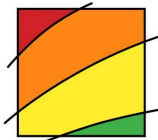


# **QUALITY LEADERSHIP.... BY DESIGN**

**Adam Thompson, Partner**

**Event: Aged & Community Services Australia Symposium (ACSA) on Leadership,  
Governance and Organisational Culture  
28<sup>th</sup> June 2017**

**Search 'The Working Journey' on YouTube to watch**



THE WORKING JOURNEY

**\* Presentation slides with additional commentary**



# WHAT'S COMING UP

What we're dealing with

The leadership challenge for you

Making sense of this thing called work

Conditions of quality leadership

What it means for you



## Black Hill Conservation Park

# Yurrebilla Trail

### Linking parks of the Adelaide Hills

The Yurrebilla Trail is an interpretive bushwalk through the Adelaide Hills. The trail is 54 km long and is divided into five sections. It can be walked in its entirety in three days, or in half or full day sections.

The Yurrebilla Trail is not only a bushwalk, it can also be a social or cultural experience.

River Torrens  
2 hr 6 km  
one way



HIKE

#### HARD

- some steep inclines
- irregular surface with loose, uneven rock
- average level of fitness, some hiking experience

Deep View Lookout  
2 1/2 hr 7 km  
one way



HIKE

#### MODERATE

- some moderate inclines
- irregular surface with loose, uneven base
- average level of fitness

Eagle on the Hill

Belair  
Railway  
Station

Summertown

Morialta

#### Walk Safely

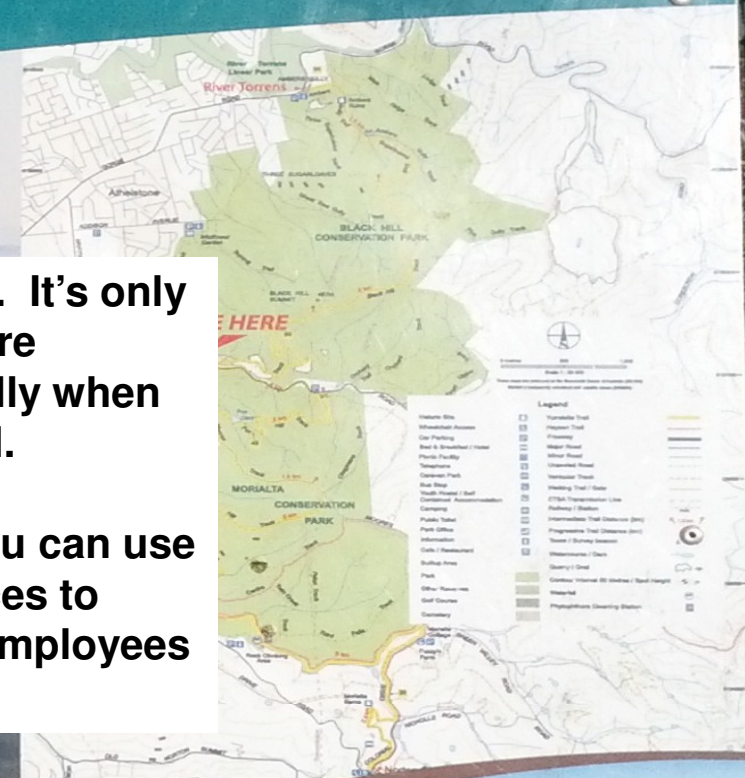
- Be prepared when bushwalking:
- wear sturdy shoes, hat and sunscreen
- carry sufficient drinking water
- keep to the defined walking trail and follow the markers
- inform a responsible person of your proposed route and expected time of return
- weather conditions can change quickly, ensure you have appropriate wet weather clothing

For more information contact  
[www.yurrebilla.parklands.sa.gov.au](http://www.yurrebilla.parklands.sa.gov.au)  
or your local national park office.  
Bushwalking maps are available for purchase.

This isn't 'the truth'. The map is not the terrain. It's only a model. But...maps are very useful when you're working at what needs to be done, and especially when things aren't working out the way you expected.

This presentation introduces you to a model you can use to understand, diagnose and implement practices to make your organisation better for customers, employees and beneficiaries

TRAILS SA

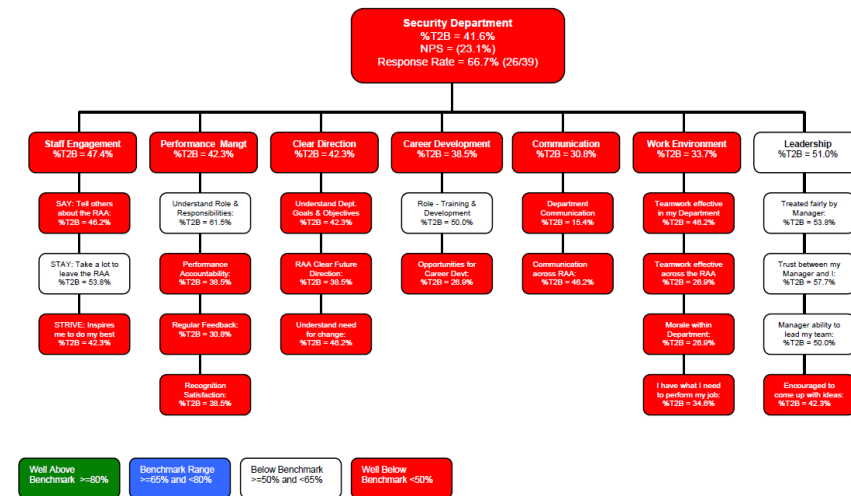


Black Hill  
Conservation Park



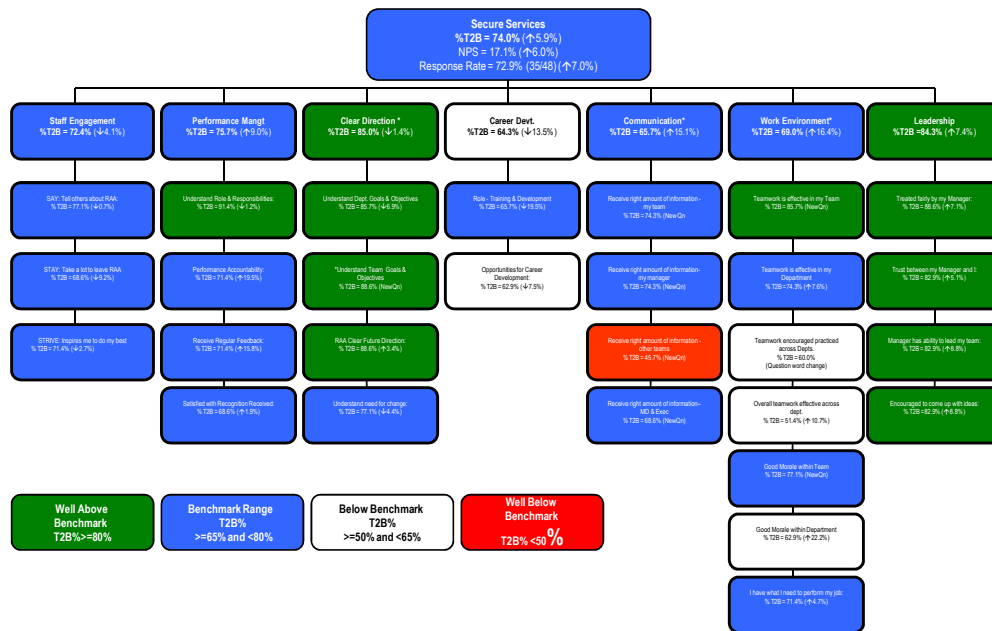
**Staff survey results of an area before the principles of this presentation were put into place. White meant bad. Red meant real bad.**

