

THE FIVE FATAL HABITS



***Why Organisations Fail at
Innovation & Agility
and why
Traditional Consulting is
Part of the Problem***

“When the rate of change inside an institution becomes slower than the rate of change outside, the end is in sight. The only question is when”.¹

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¹ General Electric CEO Jack Welch in GE's 2000 Annual Report p4 'Relishing Change'

The Five Fatal Habits

In today's increasingly volatile, uncertain, complex and ambiguous (VUCA) world, organisations need to repeatedly recognise and respond to new threats and create, cultivate and capture new opportunities. ²

To survive and thrive in this future, organisations must become innovative and agile.

This involves a fundamental transformation that has to be achieved whilst the organisation continues to deliver current expected results.

Innovation and agility aren't things you can simply 'bolt on' to an existing organisation by setting up an innovation lab, creating a digital platform or partnering with external creative ideas agencies. Yes, new technologies like Quantum Computing, AI, Blockchain, Cloud Services and 5G will open up new possibilities but in order to capture these, organisations must create a culture in which people experiment, explore and exploit new ways of creating new value as a normal part of their day to day work.

This is exactly the kind of culture that makes firms like Facebook, Amazon, Microsoft, Google and Apple so successful. And it's the lack or loss of such a culture that slows down the rate of change inside an institution, ultimately leading it towards its demise.

The biggest challenge that established organisations face in becoming more agile and innovative is *escaping from legacy cultural baggage*. This doesn't just slow them down but acts like an *immune system* that actively protects and preserves the status quo whilst stifling, smothering and strangling innovation and agility.

Most attempts to improve innovation and agility fail due to this cultural baggage.

So, how can you ensure that your efforts succeed?

The single most important thing to understand is that *cultural transformation only succeeds when it's led, guided and delivered by people in the organisation themselves.*

Fortunately, most organisations have people who recognise the vital need for innovation and agility and are enthused and energised by the opportunity to help make it happen. ³

Unfortunately, no matter how great their energy and enthusiasm, most internal *change champions* get stymied by often subtle and non-obvious defences of the organisational immune system. When this happens, it's hard for them not to see this problem as caused by *inadequate support for culture change from the most senior executives.*

² The increasingly volatile, uncertain, complex & ambiguous multilateral world that emerged after the Cold War is often referred to by the acronym 'VUCA' – coined in the 1990's by the U.S. Army War College. I describe why agile organisations must move beyond traditional organisation design approaches if they are to thrive in a VUCA future [here](#).

³ These people are often one or more levels down from 'the top table' and therefore less invested in preserving the status quo.

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Meanwhile, the senior executives who've been sponsoring and supporting internal change efforts can easily feel let down by the internal change champions and conclude that they lack the capabilities to help deliver a successful transformation.

This is a very dangerous state of affairs where it becomes hard for senior executives to resist the seductive and sexy-sounding so-called 'best practice' approaches of traditional consulting firms. These firms can often feel like a safe bet because of their high profile histories of helping senior executives make better informed decisions.

What makes this so dangerous is senior executive clients can all too easily overlook the fact that *helping people make better informed decisions* requires a fundamentally different set of skills to *helping people build innovative agile organisations*.

Many of my own clients over the past 30 years had already invested heavily in external consulting 'help', only to see organisational innovation and agility *actually get worse*.

That's because while traditional consulting firms often have long and illustrious track records providing advice to decision makers, their business models *actively prevent* them from developing and deploying the skills needed to help the people in client organisations lead, guide and deliver the cultural transformation themselves.⁴

The bottom line is that hiring an external consulting firm to help you build an innovative agile organisation is the single biggest mistake you can make.

It's like paying someone to go to the gym on your behalf and months later wondering why you're still no fitter, stronger or more flexible than before.

The fact that it's so easy to fall into this trap is what makes '*hired help that hinders*' the most insidiously destructive of the five fatal habits that kill organisational efforts to improve innovation and agility:

Habit #1 – "*One Best Way*" Thinking. This is a legacy that stems from the *Scientific Management* principles of the early 20th century. Overcoming this habit allows an organisation to leverage its own unique opportunities to achieve greater success with less effort and risk;

Habit #2 – "*All or Nothing*" Thinking. This is a legacy that stems from the *Strategic Planning* era of the 1960's to 1990's. Overcoming this habit enables more people to make pragmatic, low risk, high leverage, iterative contributions to growing organisational innovation and agility;

⁴ To make matters worse, the consulting firms themselves fail to grasp this fundamental difference – as we'll see below.

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Habit # 3 – *Leadership that Creates Followers*. This is a legacy that stems from traditional notions of what it means to be a leader. Overcoming this habit develops an organisation's capacity for agile leadership;

Habit #4 – *Wasting People's Strengths*. This is a legacy that stems from traditional HR practices rooted in Habits #1, #2 & #3. Overcoming this habit unleashes the collective human capacity for innovation & agility;

Habit # 5 – *Hired Help that Hinders*. This is a legacy that stems from more than a century of traditional management consulting support. Overcoming this habit lets you break free from the single most debilitating reinforcement to the other four fatal habits.

These habits are endemic in almost all organisations *because they made such a lot of sense in the relatively stable and predictable pre-VUCA world when the role of senior executives was all about decision making, not cultural transformation.*

The habits have become so deeply ingrained as tacit norms over many, many decades that they're commonly accepted as 'just the way things are'. This means that they're rarely observed, usually unquestioned and almost never addressed.

