

Adaptive Org Design Learning Outcomes

BETA



LICENSING INFORMATION

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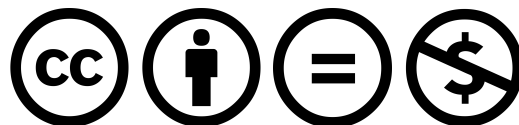
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John Dobbin · Stephanie Duffey · Dan Fuller · Doug Kirkpatrick ·
Nishant Sasidharan · Bill Zybach

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FOREWORD

The traditional pyramid hierarchy existed to solve specific problems in the workplace. With the shift to more adaptive and agile ways of working driven by the more volatile and complex environment of the 21st century, organizations need a structure that will respond and adapt quickly to new challenges and the world around them. Finding ways to break down divisional walls and increase opportunities for people in different areas to work collaboratively has become imperative. Additionally, there is a need to align the organization around the flow of work through the system and reduce bureaucracy to optimize the entire organization. This set of Learning Outcomes (LOs) focuses on the concepts behind, and reasons for, adaptive organization design.

Traditional organizational structures are maladapted to today's VUCA environment. Vertical command-and-control structures thwart the ability of organizations to adapt rapidly to changing economic, technological, and market conditions. Adaptive organizations enable Agility at both the team level and the organizational level. This requires an organizational design that optimizes for adaptivity and flow of information. This set of LOs focuses on the key principles underlying such designs.

This certification is a deep dive into organizational design patterns and concepts. While topics like cultural change, change management, and leadership development are referenced here, they are addressed in much greater depth in the Enterprise Coaching for Agility track.

TARGET AUDIENCE

This set of Learning Outcomes is for anyone in a position to make or influence decisions around organizational design, particularly in organizations embarking on a journey to become more adaptive. Some relevant roles include senior leadership, senior HR professionals, department heads, directors, or organizational design consultants.

HOW TO READ THIS DOCUMENT

This document outlines the Learning Outcomes that must be addressed by accredited training organizations intending to offer ICAgile certifications for each step in the Business Agility Track.

Each LO follows a particular pattern, described below.

0.0.0. Learning Outcome Name

Additional Context, describing why this Learning Outcome is important or what it is intended to impart.

The Learning Outcome purpose, further describing what is expected to be imparted on the learner (e.g. a key point, framework, model, approach, technique, or skill).

LEARNING OUTCOMES

1. THE SHIFT TO ADAPTIVE ORGANIZATIONS

1.1. WHY ADAPTIVE ORGANIZATIONS MATTER

1.1.1. Challenges of Traditional Structures

Centralized, hierarchical structures worked in the past and continue to work for certain types of organizations. However, they are not responsive enough in today's rapidly changing world for organizations that wish to keep pace with and, ideally, stay ahead of their peers. In these traditional structures, there is commonly an established power dynamic between managers and subordinates where communications, ideas, decisions, etc., flow from the top. In a highly volatile and adaptive world, these types of structures cannot respond fast enough and those at the top are too far removed from the customer to make the best decisions.

Discuss common organizational structures (e.g., functional, divisional, matrixed, flat) and highlight the strengths and weaknesses of these structures. Reinforce why the need for adaptability and innovation is currently shifting these paradigms towards a more decentralized, team-based network structure. Bring forth considerations for when an adaptive organization may still want to rely on traditional paradigms depending on the organization's goal and environment.

1.1.2. Opportunities of Adaptive Organizations

Adaptive organizations are more resilient in the face of change, intentionally focusing on and increasing their capacity for learning and innovation. They adapt not only their services, products, and business models, but their organizational structures and cultures. Adaptive organizations are equally as resilient and creative as the people who work in them. Becoming an adaptive organization is not about implementing a framework; it is about an organizational journey of evolution.

Introduce the necessary shift from rigid and authoritative practices to a more networked and dynamic structure. In addition, introduce the need for shared accountability, transparency, openness, feedback, a sense of ownership, and relentless focus on value creation and experimentation in adaptive organizations.