**No words required from the Manager Director about what needed to be done here!**



**0% at benchmark**

## Two years later...



It got better. Not through personality or inspiration or style, but through applying some fundamental ideas.

And note...this was not a quick-fix. While there were early results, this sort of real change takes time. Therefore requires people who are up for serious work.

82% at or above benchmark

With *the* same staff



# **What we're dealing with**

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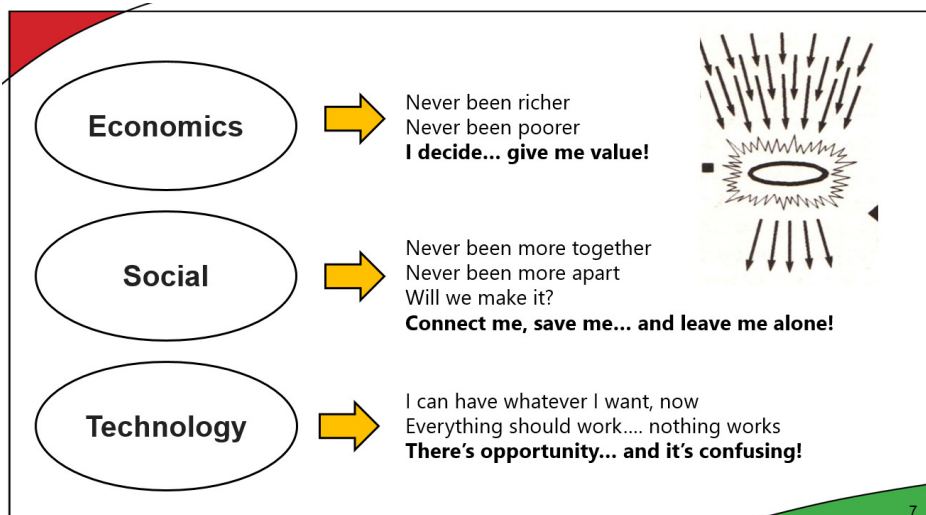




There's a lot going on. Lots of talk about complexity, connectedness, sustainability, and a lot of it isn't wrong!

This is putting more pressure onto us than previously, which makes designing and running an organisation a more difficult task.

So we're going to need some knowledge!



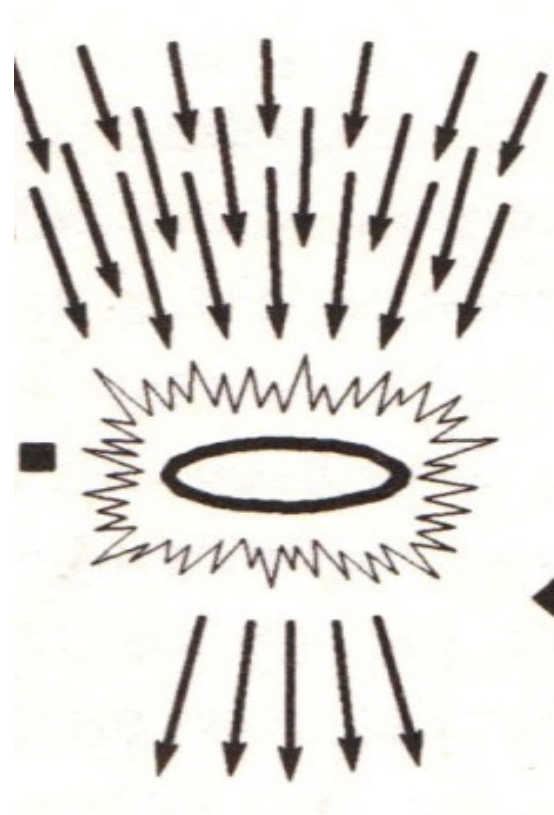
**This is BOOM.**

**This is the 1969 Valiant Safari going  
down the freeway at over 100 mph  
with sparks coming out of the  
exhaust.**

**And it's how it feels for us a lot of the  
time.**

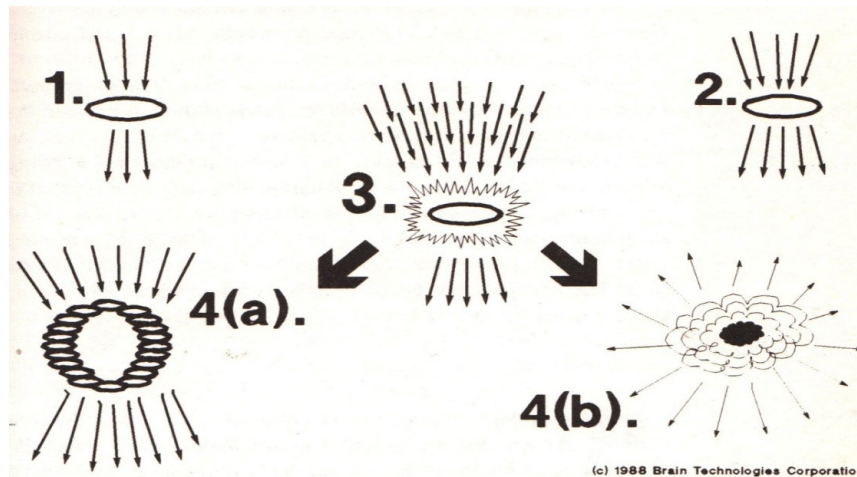
**And at work, it means front page of  
the paper, 'exposes', customer and  
employees harmed alike.**

**It's about handling complexity, which  
requires designing for it.**





## Ilya Prigogine



**Thermodynamics here...**

**1 sees energy in, energy out...we're OK.**

**2 sees more energy in, energy out...we're still OK**

**3 sees us starting to shake because there's too much, so we can either...**

**4a redesign so we can handle the new energy coming at us, or...**

**4b BOOM**

**Avoiding BOOM is our leadership challenge.**



What we're dealing with

# **The leadership challenge for you**

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**In taking up the Leadership Challenge....where do you turn?**

**A quick google search shows you that handling complexity is a complex thing!**

**Even in the city this presentation was made in...there are more than a few options!!!**

**"Leadership"**

**819 million results**

**28 million results**

**"Organisational Design"**

**"Complexity"**

**138 million results**

**9.9 billion results**

**"Management"**

**"Leadership Course Adelaide"**

**517,000**

**INNOVATION** means to do new things.

How new? Depends on whether calling something 'innovation' or 'improvement' is more likely to get you the budget.