Overcoming *the five fatal habits* is vital if you want to build an innovative agile organisation. The journey to that goal starts in earnest once you recognise the five habits, why they came about and why they prove so resistant to the traditional change approaches devised and developed in pre-VUCA times.

The journey is also crucially dependant on internal change champions and sponsoring executives recognising, understanding and empathising with each other's respective challenges and together taking effective, pragmatic, synergistic action.

The final section of this document describes how sponsors and change agents can see their way forward to eliminate their organisation's cultural blockages, create its own unique culture of innovation and become an agile organisation.

Before we get to that, let's take a closer look at each of the *five fatal habits* in turn.

Habit #1: “One Best Way” Thinking

This is a legacy that stems from the Scientific Management principles of the early 20th century. Overcoming this habit allows an organisation to leverage its own unique opportunities to achieve greater success with less effort and risk;

The concept of ‘scientific management’ has encouraged an unconscious belief that there is a single, universal best way to do things. That’s why traditional consulting firms like to call their approaches ‘best practice’ – with the seductive implication that by applying their proprietary ‘one best way’ you minimise your risk of failure.⁵

The problem with all these ‘*one size fits all*’ approaches is that every organisation has its own embedded and entirely unique *current reality* that massively influences the attitudes, behaviours, actions and interactions of everyone who works there.

Organisational transformation never starts with a blank slate. There’s always a lot of existing embedded cultural baggage blocking and biasing people’s perceptions of the journey, resulting in the unintended consequences and unforeseen side effects that derail most culture change efforts (70% - 90% failure rates are often cited).⁶

My former colleague Dr Peter Scott-Morgan developed a powerful approach to tackling an organisation’s unique current embedded reality, described in his bestselling book *The Unwritten Rules of the Game*. I had the fortune of working closely with Peter for more than 15 years, applying, refining and adapting unwritten rules approaches with a wide range of clients and their organisations.⁷

A central insight in this work is that although people’s attitudes, behaviours, actions and interactions can often appear strange, surprising or even bizarre, they’re always driven by an underlying *hidden logic*, including *unwritten rules* that can be thought of as *the advice you’d give a close friend about how to survive and thrive in the organisation*: e.g. “*Make your boss look good*”; “*Be highly visible*” and the common and widespread innovation killer: “*Avoid being associated with failure*”.

Understandably, most hidden logic investigations remain client confidential. But one high profile exception is work we conducted in 2003 for BBC Director General Sir Greg Dyke to investigate how the BBC’s culture supported or stifled its ‘official’ list of values.

This work entered the public domain with the publication of Dame Janet Smith’s report into the abuse perpetrated by former BBC presenter Jimmy Savile.⁸

⁵ In *Scientific Management* (1911), F. W. Taylor said there was always “one best method” discoverable by “scientific study”.

⁶ The irony is that these failure rates are usually cited in studies by the very consulting firms involved in the failures...

⁷ Peter retired in 2007. His book was McGraw-Hill’s *Business Book of the Year* in 1994.

⁸ In [The Jimmy Savile Investigation Report](#) of 25 February 2016, Dame Janet Smith *DBE* especially highlighted a key insight from our work - that some high-profile people at the BBC (such as Savile) were treated as “*more valuable than the values*”.

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An organisation's culture can be most simply described as '*the way we do things round here*'. It emerges over time due to the influence of a complex mix of *signals, clues and cues* that people pick up day-to-day via various *message channels*. These channels include what influential people say (compared to what they actually *do*); how much influence people feel they have over their work life; how they're treated by influential others; how work gets organised, structured and arranged, and which people and behaviours get rewarded or penalised. ⁹

The messages in the various channels are often conflicting and frequently misaligned. Valuable insights into what's driving the current culture can be gained by exploring how these different *messages* influence people in various parts of the organisation. And if you don't understand this hidden logic, change efforts won't just fail, they'll backfire.

It can be especially eye-opening to understand how the messages influential people intend to send often 'land' very differently. The challenge is complicated further because different people are more receptive to messages in certain channels and less to others. The net effect of this is that different people receive confusing, contradictory and conflicting messages. For example, the CEO may wax lyrical about the importance of teamwork whilst HR policies continue to reward individual 'stars'. This leads to unwritten rules like '*stand out as the best individual team player*' (!) and the kind of grandstanding that destroys cooperation.

Similarly, influential people may extol collaborative leadership but continue to take unilateral decisions. This creates unwritten rules like: '*don't invest too much effort, it may all change tomorrow*', leading to disengagement, inertia and ultimately apathy.

The 'one-size-fits-all' approaches (aka 'best practices') of traditional consulting firms inevitably fail to pick up the uniquely different and often subtle signals that influence people's mindsets. And when they do fail (by their own admission in 70%-90% of cases) their proponents never blame it on *their* inadequate cookie-cutter methods but on *your* 'toxic culture', 'change aversion' or 'lack of senior executive support'.

How can an organisation hope to become innovative if it always relies on importing its new thinking from outside? How can it expect to become more agile if decisions continue to be imposed from above? These 'outside-in' and 'top-down' approaches both inhibit cultivation of the 'inside-out' capacity *to continually discover and do what's best for the organisation in its unique, ever-changing, emergent reality*.

The bottom line is that 'one best way' thinking blocks development of the capacity for internal idea generation, iterative experimentation and distributed decision-making that bring organisational innovation and agility to life.

⁹ The role that different channels of influence play in effective change was addressed in research by another former colleague Joan Lancourt, published in the 1996 book *Intentional Revolutions* (with Ed Nevis & Helen Vassalo of MIT Sloan School).

