the maximum return on investment comes at the top of the S-curve. Our approach enables business leaders to understand the feed forward-feedback continuum and where their organisation and its individuals and teams sit on that continuum and how they must connect to create some predictability of navigating the complete growth curve and delivering the return on their investment.

Organisational Design: Creating Powerful Organisations - Complementarity

The innovation in our approach resides in our discovering how to describe and assess the characteristics of personality which relate directly to the contribution in each of the phases of the growth curve.

Using the same approach to map the value chain enables an analysis of the strategy and the team or organisational unit responsible for its execution.

Further, by assembling these characteristics into one picture it is possible to see the complementarity. By this we mean how the contribution of each individual, team or organisational unit complements others in pursuit of the strategy and how it develops over time.

The S-curve describes the continuous flow from feed forward steering to feedback control. The characteristics of feedforward relate to intangibles which describe activities which point the way in a business cycle. For example a vision is intangible; it has meaning and gives a possible direction. The characteristics of feedback relate to tangible things which describe activities which consolidate what has gone before. Moving up the S-curve brings a vision into reality, step by step moving from feed forward to feedback

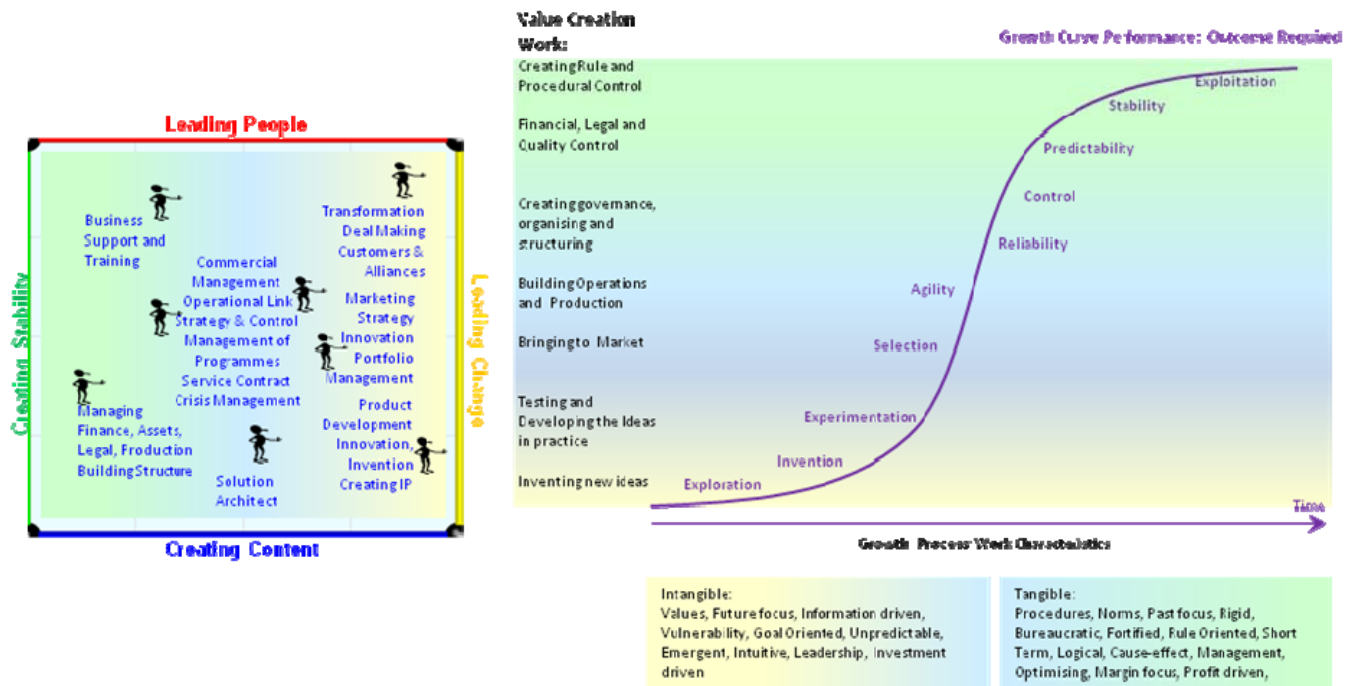


Figure 2: The floor of the instrument shows where people or organizational units optimally contribute to a growth curve.

For example:

- A research and development team contributes to the beginning of one or more S-curves as they bring an exploratory focus, innovation and an intuitive style of working to dealing with the uncertainty at this stage of the cycle.
- A team leading a production facility would be quite different as they contribute to the middle of the curve, focusing more on the short term, building scale and profit from the earlier innovation.
- The mission of a finance team will be to maximize the return on investment as an organisation moves from an innovative, investment driven phase focused on growth to the optimal point focused on margin, being profit driven and exploiting all the exploratory and development work in the early stages.