**COMPLICATED** means that while it's hard to figure out how something works, we can in the end figure it out. Like Jenga.

**CUSTOMER-CENTRICITY** means to act as if the enterprise (or department) exists to serve others rather than itself.

This requires actually talking about 'who we serve' and asking whether those people are getting what they need.

**TEAL** is a term coined by Frederick Laloux in his book *Reinventing Organisations* which describes an organisation governed in a way that allows each person to have agency in how the business is organised, managed, and what it is.

**COMPLEXITY** means that we can't know for sure what's going to happen because there are too many moving parts. Like a bowl of spaghetti.

**This was from a recent presentation to an Australian Human Resources Institute Forum to discuss latest fads in Org Development .... And this is just the start!**

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**AGILE** is an alternative way to run projects, usually software or product design and delivery.

It is not a methodology, it's more of a movement or approach to getting things delivered.

Scrum is one of the practical applications of an Agile approach

**AGILITY** means to not be stuck.

You can convert this to an organisational definition like 'the ability to adapt to changing external and internal conditions' ....but this just means to not be stuck.

**CONNECTED COMPANY** is an organisation where the design is around groups called 'pods' which are stand-alone teams that deliver for their particular customers (internal or external). It's backed by information-sharing, clear agreements and a clear intent for the organisation that guides decisions.

(It can also be wrongly used to justify disrespectful and domineering behaviour)

**IMPROVEMENT** means to do things differently which leads to better.

You can argue that doing innovative new things is simply improving, or that doing things differently is actually innovation. It never gets you the budget!

**A SUSTAINABLE ORGANISATION** is one that is doing things both now and in the future that are useful enough to people that it will keep being funded (whether through profit or otherwise)

As a bonus, this can also mean that it is not doing things that hurt the natural environment.

**But in the end, a lot of it is just fidget-spinning. It's making us feel like we're doing something....but we're actually not.**

**And life in organisations gets harder.**

**We need some serious thinkers. Maybe even some who have stood the test of time and are not fashionable....**



**"Stop fidgeting... and either fix something or make something\*"**



What we're dealing with

The leadership challenge for you

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**These are some of the remarkable thinkers on which we base our model for helping organisations.**

**Legacy figures**



LUC HOEBEKE



ELLIOTT JQUES



ILYA PRIGOGINE



GILLIAN STAMP



MIHALY CZIKSZENTMIHALYI

16

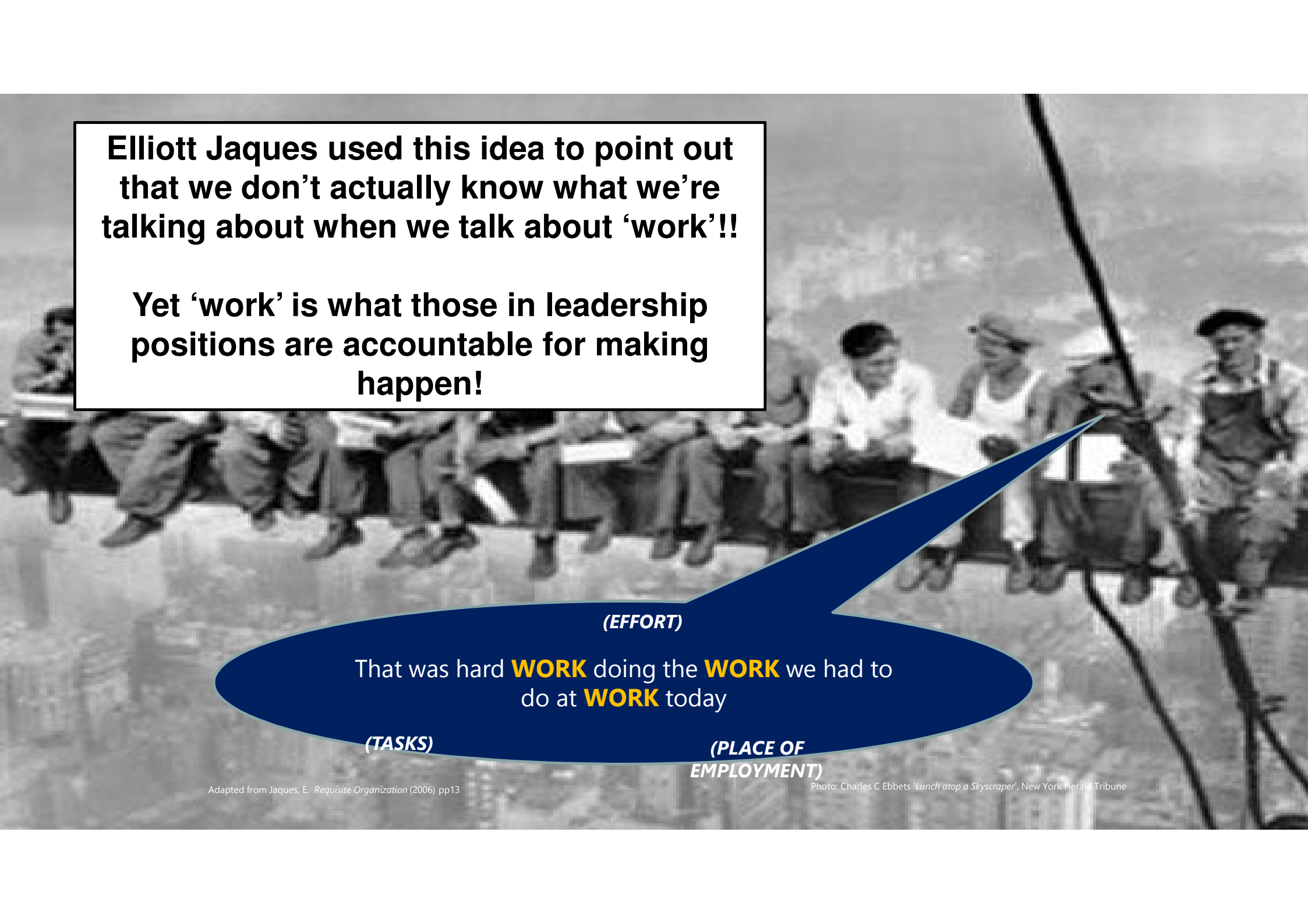
**You'll notice they're not exactly young.**

**You might consider when Newton came up with the idea of gravity. There's a reason it is still in vogue. It really explains things!!!**

**We use these ideas because they have stood the test of time.**

**No fidget-spinning!**

15



Elliott Jaques used this idea to point out  
that we don't actually know what we're  
talking about when we talk about 'work'!!