1.1.3. There is No One-Size-Fits-All Adaptive Structure

Most organizations will become more adaptive by necessity in our increasingly uncertain world. There is no one right approach, framework, technique, or method to design an adaptive organization. Approaches, frameworks, techniques, and methods should be intentionally chosen, blended, and tweaked. To do this, organizations must not only design for specific business purposes, but also actively design to encourage agility in sense-making, learning, and experimentation. The key to making this shift is a willingness to move to a more adaptive structure. Adaptive organizational designers should be informed and inspired by the principles and ideas of these frameworks, not bound by them.

Illustrate visually the differences between a traditional hierarchical structure and examples of more adaptive structures. Discuss how the endeavor to design adaptive organizations is, in and of itself, adaptive. Provide examples of selecting, blending, and retiring techniques.

1.2. SHIFTING BEHAVIORS AND APPROACHES IN THE ORGANIZATION

1.2.1. Shifting the Approach to Leadership

In adaptive organizations, leadership is distributed throughout the organization and not just residing in formal roles. In some cases, the formal roles or titles associated with leadership are no longer used.

Illustrate the beliefs, attitudes, and behaviors leaders need to create adaptive environments in which teams and individuals can thrive. Examples include ensuring that all team members have the necessary training and resources to do their jobs, sincere enthusiasm for the work, understanding and communicating the goals of the organization, and encouraging divergent thinking.

1.2.2. Shifting from Management toward Self-Management

The style of management in an adaptive organization shifts from the traditional command and control into a collaborative and supportive style that encourages and involves more self-management, autonomy, and agency when it comes to creating value and meeting desired outcomes.

Introduce the concept of self-management as it pertains to the work to be done and describe what that means for people, teams, and shareholder value. Self-managers continuously optimize their value creation abilities and therefore catalyze organizational value creation. Describe the need to move to self-management practices and the steps necessary to start this shift.

1.2.3. Shifting to Cross-Functional Autonomous Teams

Traditional organizational structures assume a specialized workforce that executes tasks. Adaptive structures rely on team-based or network-based collaborative structures that solve problems and generate customer value. As the organization shifts to self-management from command and control, the workforce will struggle unless they are equipped with the necessary knowledge and skills to thrive in the new environment.

Explain the attributes of individuals that enable autonomous teams and the attributes of teams that enable an interdependent whole. Attributes include things such as autonomy to work without consulting organizational leaders, trust and respect, good communication skills, strong relationships, clear vision and requirements, high confidence, low arrogance, and strong working norms/agreements. Discuss the fact that specialists are equally necessary for an adaptive structure, but they come together and collaborate in cross-functional teams (as opposed to working in silos).

2. CHARACTERISTICS OF AN ADAPTIVE ORGANIZATION

2.1. DEFINED FOCUS

2.1.1. Adaptive to Customer Needs

Organizations exist primarily to create value for their customers, market, or their citizens (in the case of public service organizations). The focus of the adaptive organization is on obsessively meeting the needs of its customers. As those needs evolve the organizational structure needs to be able to adapt to ensure the organization can consistently create and deliver that value. The organization needs a fluid and dynamic structure that can adapt and adjust to the emerging and changing needs of the customer and the market.

Discuss the importance of understanding the needs of the customer and market and how those needs will impact an adaptive organization's structure.

2.1.2. Adaptive to Changing Environments

Understanding the organization is more than just the boxes and lines of its org chart. To truly understand the organization's boundaries, its suppliers, employees, and the community in which the organization operates must all be considered.

Describe why understanding the environment in which an organization operates matters, and describe how the environment impacts the organizational design. Introduce the different components that make up the environment, including internal and external factors and techniques used in environmental analysis.

2.1.3. Adaptive to Emerging Organizational Goals

The goals and purpose of the organization drive the strategies, which become the foundation for the organizational structure. In adaptive organizations, the changing needs of the customers and external environment drive the emergence of the organization's goals and strategies, which in turn drives the organization to adapt.