Thus the floor informs how organisations and their people think, react to change and make decisions.

It follows that the business leader should examine the complementarity in teams and across the value chain to:

- be satisfied that a team has the strategic diversity to handle the strategic task, and
- change that team as the challenge shifts:
 - through innovation and entrepreneurship
 - to the need for operational excellence
 - and then to the support and control needed to achieve the return on investment.
- Build on alignment and trust across the value chain to create the conditions for change.

Organisational Design: Creating Powerful Organisations – Perspective and Consistency

The vertical axis of the instruments relates to either

- the perspective an individual has on either the whole curve or the point at which their personality will contribute most
- or the consistency in the organisation.

A short line shows a focus on individual competences. People and organisations which come high on this axis connect the people value chain.

Generalists create connections, specialists create competencies

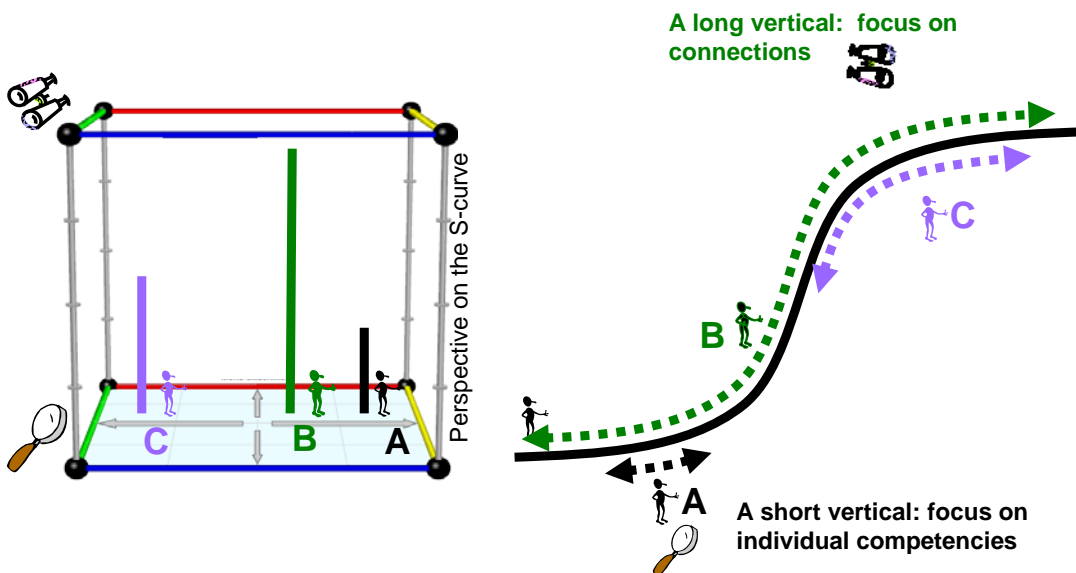


Figure 3: Perspective on an S-curve

It follows that the business leader should look quickly at:

- the *perspective* in a leadership team to be satisfied that there is sufficient focus and competence on specific points on the curve to propel the organisation forward at each stage, but also the wider perspective to integrate these activities and help the organisation make well timed steps up the curve and to transform to the next stage of growth.
- the consistency in the organisation to be satisfied that all parts of the value chain will contribute beyond their competency so that the whole performs effectively and efficiently and is ready to change to the next cycle of growth.

Predicting the successful execution of strategy

Analysing the Mission

The approach does not start with the people, but with the characteristics of the purpose and mission.

The first step of defining the pattern of a mission is to formulate it correctly, then to map it onto the S-curve and to decide its characteristics – relationship driven or content driven.

This means deciding between a mission which can be characterised as:

- creating, maintaining, managing and leading relationships with people, or
- a mission characterised by dealing with issues of content, like technology, knowledge, etc.

This is meant in the broadest sense. A focus on people relationships means everything like dealing with the relationship aspects of customers, alliances, employees, suppliers, stakeholders, partners etc. A focus on content relationships means everything dealing with technological issues, from software, chemical, biological, legal, financial, and engineering matters etc. In other words, how much are the result areas related to either building and developing relationships or building and developing content.

This analysis can be plotted on the floor of the instrument which will subsequently help to combine the mission with the team or organisational unit.

Here is an example of mapping the value chain of a Data Centre Organisation.