Yet 'work' is what those in leadership  
positions are accountable for making  
happen!

(EFFORT)

That was hard **WORK** doing the **WORK** we had to  
do at **WORK** today

(TASKS)

(PLACE OF  
EMPLOYMENT)

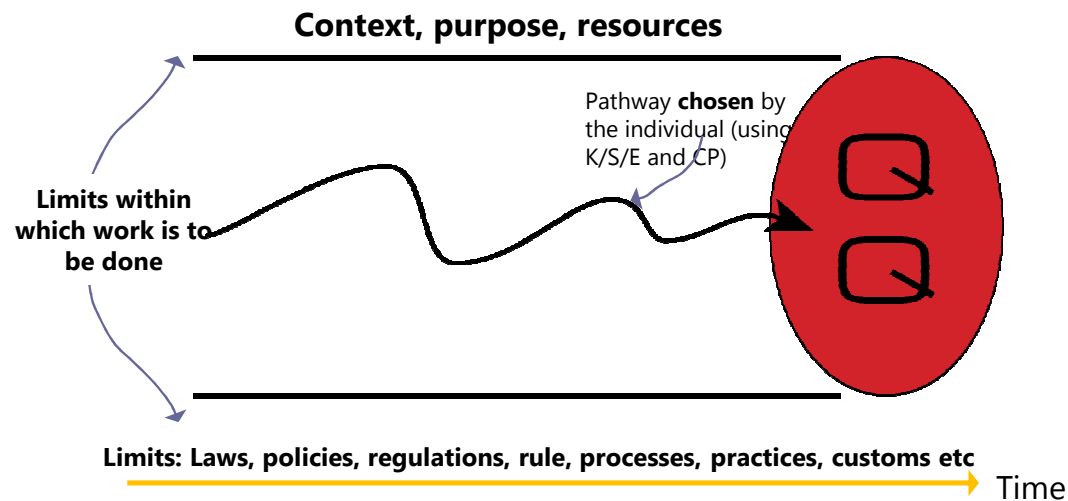
So combining Jaques and Hoebeke, we might say that work is....

Transformation ***using judgement to make decisions*** to deliver an output to someone



Whether it's a judgement call on how long to steam the milk, or that moment of deciding to change an entire political system over the next 40 years.... it's judgement. And the opposite of judgement...is calculation.

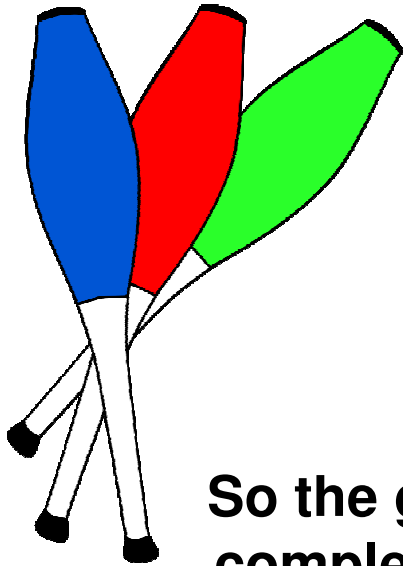
Judgement is what we are all paid for. And it's nice to have yours trusted by others.



Here's how you can draw it. QQ means a 'quantity of things of a given quality'. The lines are limits. The bottom axis is the passing of time. And the arrow.....well that's YOU! Or more specifically, your own unique judgements to overcome obstacles to get there!

# Complexity is defined as;

*"the number of variables operating in a situation, the clarity and precision with which they can be identified, and their rate of change"*



How many in the air?  
How fast are they moving?  
Can we see them?  
How many types?

So the game is to use judgement to make decisions in the face of complexity so we can end up somewhere that's worthwhile. And because it's judgement...the computer can't tell us the answer!

# The Five Decisions

1. Decide what to do **right now** in the present conditions looking at actual reality so the **customers** **being**

2. Decide what to do **later** in the future looking at potential reality so the **customers** **being**  
Decades of research keeps finding the same nature of decisions repeating again and again. The content and subject matter continually changes, but the nature of the complexity keeps coming through in the same patterns.

3. Decide what to do **now, or later** in the future looking at potential reality so the **customers** **being**  
Even though there are seven, possibly eight or more decisions all up, the usual world of work sees five types of decision, which are described on the next page, with a nifty diagram on the page after.

4. Decide what to do **now, or later** in the future looking at potential reality so the **customers** **being**  
You'll see in the nifty diagram that the decisions group into domains. To put it really simply, the added-value domain is about making and serving, the innovation domain is about 'what would it be valuable to be making and serving in the future'.

5. Decide what to do **now, or later** in the future looking at potential reality so the **customers** **being**  
we will



# The Five Decisions

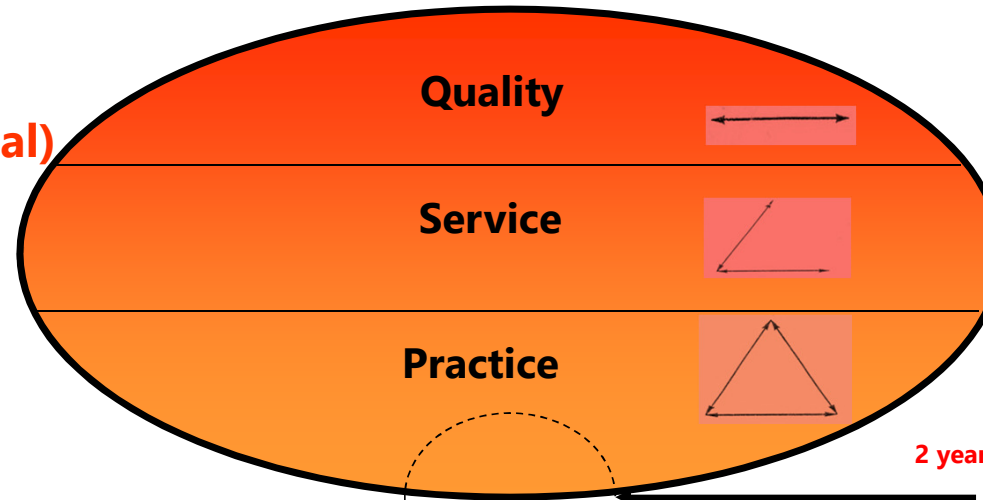
1. Decide what to do **right now**, in the present conditions, looking at actual reality...so the **customers being served get what they were promised**.
2. Decide or provide specialised advice on the **specifications or changes** that need to be made to the tools, support, technology configurations, skills, guidelines so the **above decisions are easier, better and don't cost us the earth**.
3. Decide what changes to the way the **whole network** is put together will let us do things better now, or move to doing those new things we decided. By network we mean suppliers, different teams, different technologies, support areas – all the things that combine to create what the customers get which in turn achieves our purpose.
4. Decide what **different futures** to invest significant time and resources into so we can continue to be viable, valuable and provide gainful employment. Note: these decisions are best made with information gained from experiments or pilots...this is the crux of the innovation movement.
5. Decide the **fundamental value or purpose** for the wider community behind all of this and how we will be organised so we can stay connected and see that purpose actually happen.