Explain the concept and importance of emergent goals and strategies and how that will influence structure. Contrast emergent strategies that are dynamic and decentralized with static, centralized strategies. Show how the structure of the organization will either enable or constrain the organization's ability to achieve its goals.

2.2. DYNAMIC TEAMS

2.2.1. Teams as the Basis of Work

Teams in adaptive organizations are relatively small in size (typically fewer than 10 members), highly autonomous, and aligned around a shared purpose. The primary responsibility of the team is delivering value to defined customers. Their responsiveness resides in their capacity to share ownership of results and to dynamically self-organize around common objectives. Small, self-organizing teams contrast sharply with fragmented workplaces in which individuals exclusively focus on narrow technical functions.

Discuss how the size and autonomy of a team influence its capacity to align around shared objectives, and how a team's ability to cohere can begin to fray as it expands in size. Discuss the importance of team adaptivity in response to market demands and changes in the business environment. Discuss the need for team-based (rather than individual-based) incentives, cross-functional training, and knowledge-sharing, and how these factors contribute to the organization's success. Describe the effects that small, self-organizing teams can have on culture, engagement, shared leadership, and sense of purpose. Also, discuss the concepts of shared services or enablement teams who have internal customers.

2.2.2. Considerations for Dynamic Teaming and Re-teaming

Teams are groups of individuals that align around a common mission or purpose. These individuals create commitments to each other in pursuit of that mission or purpose. In an adaptive organization, teams form, organize, and re-form in response to stimuli in the network. These stimuli may include changes in the market, optimization of the flow of value, or increased collective intelligence of the organization. Adaptive organizations will define the principles and mechanisms that guide the formation and re-formation of teams. These will depend on the organization's goal, and on where the organization lies on its journey to adaptivity.

Discuss the fluidity of teams and examples of mechanisms by which teams form, organize, and re-form in an adaptive organization. Describe the types of principles and guidelines that are needed to permit individuals to form and re-form teams. Discuss the pros and cons of dynamic teams and considerations for when to use more stable versus dynamic teams. Introduce multiple techniques for team forming and organization (e.g., concocted, self-forming, self-organizing, self-managing, communities, internal markets, dynamic re-teaming, distributed and virtual organizations. These techniques are not mutually exclusive and can be combined.

2.3. AGENCY, AUTONOMY, AND ACCOUNTABILITY

2.3.1. Inspiring Agency and Autonomy

When individuals and teams have agency and autonomy, it fuels collective intelligence and enables decentralized decision-making. These qualities also tap into intrinsic motivation. Inspiring agency and autonomy are two keys to replacing bureaucracy with a dynamic network.

Introduce ways to inspire agency and autonomy through techniques like establishing peer agreements and invitation (versus imposition). Discuss the impacts of these techniques on value creation in adaptive organizations.

2.3.2. Commitment-Making and Commitment-Keeping

Commitments are the atoms of work. Commitments by and between individuals exercising autonomy and agency in an organization represent the substance of connectivity between members of the organization. Commitment-making is a structured conversation between people resulting in purposeful action that fulfills

negotiable conditions of satisfaction. Commitment-keeping is an essential condition of accountability.

Discuss the purpose, structure, and life cycle of commitment-making and commitment-keeping. Discuss how accountability depends on the existence of underlying commitments and cannot exist apart from them. Discuss how accountability is about trust in someone keeping a commitment, not on the reasons why a commitment wasn't kept.

2.3.3. Decentralizing Decision-Making

In a hierarchical model, decisions are made centrally by the people at the top of the organization, and the decision is passed down to those impacted. In an adaptive organization, decision-making is distributed throughout the organization. In general, authority and accountability for decisions are decentralized and negotiated between and among people and teams. This allows people or teams closest to the work to use their collective intelligence and make decisions autonomously.