Habit #2: “All or Nothing” Thinking

This is a legacy that stems from the Strategic Planning era of the 1960's to 1990's. Overcoming this habit enables more people to make pragmatic, low risk, high leverage, iterative contributions to growing organisational innovation and agility.

Building an innovative agile organisation can feel like a massive undertaking due to the assumption that everything has to be ‘fixed’ all at the same time. This assumption is an often unexamined legacy from the *strategic planning* era.¹⁰

In strategic planning, senior executives devise a strategy and oversee detailed action planning and rollout down the hierarchy in a linear, methodical, measured manner. Building an innovative agile organisation this way becomes a task of such enormity that few people take it on willingly, unless forced to do so by external circumstances.

Culture change approached from this all-or-nothing mindset is often likened to a *DNA transplant* – with all the associations of excruciating pain and a very high likelihood of failure due to *tissue rejection*. Anyone adopting such an approach creates unwarranted risk for their organisation and an unnecessary rod for their own back.

‘Top-down’ and ‘outside-in’ culture change approaches have been heavily influenced by Harvard Professor John Kotter’s famous *8-stage model*, starting with: #1: “*Establishing a sense of urgency*”, #2: “*Creating a guiding coalition*” and #3: “*Developing a vision and strategy*” (#3 is often seen as the *sine qua non* of ‘leadership’).¹¹

However, in the early days of one of the most spectacularly successfully corporate turnarounds ever, IBM’s incoming CEO Lou Gerstner saw things differently: “*There's been a lot of speculation as to when I'm going to deliver a vision of IBM, and what I'd like to say to all of you is that the last thing IBM needs right now is a vision*”.¹²

Of course, Gerstner *did foresee a way to* turn around an almost bankrupt IBM that worked spectacularly well – becoming profitable by focusing on customers.¹³

Gerstner’s comment was prompted by his first 30 days at IBM, where he found drawers full of vision statements, often correctly predicting major trends, all of which the organisation had failed to act on. He had no intention of adding to the pile.

It’s understandably tempting for CEOs to make grand visionary statements about the big changes they plan to make happen. But ‘going public’ like this stirs up a hornets’ nest of perceived threats to cherished perceptions, practices and positions.

¹⁰ Many organisations still go through the annual charade of *strategic planning*. But as Henry Mintzberg’s seminal 1994 book “*The Rise and Fall of Strategic Planning*” pointed out: “*No amount of elaboration will ever enable formal processes to forecast discontinuities. Ultimately, the term ‘strategic planning’ has proved to be an oxymoron*” (p 321).

¹¹ *Leading Change* (John P Kotter, 1996, revised 2012).

¹² IBM press conference 27 July 1993.

¹³ When Gerstner joined IBM in 1993 its market cap was \$29Bn. When he left in 2002 it had risen by 580% to \$168Bn.

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People hear the grand scheme and worry “*How will this affect me?*” and “*Will I survive?*” – concerns that simply can’t be satisfied in sufficient detail at the start. So, they’re highly sceptical about the merits of the proposed ‘transformation’ and as a result, instead of devoting their attention and energies to *creating the future*, they invest them in *worrying about the future* instead.

That’s why efforts to “*Establish a sense of urgency*” often establish a sense of dread, dismay or despondency instead, resulting in overt or covert resistance and inertia.

But the main problem with “*Developing a vision*” in a VUCA world is that the vision ends up either specifically and precisely wrong, or a bland anaemic variant of “*Our vision is to be preferred supplier to our key customers in our main markets*”.

Such vague statements do nothing to clarify: ‘*supplier of what, when and how?*’; ‘*which customers are key and why?*’; and ‘*which are/will be our main markets?*’, so different people make up various misaligned answers of their own. ¹⁴

All-or-nothing change projects are so complex and risky that they need huge teams of people to do detailed planning, execution, monitoring and reporting. But real-world organisations don’t have the spare capacity for this because all their people are tied up in the day-to-day work of delivering business as usual. This means that large numbers of people must be drafted in to fill the gap. Large numbers of people that the \$250Bn management consulting industry is more than happy to provide... ¹⁵

It’s easy to see how all-or-nothing thinking further perpetuates the ‘outside-in’ and ‘top-down’ attitudes we saw with Habit #1. But in addition, it blocks development of the iterative, ‘sense & respond’ muscles that empower innovation and agility.

It’s only when people experiment and iterate that they develop those organisational muscles and learn to focus on achieving maximum leverage. Without this focus, change efforts become a never-ending struggle.

It’s a Catch-22 situation – unless and until senior people see that people in the body of the organisation have the wherewithal to experiment and find leverage, there’s a strong incentive to fall back on traditional top-down and outside-in approaches. But so long as the bias towards top-down and outside-in persists, people never get the opportunity to develop the different muscles that drive organisational innovation and agility.

To break this Catch-22 *doom loop* you need to find and focus on the key leverage points for systemic, organisation-wide culture change. ¹⁶

¹⁴ This is the central point of Mintzberg’s *The Rise and Fall of Strategic Planning* (ibid).

¹⁵ We’ll come back to this in more detail when we look at Habit #5: ‘*Hired Help that Hinders*’.

¹⁶ This is addressed in the final section of this document ‘*Seeing Your Way Forward*’.

Habit #3: Leadership that Creates Followers

This is a legacy that stems from traditional notions of what it means to be a leader. Overcoming this habit develops your organisation's agile leadership capacity.

Ideas on leadership remain heavily influenced by traditional notions like this (again from Harvard Professor John Kotter): “*Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen*”.¹⁷

In this regressive ‘top-down’ view, an elite cadre of people ‘define a future vision’ and ‘align’ and ‘inspire’ others to ‘make it happen’. The defining/aligning/inspiring is done by this elite - the ‘leaders’ - and done to everyone else - the ‘followers’.