# Domains and Work Themes

TIME SPAN & ROLE TYPES

## Added Value (Operational) Domain

– operational, delivering on strategy, quicker, faster, better service... where services delivered, things made, mined – most of work takes place here!!



Consultants / Operators /  
Team Leaders / Supervisors

**3 months**

Managers / Specialists

**1 year**

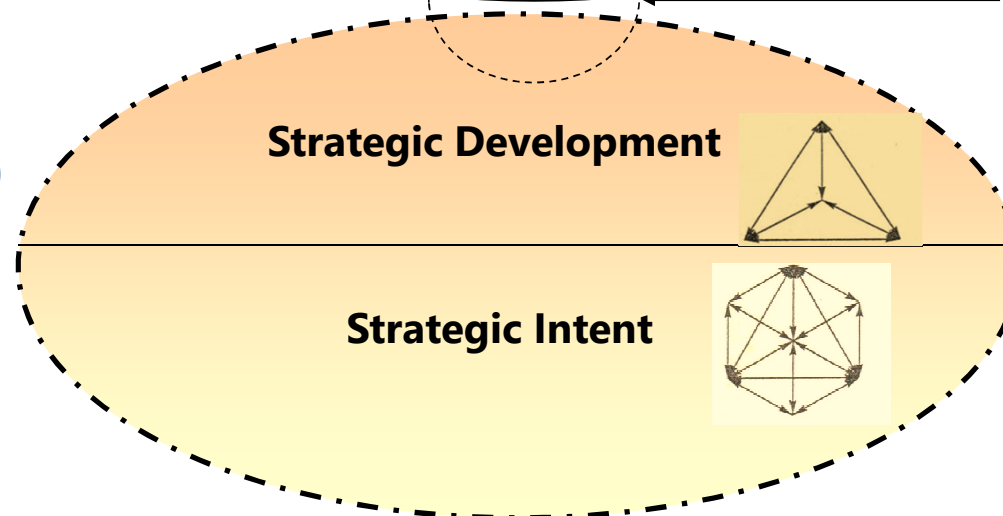
Middle Management /  
Senior Managers /  
Senior Specialists

**2 years**

hinge level

## Innovative (Strategic) Domain

– this is where business strategy is decided upon and agreed; new innovations, markets, products, alliances, JVs, research, M&A.



General Managers

**5 years**

CEOs of large state-  
based or national

**10 years**

# Enabling or Nested Hierarchy

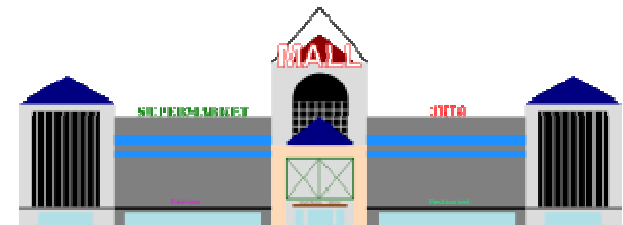
A shopping centre creates the 'container' or nests for the shops. It enables their success. And the shopping centre is in a community. That's the next 'level' of the hierarchy.


Each decision is supported by those around it.

Support includes setting the requirements or the 'container' for the previous decision...*'if we get this done, then we'll continue to be valuable. If we don't....we might all be in strife.'*

**The point is...stop seeing 'hierarchy' as automatically bad. If the only bath you were ever in was freezing cold, you'd probably think all baths are terrible.**

**You'd be wrong. That bath was badly designed and lead.**





If we have all the required decisions being made,  
and made well, we will be more efficient and  
effective today....and in the future as things change

**QUALITY LEADERSHIP CREATES BOTH  
THE DESIGN AND THE LEADERSHIP  
PRACTICES TO MAKE THIS HAPPEN**





# CHECKLIST!

- ☐ Are all the Five Decisions being made as required in your organisation?
- 



What we're dealing with

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What it means for you







# **QUALITY LEADERSHIP**

## **Key principle**

**Add value to the choices and decision-making of others as they go about their work**

**This is what leaders are there to do. And it's not just passive 'I'm here to serve' stuff. Adding value also involves explaining what we're here to do, assigning clear work when that's what's needed, showing people whether they are keeping their promises...all of these actions makes people's capability become more valuable to the organisation....and therefore makes them more valuable.**

**It's a good thing to do. But you need to know how.**



## Three Conditions for Quality Leadership

### Design for quality leadership (structure)

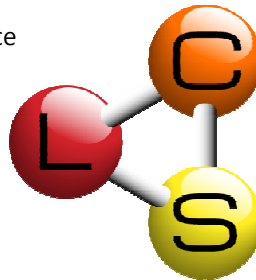
- Roles are clear, meaningful and their relationship to each other is clear
- All necessary levels of themes of decision are occurring
- Structure designed to allow leaders to provide genuine value to their people

### Fill roles with capability that can provide quality leadership

- Roles filled with people who have the capability to deliver
- Clear understanding on what creates effective performance

### Quality leadership practices (fundamentals)

- Consistent minimal practices across the organisation
- Clarity for people on the 5Qs which allows innovation
- Communication and wisdom minimum standards



**We only need do three things...**

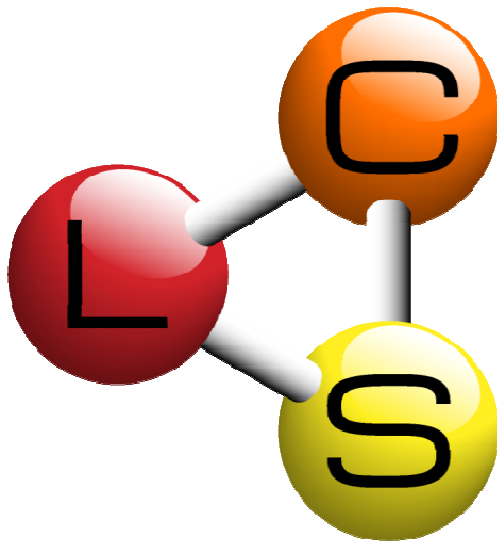
**Design the place so the work is clear, put people into the jobs who can actually that work, then let them know what that work is and add value to their decision-making through certain practices.**