When designing an organization, authority, and accountability for decision-making need to be considered, distributed and decentralized. Explain how to shift decision-making and decision rights in the organization to a decentralized and distributed model. Discuss and contrast the importance of defining decision rights in times of stability as well as times of disruption. Introduce techniques for understanding the flow of decisions in an organization such as organizational network analysis, decision mapping, etc

2.3.4. Distributing Power, Control, and Authority

In traditional organizations, power is vertically structured; superiors hold formal power over the working lives and practices of subordinates in many ways. They may control: working hours and workspaces, how people are promoted, monitored, and held accountable for their performance. In adaptive organizations, individuals and teams ideally possess maximum agency and govern such matters in a far more self-organized way.

When designing adaptive organizations, many of the control functions traditionally conducted by mid and senior managers should be eliminated and replaced by self-governance mechanisms. Discuss how vanguard organizations have successfully introduced mechanisms such as real-time peer performance, transparent remuneration, value-driven remuneration, dual reporting lines, internal contracts, etc., to enable effective operations without the need for traditional managerial hierarchies. Also, discuss situations where economies of scale may make the case for certain elements of control and authority to remain more centralized.

3. DESIGN THE ADAPTIVE ORGANIZATION

3.1. UNDERSTANDING ORGANIZATIONS AS NETWORKS

3.1.1. Acknowledging Individuals as the Key to the Adaptive Network

Individual human beings are nodes in the network structure of an organization. Human beings are the ultimate reality of an organization – teams, business units,

departments, org charts and the organizations themselves are merely concepts. Only human beings can act (individually or in concert) and only human beings can make decisions (individually or in concert). Individual human beings are the sensors that allow organizations to sense and respond to surrounding realities (e.g., markets, financial crises, pandemics).

Introduce the concept of an organization represented as a network map of interconnected nodes (human beings) at a moment in time. Contrast that with how an adaptive organization would be seen as a network in constant motion, shifting and changing as individual nodes exercise their agency and autonomy.

3.1.2. Identifying Types of Networks in the Organization

All organizations are made up of multiple types of networks, some formal and others informal. The formal network that is explicitly designed by the organization, typically represented by the lines on the org chart, is only part of the picture. In an adaptive organization, the static relationships of the formal network are small and more administrative. The informal networks that arise from social connections, affiliations, alignment around the organization's goals, etc., support the spread of ideas and innovation and align to solve problems quickly.

Introduce the concept of formal and informal networks within an organization. Describe the impact of formal and informal networks on the organization's ability to adapt and respond to change. Static, formal networks should be used sparingly (such as using a static network for administrative or defined communication needs). Highlight the importance of informal networks (such as trust, advice, and communication networks) and the impacts of breaking them.

3.1.3. Visualizing the Organization as a Network

To truly understand the network view of the organization, one needs to visualize the network. The visual network structure represents the interactions between and among individuals. Each individual may be represented as a node in multiple networks depending on their interactions and relationships within that network.

Introduce techniques used to visualize organizations as networks (e.g., organizational network analysis, social network analysis, proximity analysis). Cover at least two types of network topologies (e.g., triangles, hub and spoke, cluster). Explain how to use the network topology to identify connectors, innovators, people who are the cores, etc., and the structural holes in the network.

3.1.4. Designing for the Dynamic Nature of Networks

Networks form and re-form around the connections needed to accomplish specific purposes or goals, such as value creation for the organization or the customer. The network senses and responds to the needs of the organization.

Discuss the shifts in roles, titles, reporting lines, authority, and accountability necessary to make dynamic forming re-forming possible. Explain the impact of this type of dynamic structure and contrast that to the bureaucracy found in a less adaptive structure.

3.1.5. Representing Higher-Order Network Relationships

The fundamental limit of networks is that they only capture pairwise interactions while many systems display group interactions. In network theory, such higher-order interactions are often represented by objects known as hypergraphs. In adaptive organization design, hierarchical organizational charts representing communication, reporting, and functional boundaries are typically replaced by hypergraphs.

Introduce hypergraphs as an organizational charting form. Provide examples of hypergraphs such as Spotify's squads, tribes, chapters, and guilds, or Haier's microenterprises. Discuss how these depict the organizational network at scale.