Shortly after Kotter’s book appeared, my former SoL colleague Dr Peter Senge proposed a view of leadership better suited to our VUCA world: “*Leadership is the capacity of a human community to shape its future*”. This progressive ‘inside-out’ view doesn’t segregate people into ‘those who *do* leadership’ and ‘those who have it *done to* them’. Instead of creating *followers*, this approach develops *more leaders* – or to be more precise *it develops the organisation’s agile leadership capacity*.¹⁸

Kotter did eventually acknowledge this failing in his book’s 2012 update, noting in the preface: “*more agility and change-friendly organisations*” and “*more leadership from more people, and not just top management*” are increasingly vital.¹⁹

If you want to grow organisational innovation and agility, traditional *leader-follower* relationships must progressively give way to *leader-leader* relationships. As a frustrated senior executive client said of his peers stuck in the leader-follower mindset: “*Why would anyone think that they’re smarter than everyone?*”. But senior executives have traditionally been encouraged to think just that – except in some high-tech firms where innovation and agility are ‘in the DNA’ and leadership involves diverse people co-creating new value together.²⁰

As the world becomes ever more VUCA, organisations that fail to escape the leader-follower mindset will inevitably struggle to achieve the levels of innovation and agility required to survive and thrive. Recognising, accepting and acting on this understanding can prove very challenging for those who’ve ‘climbed to the top’ in hierarchical command & control organisations and see themselves as uniquely qualified and equipped to shape the organisation’s future on their own. That’s why it’s often people one or two levels down from ‘the top table’ who see this most clearly.

¹⁷ We encountered Kotter’s ‘outside-in’ approach to change in Habit #2 above and his bestselling book ‘Leading Change’ (1996, revised 2012) where he defines ‘Leadership’ in these words.

¹⁸ Peter was President of the Society for Organisational Learning when I served on its Global Leadership Team from 2009-2015. This definition appears in the third book in the ‘*The Fifth Discipline*’ series; ‘*The Dance of Change*’ (Senge et al 1999 p16).

¹⁹ Ibid (Kotter 2012, preface page ‘ix’).

²⁰ That’s why Scott Adams’ ‘*Dilbert*’ cartoon strips work so well. He puts the uber-traditional ‘pointy-haired boss’ in charge of a group of people like *Alice*, *Asok* and *Dilbert* who are far more competent at technology-based innovation.

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The traditional, regressive, leader-follower mindset has multiple negative effects:

- Discourages wider engagement that would improve decision-making;
- Drives disagreements and dissenting voices underground;
- Increases decision-making bottlenecks and senior executive stress;
- Perpetuates the ‘all-seeing, all-knowing leader’ myth;
- Prevents the leader-leader relationships that build agile leadership capacity;
- Stifles, smothers and strangles innovation and agility.

The low risk, high leverage way to develop agile leadership capacity is to get the key influencers whose mindsets, attitudes and behaviours systemically affect everyone and everything operating from a leader-leader mindset.

This means that leadership development is so closely tied to the attitudes and behaviours of key influencers *that it cannot be outsourced to HR, business schools or other training providers.*

One of the biggest ‘aha’ moments for senior executives who want to build innovative agile organisations is when they see that the organisation’s future critically depends not just on the decisions they make but on how effectively they cultivate and role model this shift to leader-leader mindsets.

Many worry (even if they only admit it in private) that old leadership mindsets may simply be too deeply embedded in their own organisation to successfully pull off the required shift.

But few contexts have a more deeply ingrained legacy of leader-follower mindsets than the US Navy. Yet under Captain David Marquet, the nuclear-powered submarine *USS Santa Fe* went from being the worst performing to best performing ship in the fleet. The key to this unprecedented turnaround is in the subtitle of Marquet’s 2015 book: *‘Turn the Ship Around: A true story of turning followers into leaders’*.²¹

Here’s Marquet describing the key to shifting from leader-follower to leader-leader mindsets: *“We had no need of leadership development programs; the way we ran the ship was the leadership development program”*.²²

The bottom line is that organisations and individuals both lose out when ‘leadership’ creates followers. The organisation loses out by failing to develop the agile leadership capacity to survive and thrive in a VUCA future. People individually lose out by failing to experience the intrinsic motivation that comes from playing a real part in shaping the future of the organisation for everyone’s benefit, including their own.

²¹ Marquet describes how they were obliged to transform leadership on the *Santa Fe* because his lack of technical knowledge of that particular class of submarine meant he couldn’t succeed by applying the traditional command and control mindset.

²² Ibid (p84).

Habit #4: Wasting People's Strengths

This is a legacy that stems from traditional HR practices rooted in Habits #1, #2 & #3. Overcoming this habit unleashes the collective human capacity for innovation & agility;

Organisations have traditionally focused more on people's weaknesses than their strengths. *'Performance management' systems* evaluate people against standardised job descriptions and when someone fails to perform to the prescribed criteria, they're *'encouraged to fill their competency gaps'*.

Why? Why not get the best out of people by building on their strengths instead? Here's Peter Drucker's take: *"To make people's strengths productive is the unique purpose of organisation. It cannot, of course, overcome the weaknesses with which each of us is abundantly endowed. But it can make them irrelevant"*.²³

Drucker spent decades banging the 'focus on strengths' drum, but organisations still treat people like galley slaves, rowing to a hierarchical command and control beat.