**It's quite simple. But that doesn't mean it's easy! Climbing Everest is quite simple (go upwards)...but it's not easy.**

**And you know the trick? If we don't do the first two, no amount of training will enable the third.**

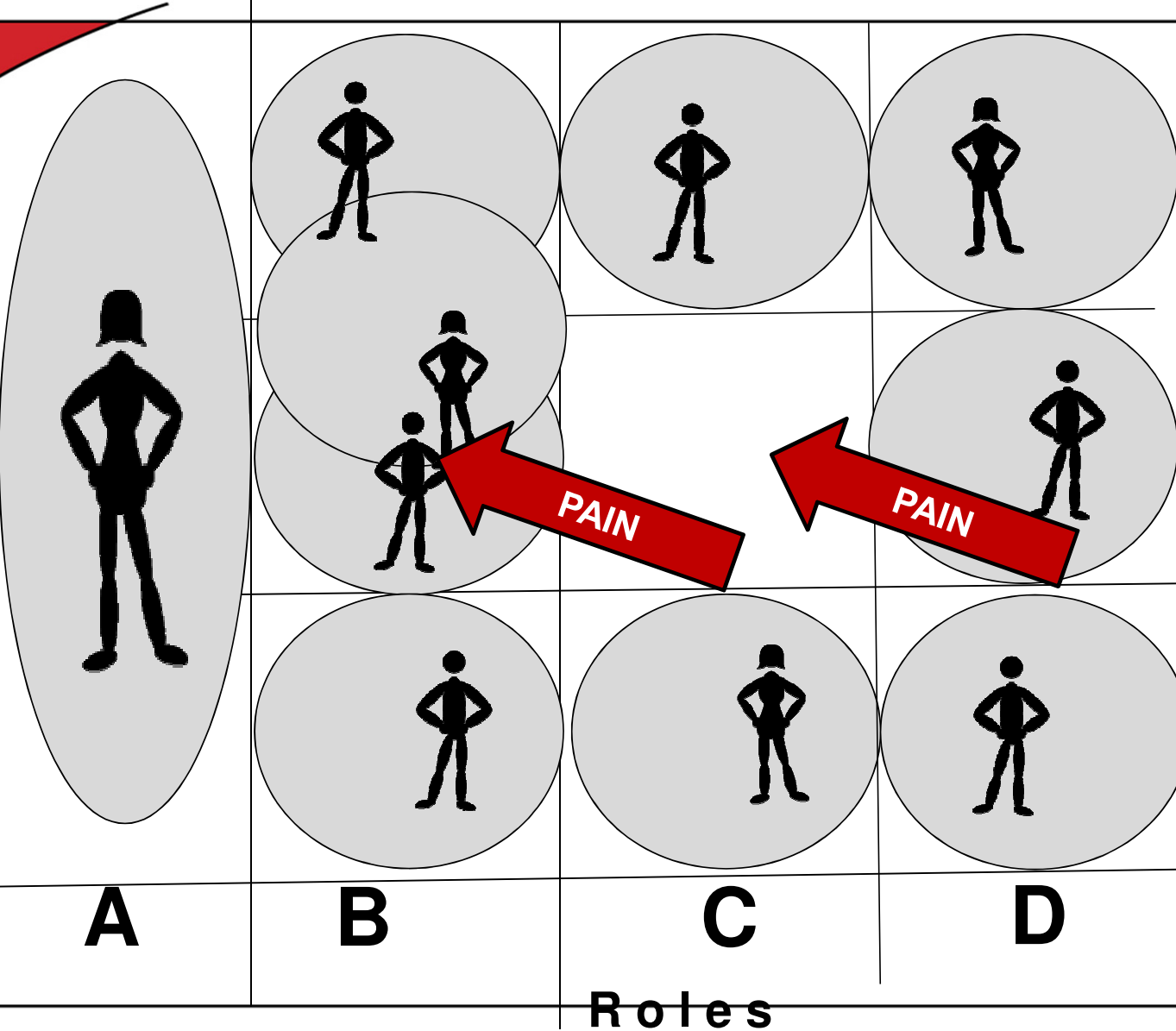
**This is the stuff we help our clients with...keeping it simple...then supporting the hard work.**

**So CONDITION ONE for  
quality leadership is that  
we.....**



## **Design for Quality Leadership**

# Themes of Work



Horizontal lines are the decision types (see previous). The vertical A, B, C, D represents different situations. The blob with the person represents the decision natures they are making. Where they are lined up vertically, assume a reporting relationship.

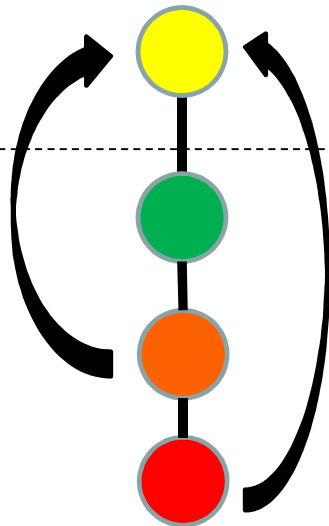
- A is a small business
- B is called compression. This is designing for micromanagement.
- C is called gap. This is designing for disconnection.
- D gives us the best chance for leadership that will be valued.

**B and C will *appear* to be personality problems. Don't be fooled. We usually find it's a design problem. People are OK.**

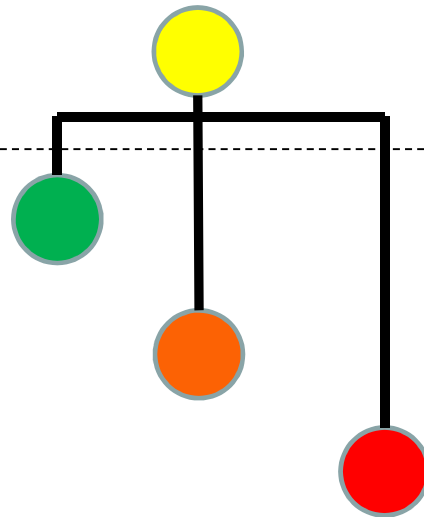
NOTE: D does not mean everything rosy. Just means 'best chance'.