Mapping the “value chain”

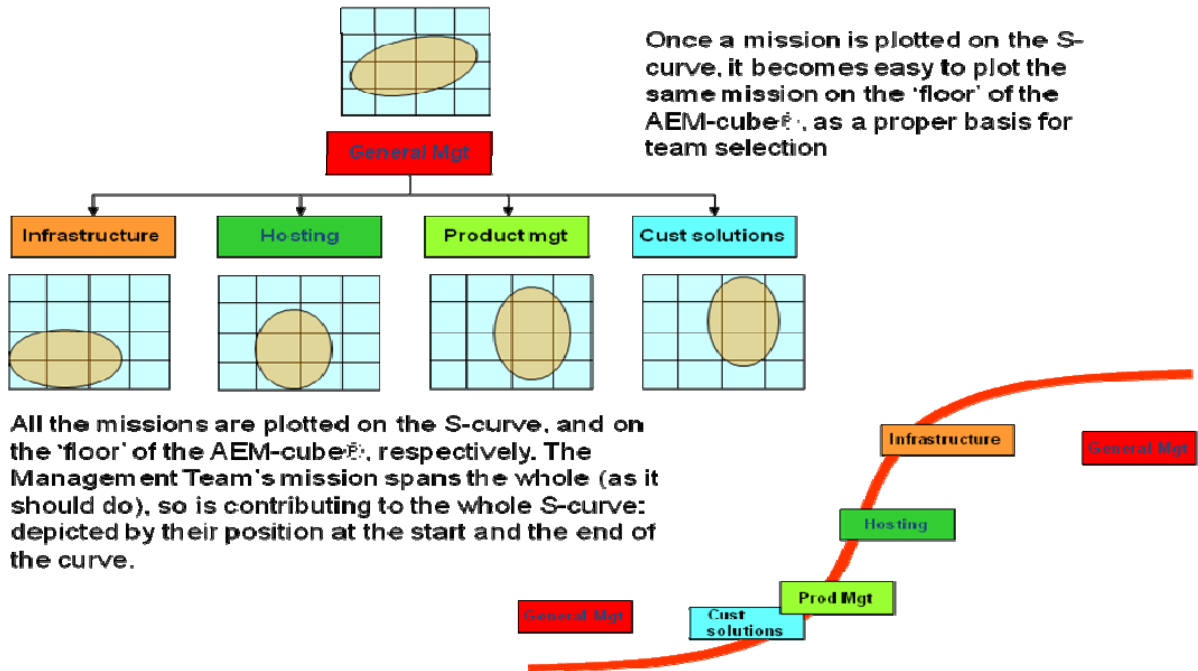


Figure 4: Mapping Missions to the S-curve

Examples of predictability

Having completed many mappings of value chains, the diagrams below summarise where key activities would sit on the floor of the instrument.

The team below can be predicted to be good in transformation management with members coping with the whole S-curve and being people-focused and focused on the beginning of a new S-curve. This is the team responsible for one of the biggest mergers in business history.

Example: M&A Team of one of largest IT global mergers

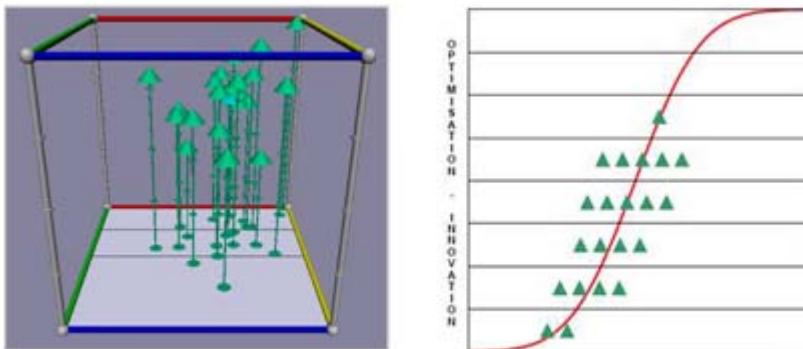


Figure 5: M & A Team members AEM-cube® floor positions mapped to the S-curve

The team below can be predicted to be good in creating intellectual property, new scenarios and strategies. This was a breakthrough thinking financial retail team.

Another unique feature of this approach is that research has shown that most intellectual property and technology innovation are achieved by people in the right-front corner of this tool.