3.2. CREATING SHARED UNDERSTANDING

3.2.1. Improving the Flow of Communication and Information

A hierarchical organizational structure draws the expected flow of communication and information typically from the bottom to the top of the hierarchy and then back down to the bottom again. In an adaptive organization, communication and information flow in many directions and simultaneously. The desired flow of communication and information throughout an organization, including points of connection and opportunities to create new connections, needs to be mapped and understood.

Introduce the types of communication and information flow (i.e., upwards, downwards, horizontal, and diagonal). Describe ways to study the flow of information (such as sense-making, organizational network analysis, social network analysis, proximity analysis, etc.). Explain how to increase and improve the flow of communication and information within the organization.

3.2.2. Building Collective Intelligence

Building collective intelligence entails making space for all voices to contribute and be heard, resulting in a diversity of opinions and perspectives. This requires individuals to practice active listening, let go of bias and preconceptions, and possess a willingness to be changed by others.

Introduce the concept of collective intelligence, factors that can increase collective intelligence, and how to align collective intelligence with organizational goals. Provide examples of collective intelligence in action as well as practices and tools for increasing it.

3.3. THE JOURNEY TO ADAPTIVITY

3.3.1. Assessing the Current State

Understanding the current state of the organization – including its structural design, cultural norms, processes, and strengths/differentiators – is the first step on the journey to becoming an adaptive organization.

Emphasize the importance of knowing the current state of the organization and its structural design. Introduce some of the techniques that are used to understand the current state, such as readiness assessments, Wardley mapping, customer and employee journey mapping, etc.

3.3.2. Experimenting and Learning Within the System

The journey to adaptivity naturally lends itself to the use of agile techniques along the way. Ensuring that the whole ecosystem is part of creating its future will build necessary capacity for sustained adaptivity. Experimenting with how the organization is structured and how it functions (based on its environment) will expedite the learning process, change the internal belief system in the organization, and inherently increase the safety around change. Organizations will learn how they will actually “be” in the new world during this process.

Describe ways to experiment with the organizational structure itself along the journey to adaptivity. Discuss the importance of involving all aspects of the ecosystem in creating the organization’s adaptive future, and how this naturally contributes to a culture of safety around learning and experimentation.

3.3.3. Optimizing and Sub-optimizing, then Re-optimizing

Adaptivity in general is an optimization dynamic in that it transfers information from the environment to teams and individuals to reduce uncertainty. Adaptive organizational structure and design is about intentionally designing an organization to improve the flow of value, address sub-optimizations, and maximize the ability of teams to achieve business outcomes. It is important to keep in mind that while trying to optimize certain structures, processes or practices, others may get sub-optimized as an unintended consequence. Being able to identify these sub-optimizations quickly and working to re-optimize is an important organizational capability.

Introduce the concepts of optimization, sub-optimization, and re-optimization at the system and process levels. Provide examples of how this impacts organizational design (i.e. with visualizing the maximum flow of value). Discuss ways to identify unintended impacts while optimizing and/or to re-optimize a process that has been sub-optimized.

3.3.4. Measuring, Assessing and Reassessing

Adaptive organizations need to create rapid feedback loops to learn as quickly as possible from their experience. They should strive to take a data-informed strategy while being conscious of the common pitfalls of using metrics and measures. Once a measure becomes a target, the organization may conform towards actions in pursuit of that target and miss the cues to continue adapting. Thus, organizations on this journey need to adapt their measures and metrics and be conscious of their process for identifying what to measure.

Introduce the concepts of measurement and metrics and highlight measurement challenges and pitfalls in an adaptive organization. Discuss the importance of using measurements as enablers for adaptivity and growth, not as mechanisms for judgment, reward, or punishment. Provide several examples of measurements and metrics such as those for flow (e.g., speed to market, lead time to value), value (e.g., outcome achievement, financial target, cost efficiency), quality (e.g., quality satisfaction score, service calls), and happiness (e.g., employee engagement, net promoter). Discuss how organizations on a journey to adaptivity can set milestones to evaluate along the way.