# Paper Structure versus Natural Structure

Structure on Paper



Natural Structure



The situation on the far left might look fine.... Until you analyse the decisions of the roles and realise that red, orange and green all make decisions of fundamentally the same nature. They are in **COMPRESSION**.

What's the solution? It's on the immediate left...we use the Five Decisions model to give orange and red a manager who can add value... and you know what? They were going to yellow anyway! It's natural.

As Elliott Jaques would say, this is as close as you can get to an overnight fix.

Value-adding leadership requires the manager to both have a role and to be comfortable operating in the next theme of work. In other words, they can make the wider-ranging decisions that create context for everyone else.



## Symptoms of compression...

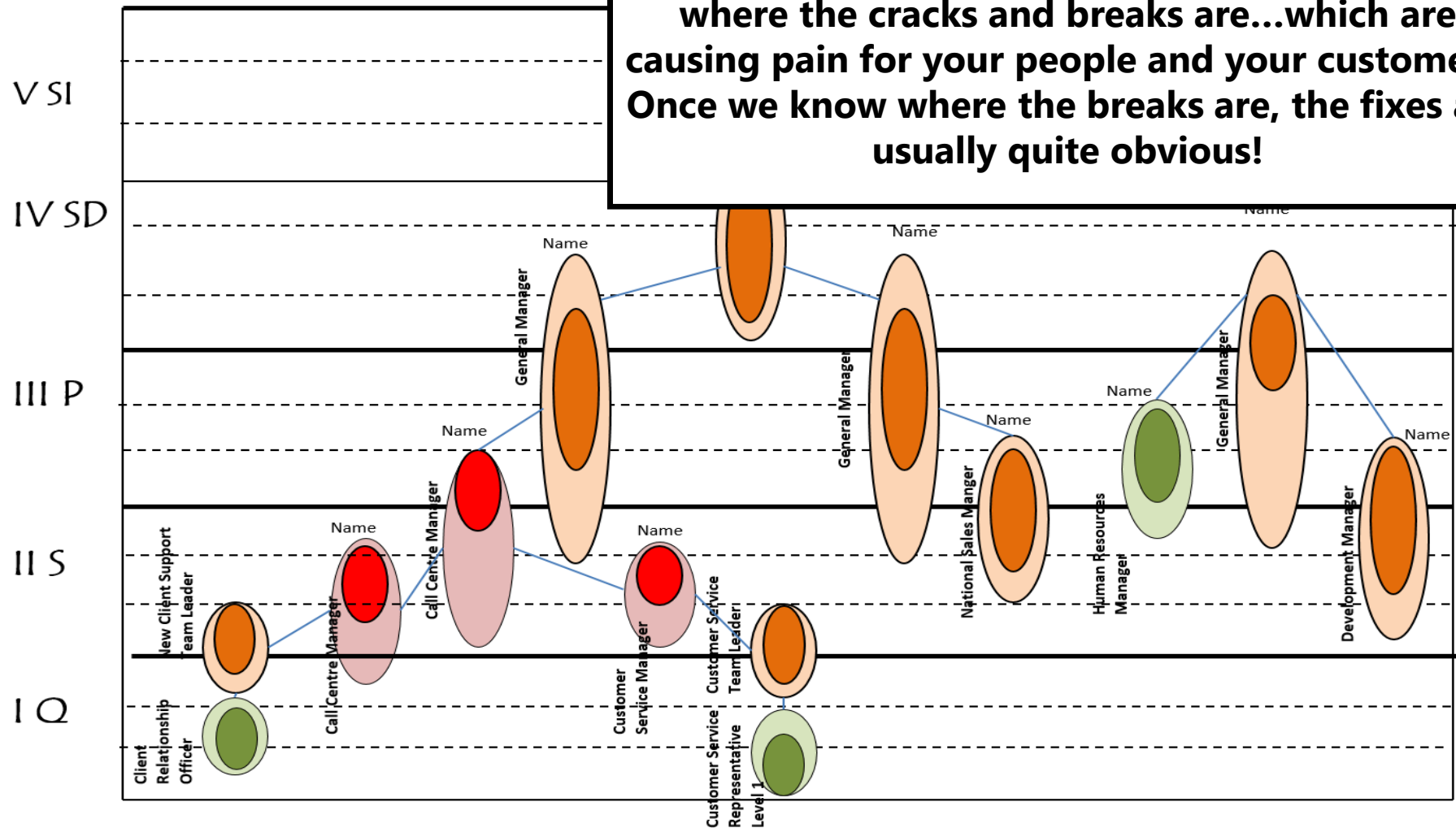
- Lack of trusting, productive relationship with their manager.
- People not having their fundamental questions answered
- Unsatisfying work assignments.
- Work not integrated with that of their peers.
- Not as personally effective as they could be.
- Non performance culture because their performance is judged by one not capable of doing so.
- Not be satisfied with their managers communication regarding change.
- In competition to work with the real managerial leadership at the level above