This attitude is deeply ingrained in organisational thinking – so much so that it's easy to overlook how demotivating it is for people to be treated as 'interchangeable cogs' forced to fit into rigidly defined jobs designed by others to fit into the organisational machine.

But the people treated like this *do* notice – which is why engagement is so abysmal.²⁴

Part of the problem is that organisational responsibility for employee engagement is rarely taken on by the *key influencers who can actually drive it*, but gets delegated to HR, *who can only measure it*. And, as the old farming adage says: *"weighing a pig doesn't make it grow any faster"*.

It's absolutely vital that people in an organisation grow its innovation and agility strengths themselves because, as with physical muscles, strengths only develop *in the people who do the heavy lifting*. This means that developing the innovation and agility muscles of the people already in the organisation is vital, even if some new blood is also required.²⁵

So, how do you go about building organisational innovation muscles?

The US National Training Laboratory (NTL) discovered important answers to this question way back in the early 1960's.

The NTL *Learning Pyramid* describes various different *learning modes* for the levels of *learning retention* they achieve.

²³ Drucker is often cited as *the founder of modern management*. The quote is from his book *The Effective Executive* (2007 p67).

²⁴ Only 13% of employees globally describe themselves as engaged in their work. (Gallup Business Journal 7 January 2016).

²⁵ This can include individual hires, acquiring one or more start-ups, partnering with external innovation agencies etc. It's also possible that some people may need to move to different roles inside or outside the organisation.

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It's important to understand that *learning* here doesn't mean simply remembering facts. *Learning retention* is all about *the ability to actually apply learning in practice*; which is why '*muscle building*' is such an appropriate analogy.

NTL's original 1960's research found the following levels of learning retention:

- 5% from *classroom training and presentations*;
- 10% from *reading written materials*;
- 20% from consuming *audio-visual* media;
- 30% from watching *demonstrations*;
- 50% from participating in *group discussions*;
- 75% from applying learning '*on the job*';
- 90% from *teaching others*.

The two key take-aways from this are:

1. The most effective ways to build an organisation's innovation muscles are through people *learning on the job* and *teaching others*;
2. Classroom 'sheep dip' training is a feeble last, *despite it still being the favoured learning delivery mode used by consulting and training firms*; ²⁶

Courses, demos and group interaction (offline & online) can of course help introduce new ideas and concepts – but unless people *internalise and apply them in their everyday actions and interactions, they won't become organisational strengths*.

Training may get 'top marks' but that doesn't build organisational strengths. Especially if it encourages people to swim against the cultural tide; which only leads to frustration, alienation and apathy that are toxic to innovation and agility. ²⁷

Since *learning on the job* and *teaching others* are the most effective ways of building an organisation's innovation and agility muscles, these two methods must become deeply ingrained in people's mindsets, attitudes and behaviours as a normal part of their day to day work – starting with senior executives and other key influencers. ²⁸

But the more an organisation forces people into roles that have been prescribed and preordained, the less it will be able to adjust and morph by playing to its strengths in ways that make its weaknesses irrelevant.

²⁶ From 2010 to 2015 I was an external faculty member at the firm ranked #1 in the FT/BusinessWeek annual custom executive education rankings. All the firms in the rankings still deliver 'learning' primarily through classroom teaching but to be fair, that's because that's what most of their customers in organisational training, learning & development functions still ask them for...

²⁷ Training evaluated by participants filling in 'happy sheets' at the end is often called *infotainment* – information presented in an entertaining way. Most training ends up like this because '*what gets measured gets done*'.

²⁸ We saw this also in building the organisation's *agile leadership* muscles in the previous section on *Habit #3*

Habit #5: Hired Help that Hinders

This is a legacy that stems from more than a century of traditional management consulting support. Overcoming this habit lets you break free from the single most debilitating reinforcement to the other four fatal habits.

We've already seen that you can't build agility by outsourcing leadership development to business schools or executive education firms. But are the traditional big established consulting firms better equipped to help you build an innovative agile organisation?

Most large organisations have hired management consultants at one time or another. It's a profession that was established more than 130 years ago in 1886 by the founder of the firm I worked with myself, Arthur D Little. By 2016, the annual global consulting services market had grown to \$250Bn, up 25% over the previous five years.²⁹

Big consulting firms are often dismissed as 'stealing your watch to tell you the time' but they can and often do help senior executives make better informed decisions about opportunities, threats, technologies and markets etc.

But when contexts change, past strengths can become future weaknesses. And when it comes to helping grow organisational innovation and agility, there's an inherent, show-stopping weakness right at the heart of the big consulting *operating model*.

In "*Managing the Professional Service Firm*" David Maister describes how the success of traditional professional service firms ultimately depends on *leverage*.³⁰

Maister describes how such firms achieve leverage through an operating model in which relatively few senior partners ('rainmakers') sell very large projects that feed large numbers of their junior consultants:

*"Seniors (partners or VPs) are responsible for marketing and client relations; managers for the day-to-day supervision and coordination of projects; and juniors for the many technical tasks necessary to complete the study. The three levels are traditionally referred to as "the finders," "the minders" and "the grinders".*³¹

Since their establishment, this *'finders, minders, grinders'* operating model has underpinned consulting work helping executives make better informed decisions.

But this model *backfires spectacularly when clients don't just need advice but need help to enable, encourage and empower their people to lead, guide and deliver the cultural transformation that's central to building an innovative agile organisation.*

²⁹ Consulting industry figures are available online [here](#).

³⁰ Maister retired in 2009, after a hugely successful 30-year career as the world's number one advisor to large scale professional service firms, including the leading management consulting firms.