Example: Strategy and Marketing Team Global Retail Bank

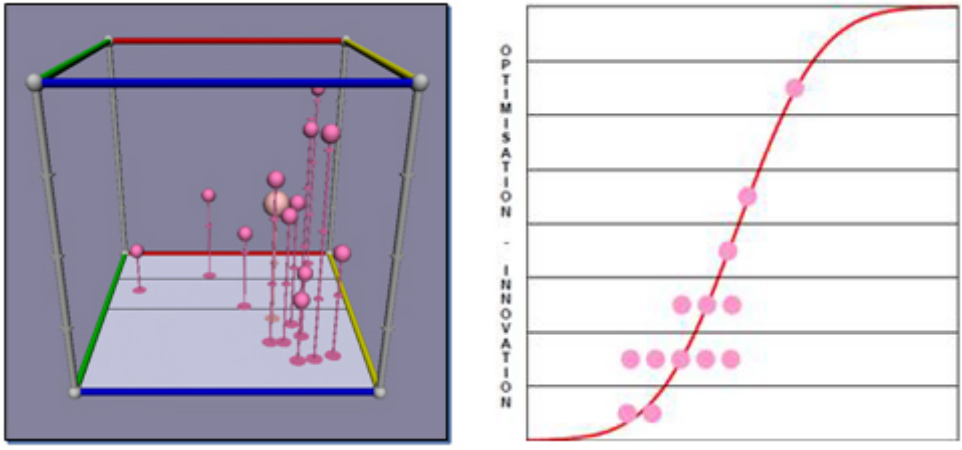


Figure 6: Strategy and Marketing Team members AEM-cube® floor positions mapped to the S-curve

The picture below is the classical pattern of founding teams of successful start-ups.

Without the support of a 'Mr Inside and Mr Outside' (the green and light blue position) and an operational manager (dark blue in the middle) the creative founders (red and orange) would have failed as so many other start ups in Silicon Valley.

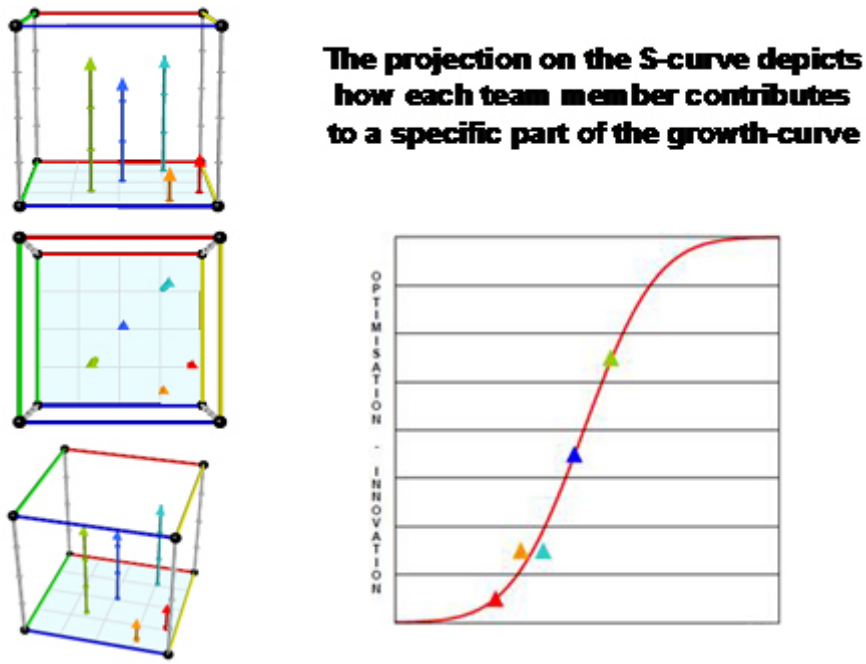


Figure 7: A Successful startup – founding individuals AEM-cube® floor positions mapped to the S-curve

The basic concepts work across cultures. This is a top production department in the pharmaceutical industry. It is a Chinese team and shows similar results to a European team.

Example: Pharmaceutical Production Team in the PRC

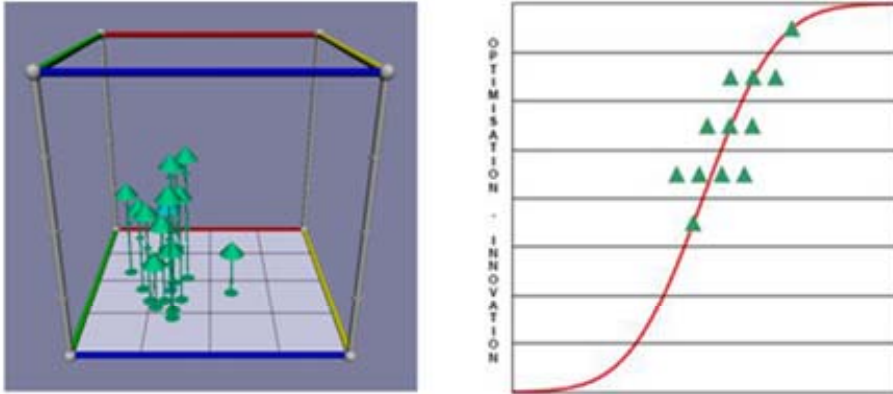


Figure 8: S-curve mapping is independent of culture; AEM-cube® floor positions mapped to the S-curve