³¹ *Managing the Professional Service Firm* (David Maister 1993 page 7).

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Here's how one former consulting firm partner described the problem:

“When you're buying, it's Arnold Schwarzenegger or Dwayne Johnson talking to you. But once you sign the deal you get three 19-year-old kids who've never been in a gym in their lives making a plan for you based on what they read in a book and one of their friends did once five years ago. They promise to get you fit by giving you a diagram of what your body should look like and a bunch of metrics to track your progress”.

This highlights the core limitation inherent to big consulting: bright young consultants can do useful work in analytical study projects but lack the real-world 'grey-haired' experience and insight to help an organisation grow its own specific and unique capacity for organisational innovation and agility. ³²

But it gets worse: traditional consulting firms don't just *fail to help* clients build agility and innovation; they *actively inhibit them* by reinforcing the other fatal habits:

The huge risk inherent in deploying swathes of inexperienced grinders forces consulting firms to rely on pre-packaged 'cookie cutter' one-size-fits-all 'methodologies', reinforcing Habit #1 – “One Best Way” Thinking;

Their operating model compels them to sell 'all-or-nothing' mega-projects that feed lots of grinders, reinforcing Habit #2 – “All or Nothing” Thinking;

Since consulting firms can only justify their massive fees by helping senior executives make big decisions, they've a huge vested interest in their clients remaining firmly locked into the old-school traditional leader-follower mindset, reinforcing Habit #3 – Leadership that Creates Followers;

Doing the heavy lifting builds strengths in their consultants, not in the people in the client organisation, reinforcing Habit #4 – Wasting People's Strengths;

Senior executives who recognise the vital need for organisational innovation and agility and see that traditional consulting firms are part of the problem, frequently run into passive or active resistance from peer-level colleagues who depend on such consultants to maintain their 'leader-follower' status.

Getting these senior colleagues to see the light can be extremely challenging because their *codependent relationships with senior consulting partners* blinds them not only to the codependency but also its poisonous effect on innovation and agility. ³³

³² Hence FT management writer Lucy Kellaway's nickname for traditional consulting firm grinders – “*Brains on Sticks*”.

³³ If you're familiar with systems thinking, 'Hired help that hinders' is an example of the 'Shifting the Burden to the Intervener with Addiction Loop' systems archetype.

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It's almost inevitable that this codependency must be broken by the client.

This isn't because the consultants *deliberately* seek to hold organisations back but because *they're blinded to what they're doing by the overriding need for a stream of repeat client business for their own careers to survive and thrive.* ³⁴

As Upton Sinclair famously observed: *"It's difficult to get someone to understand something when their salary depends on them not understanding it"* and the \$250Bn consulting market with senior partners on multimillion dollar packages has so much skin in the game that this conditioned blindness plays out on a massive global scale.

It's not an overstatement to say that *the fifth fatal habit and the toxic client-consultant codependency that it perpetuates is the ultimate root-cause of the consistent, persistent failure of organisations to improve innovation and agility over the past 30 years.*

And this miserable state of affairs will continue until clients recognise and break the codependency so their organisations can change from the inside out.

But it doesn't have to be this way.

An organisation can only build its innovation and agility muscles when the people who work there do the heavy lifting.

And this will only happen when sponsoring senior executives and internal change champions recognise and understand each other's respective challenges and learn to take effective, pragmatic, synergistic action together.

How can senior executives and change champions take such action, eliminate their organisation's unique cultural blockages, overcome the five fatal habits, create a culture of innovation and build an agile organisation?

That's what we'll explore in the next and final section of this document.

³⁴ This conditioned blindness is caused by cognitive self-preservation biases closely related to *cognitive dissonance* – the psychological effect described by Leon Festinger in 1957 that prevents people from seeing things that challenge their sense of self-worth and perception of their 'place in the world'.

Seeing Your Way Forward

We've seen how the five fatal habits that stifle, smother and strangle innovation and agility stem from legacy pre-VUCA era thinking.

These legacy notions about organisations are based on four dominant underlying metaphors that bias, colour and constrain how we see, think about and run our organisations. The metaphors are revealed in the language we use:

1. Organisations as *armies* – with their strategies, reporting lines, commanders, recruits, headquarters, front-line, tactics etc;
2. Organisations as *politics* – where there are issues of power, control, interests, conflicts, political correctness etc;
3. Organisations as *machines* – a dominant metaphor for most of the past century implying that organisations need to be designed, structured, measured, governed, re-engineered, so when things aren't working you take parts out and replace them with other parts and even people are treated like replaceable cogs etc;
4. Organisations as *teams* – with playbooks, coaches, managers, game plans, team positions, teamwork, team spirit etc.

Mixing your organisational metaphors

We merrily mix language based on these metaphors with little or no consideration for how profoundly those metaphors affect the ways we're *seeing* our organisations and how severely they limit the options we can see for moving forward.

So, when something crops up, we think: *“OK, how do we mobilise? What's our plan of campaign? How do we capture the high ground? What tactics can we deploy? Looks like may need to bring in the big guns for this one.”* And lo and behold – we're strategists commanding our armies...

Or we think: *“Hang on – what games are they up to? Who's dictating the agenda? Who's trying to expand their influence?”* And there we have the language of politics.

We think: *“How do we reorganise? How should we restructure? How do we measure productivity? How to fix our business processes? What will boost efficiency? How can we improve governance?”* This is all the language of machines.

Or we think: *“We need to put an ace team on this. Who do we need in which positions? How do we keep score? How will we level the playing field? How might the opposition try to get past our defences? (A mix of teams and armies in that last one!).”*

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These metaphors are deeply ingrained, and we move flexibly and fluidly from one to another. There's nothing wrong with this by the way. Scientists, technologists and engineers switch from one theory – literally '*way of seeing things*' – to another all the time, to suit different specific circumstances. ³⁵

But the problem with seeing organisations based on the four legacy metaphors is that none of these ways of seeing lets you see how to transform its culture. And, as Albert Einstein famously pointed out: "*It's the theory that dictates what you can observe*". ³⁶

How we're *seeing* is crucially important because if you can't see *clearly* where to focus you can't take pragmatic, high leverage action. You won't achieve anything by simply expending vast amounts of energy thrashing around battling against *the system*.

Seeing culture as *system of mindsets*

I use the word *system* because a systemic perspective is vital for cutting through organisational complexity so you can take focused, pragmatic, high leverage action.

We saw in the section on Habit #3 that for innovation and agility, *leadership is the capacity of a community to shape its future*. This metaphor of *organisation as community* supports a systemic way of seeing that allows you to tackle culture directly.

The key here is to understand how a particular culture *actually* gets established and embedded in an organisational community. The reason so many culture change efforts fail is that they don't reflect how cultures actually affect people's mindsets and so they approach mindset shifts in ways that are not just ineffective but frequently backfire.

Probably the most useful source of insight in this is to reflect on your own personal experience of moving to a different organisational community where people did things differently. Remember how disorientating it felt at first? But after a month or two you'd worked out the lie of the land, found your feet, learned the ropes and settled in. The culture, '*the way we do things round here*', had now become *part of your mindset*.

That's how cultures get into mindsets – through the clues and cues we pick up from the attitudes and behaviours of others that originate in *their* mindsets. They don't get there from mission, vision and values statements in manuals, presentations or videos. ³⁷

Every organisation has its own uniquely complex pattern of *which people's mindsets affect which people's mindsets in which ways*. What makes the culture of a given organisational community unique is *the specific system of mindsets that forms and informs people's awareness of 'the way we do things round here'*.

³⁵ Theory (n): conception, mental scheme, way of seeing. From Greek *theōrein* "to consider, speculate, look at"; *theōros* "spectator, observer"; *thea* "a view".

³⁶ Einstein was speaking at Werner Heisenberg's 1926 Quantum Mechanics lecture in Berlin.

³⁷ There's more detail on why these change approaches fail to build innovative agile organisations in this [video](#).

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Despite their uniqueness, every culture of innovation and agility features a very specific type of mindset at its core – one that says: *“You know what, you see things differently from me. Help me to understand more about how you see things because what I learn from you will enrich my own understanding”*. People with this mindset approach each other with genuine curiosity and respect for each other’s different take on things.

The prevailing mindset in low innovation organisations is one that sees differences of perspective with much more antagonism: *“You know what, you see things differently from me. We can’t both be right – and I know I am – so you must be wrong”*. If I have this outlook, I’ll set about trying to show you that you’re wrong. And if I can’t convince you that you’re wrong, I’ll avoid you. And if I can’t avoid you, I’ll try and get you moved, sidelined or even fired because you’re getting in my way. You’re the problem.

The key insight that most effectively and consistently overcomes the latter dysfunctional mindset and unlocks the former innovative mindset is this: *none of us ever sees the whole picture – which is why none of us is as smart as all of us*.

2D perspectives on 3D reality

No one, no matter how brilliant, ever sees the whole picture of anything. Each of us only ever has a biased, partial and limited ‘2D take’ on a 3D reality that none of us can ever hope to see in its entirety. ³⁸

When Einstein came up with relativity theory, he didn’t see the whole of reality. He just came at physics from a different angle, with a different way of seeing, a different theory, that allowed him to see what no-one else had seen before.

Curiosity and respect for different *2D perspectives on an inherently unknowable 3D reality* is at the heart of a culture of innovation and agility because, despite the Hollywood image of the lone genius toiling in the lab, breakthrough innovations invariably come from multiple people combining their respective perspectives.

That’s how innovation works. And that why it’s vital to enable, encourage and empower diverse people to explore, share and combine their individual, biased, partial and incomplete 2D perspectives. In other words, innovative agile organisations are built on a foundation of ‘2D3D’ mindsets – the deeper and more widespread the better.

Fortunately, people develop 2D3D mindsets naturally and automatically as soon as the penny drops that none of us ever sees the whole of anything. Thereafter, when someone sees something you don’t, it’s obvious to you they’re seeing things that you’re missing.

³⁸ In December 1999 The Financial Times published a feature article on the 2D3D thinking tool I’d developed in my work helping clients build innovative agile organisations over the previous 10 years. Find out more in this [video](#).

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Then your attitude changes. You stop seeing others as mistaken, misinformed or misguided but as colleagues who can not only help you enrich your own understanding but that together you can create things the world hasn't seen before. That's innovation!

So, how do you cultivate 2D3D mindsets throughout an organisational community? Isn't changing people's mindsets a very difficult if not impossible task? It certainly can be – if you overlook your own lived experience of how cultures *actually* propagate and attempt to change 'the way we do things round here' using methods that are at odds with how such shifts in mindsets *actually* take place in human communities.

When you learn to see 'culture' as synonymous with 'prevailing system of mindsets' then you start seeing culture change as *systems change*. That's the key to finding where and how to take pragmatic, low risk, highly effective action – by finding and focusing on the *systemic leverage points* where relatively little effort yields disproportionate results.

Focus on key influencer mindsets

For creating cultures of innovation and agility the maximum systemic leverage occurs when the *key influencers* whose attitudes and behaviours systemically effect everyone and everything else adopt 2D3D innovative mindsets. It's their mindsets, manifesting in their attitudes and behaviours and revealed through their actions and interactions that systemically affect the mindsets attitudes and behaviours of everyone else. ³⁹

Focusing on shifting key influencer mindsets is the low risk, high leverage way to build an innovative agile organisation. (For some real world case examples see this [video](#).)

The root cause reason why most efforts to improve innovation and agility wither and die is that *key influencers stay trapped in narrow, biased and one-sided '2D' perspectives*. Then it doesn't matter what other steps you take, systemic forces originating in the dark, murky depths of the cultural immune system will ensure that all the organisation's old problems will come back to haunt you – and they'll bring new friends.

In all of this it's vitally important to recognise that *the key influencers are not always in the most senior positions*. Yes, they may include the *bottleneck boss* stuck in the trap of having to make all the decisions. But they just as often include 'experts' who expect everyone to defer to their opinions; *resource controllers* intoxicated by the power to say "no"; *inside operators* who seem to know what's *really* going on; *firefighting arsonists* who let problems flare up so they can rush around dousing the flames, etc. etc.

Wherever they may be in an organisation, key influencers trapped in 2D perspectives hold everyone and everything back by ignoring, rejecting or ridiculing other perspectives that could very well be crucial to securing a brighter future. They anchor organisations to the past and, in an increasingly VUCA world, risk them their futures –

³⁹ For more on this, see this [video](#).

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just ask people who worked at formerly world-leading firms like Nokia, Blockbuster or Toys R Us.

Ultimately, every organisation is unique because it has unique people with unique combinations of strengths and weaknesses. And just as innovation is about finding unique ways to create new value – at least until these get copied by others – building an innovative agile organisation that can consistently outpace the inevitable copycats must, by definition, be a uniquely different journey for each organisation. You simply cannot build an innovative agile organisation by copying what someone else does – even if it is packaged up and promoted as ‘industry best practice’.

Instead, by finding and focusing on shifting key influencer mindsets you’ll be able to see your own way forward that’s well attuned to your unique circumstances, conditions and constraints of your organisational community – a way forward that:

- needs far fewer people enrolled and engaged to get started;
- yields quick wins that encourage greater engagement and enrolment;
- causes minimal disruption to the current business as usual;
- develops organisational muscles at a manageable pace;
- achieves far greater success for a lot less money, time and energy.

In working with these insights, ideas and approaches in dozens of organisations over the past 30 years I’ve found all organisations have people who already have a 2D3D mindset to some degree. These people can often play invaluable roles as *internal change agents, instigators and catalysts* for the wider systemic shift to 2D3D mindsets throughout an organisational community.

It’s vitally important that sponsoring senior executives enable, encourage and empower such people to help key influencers adopt 2D3D mindsets and ensure these systemically propagate deeply and widely through the mindsets of the organisational community.

For more resources visit my website [here](#). To connect on LinkedIn you can find my profile [here](#). Register for my free weekly bite-sized innovation and agility emails [here](#). To explore how you might take next steps in your organisation, [contact](#) me and I’ll be happy to help. There won’t be any surprise invoices, sales calls or pressure to hire me – just a chance to connect and explore ways forward.

Until next time, all the best,

A handwritten signature in black ink that reads "Geoff". The signature is stylized with a large, sweeping 'G' and a long, horizontal stroke at the bottom.

About the author



Over the past 30 years I've worked with dozens of organisations throughout Europe, Asia and the US helping people create cultures of innovation and agility.

I first started to specialise in this work in the mid 1980's when I led the *Digital Systems Group* at Cambridge Consultants Limited (CCL), one of the world's leading providers of *open innovation* services.

We helped client organisations around the world achieve commercial advantage through effective integration of science, engineering and technology innovations throughout their businesses. This involved helping people throughout the client organisation adopt the mindsets, attitudes and behaviours necessary for the commercial benefits of innovation to be realised.

Our collaborative, innovative and agile culture prompted one senior executive to ask me: “*could you come and help get our people to behave more like your people?*”. That was the question that launched the unique career path I've been on ever since.⁴⁰

Success in this work involves focusing primarily on two *key* types of people within an organisation: *key influencers* and *key instigators*. *Key influencers* are the people in an organisation whose mindsets systemically affect everyone and everything else. These are always unique to the specific context and it's vital to realise that *not all key influencers are in senior roles and not all people in senior roles are key influencers*. On the other hand, *key instigators* have a passion for innovation and agility and often make the most able and active internal *change champions* for cultivating innovation and agility.⁴¹

I'm typically hired by CEOs or other senior executives to advise, coach and support them and various of their peer-level colleagues. We then work together to identify, enrol and coach internal change champions to enable, enthuse and empower them to take a lead in helping bring about the 2D3D mindset shifts that build innovation and agility.

I'm currently exploring ways of making the lessons I've learned over the past three decades more widely available online so more people can equip themselves and their colleagues to build innovative agile organisations.

To find out more, visit [my website](#) where you can also register to receive my free weekly bite-sized *information, inspirations and insights* emails. You can also [contact me](#) to explore your specific challenges with no obligation – and no surprise invoices..!

⁴⁰ You can find out more about my career and follow/connect with me [on LinkedIn](#).

⁴¹ For example, OD/HR professionals, coaches of various stripes including 'agile coaches', Scrum Masters, Business Relationship Managers. But it really can be almost anyone with energy and enthusiasm about bringing innovation and agility to life.