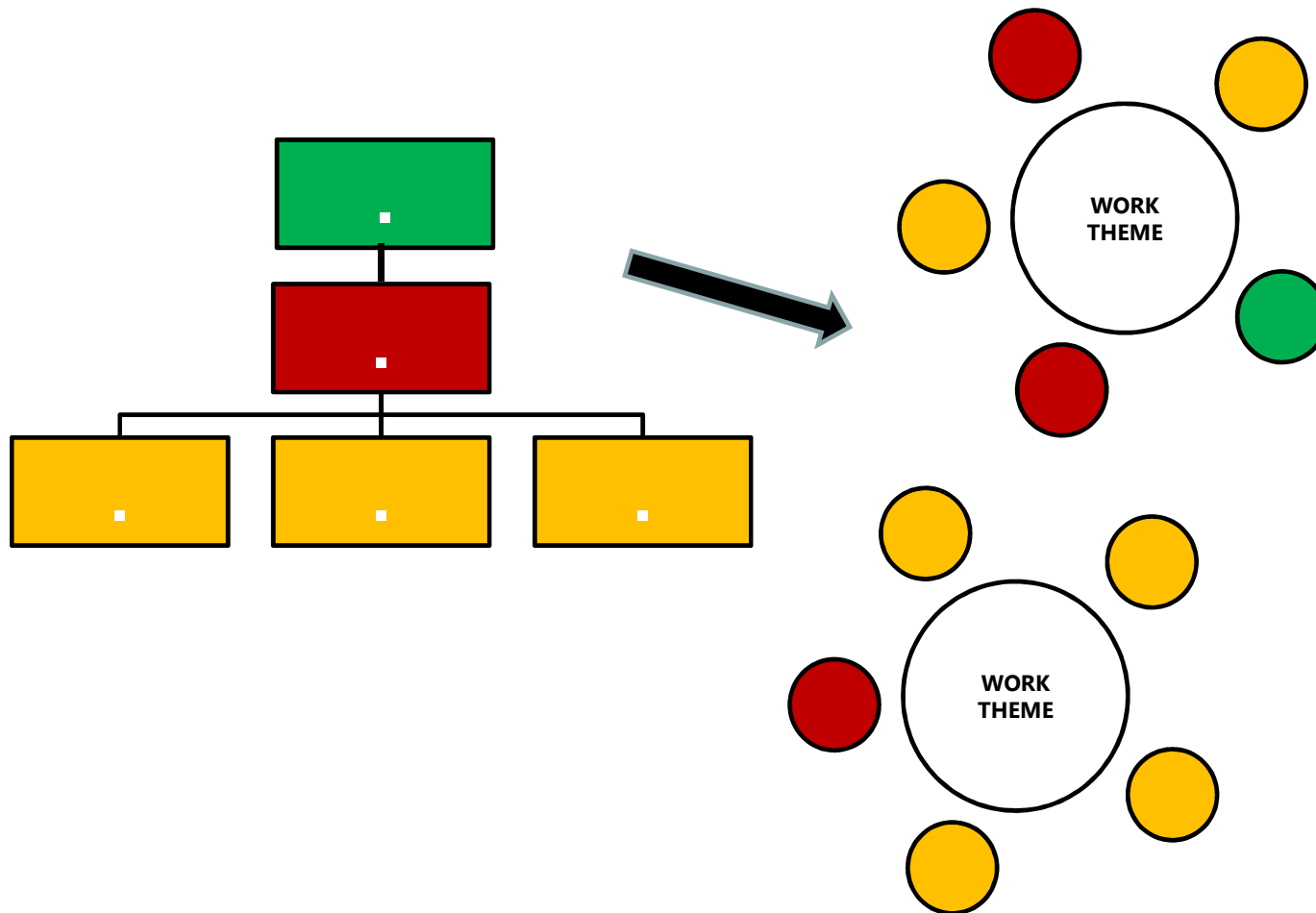
Work Levels

Executive

**This is a Levels of Work analysis. It's like an X-Ray for your organisational design. It shows you where the cracks and breaks are...which are causing pain for your people and your customers. Once we know where the breaks are, the fixes are usually quite obvious!**




## It's the decision that counts



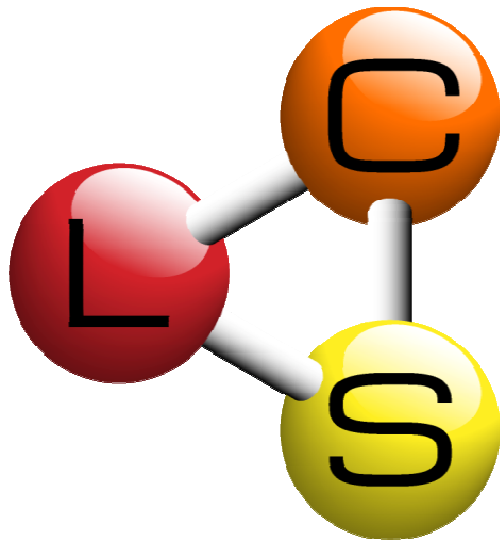
Remember, though, that work doesn't take place in an org chart. The org chart is useful for seeing the vertical role relationships and ensuring we don't have compression or gap. But in reality, it's about teams coming together to discuss then make decisions. AND...we need both. Discussion is important (hence the circle), but decisions are important too, which is why org design is about who decides what, both horizontally *and* vertically.



# CHECKLIST!

- ☐ Are all the Five Decisions being made as required in your organisation?
  - ☐ **Do you have the classic signs of compression (or gap)**
  - ☐ **Do you have clarity in the difference between managerial and supervisory roles?**
- 

# Capability to provide quality leadership

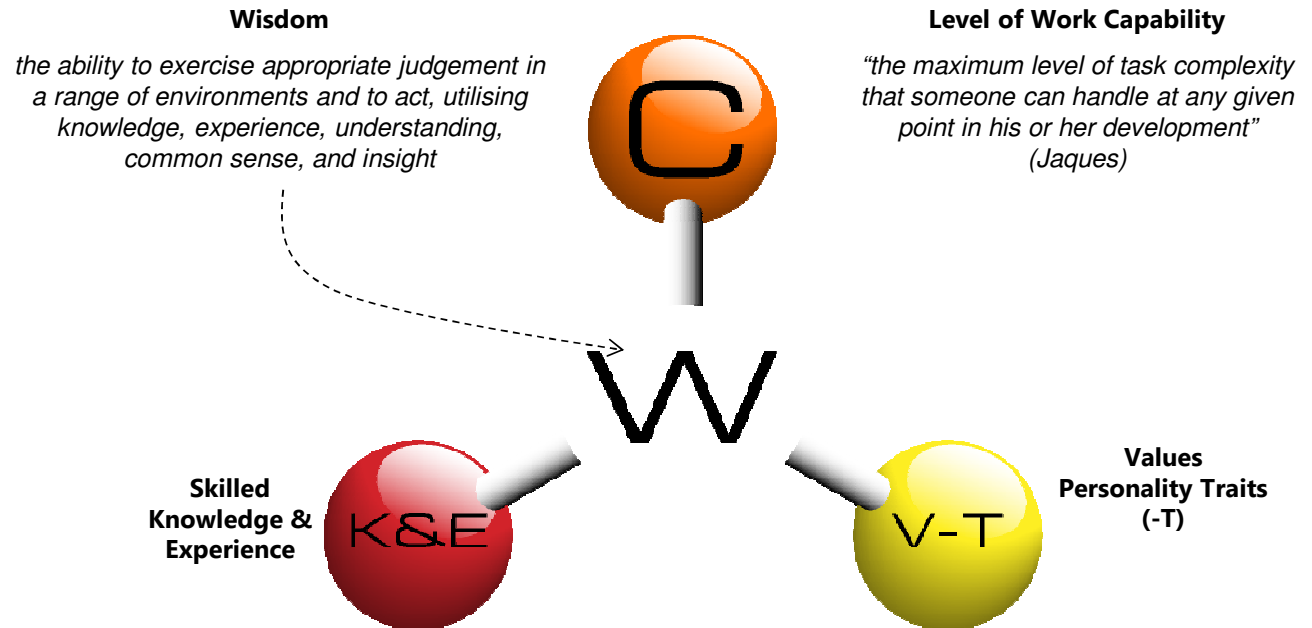


**So we need an org design that at least identifies the nature of the decisions being made and that doesn't have compression or gap to rob us of any chance of value-adding leadership.**

**Now...we need to make sure that we're putting people into those leadership roles who can, well, actually do it!**

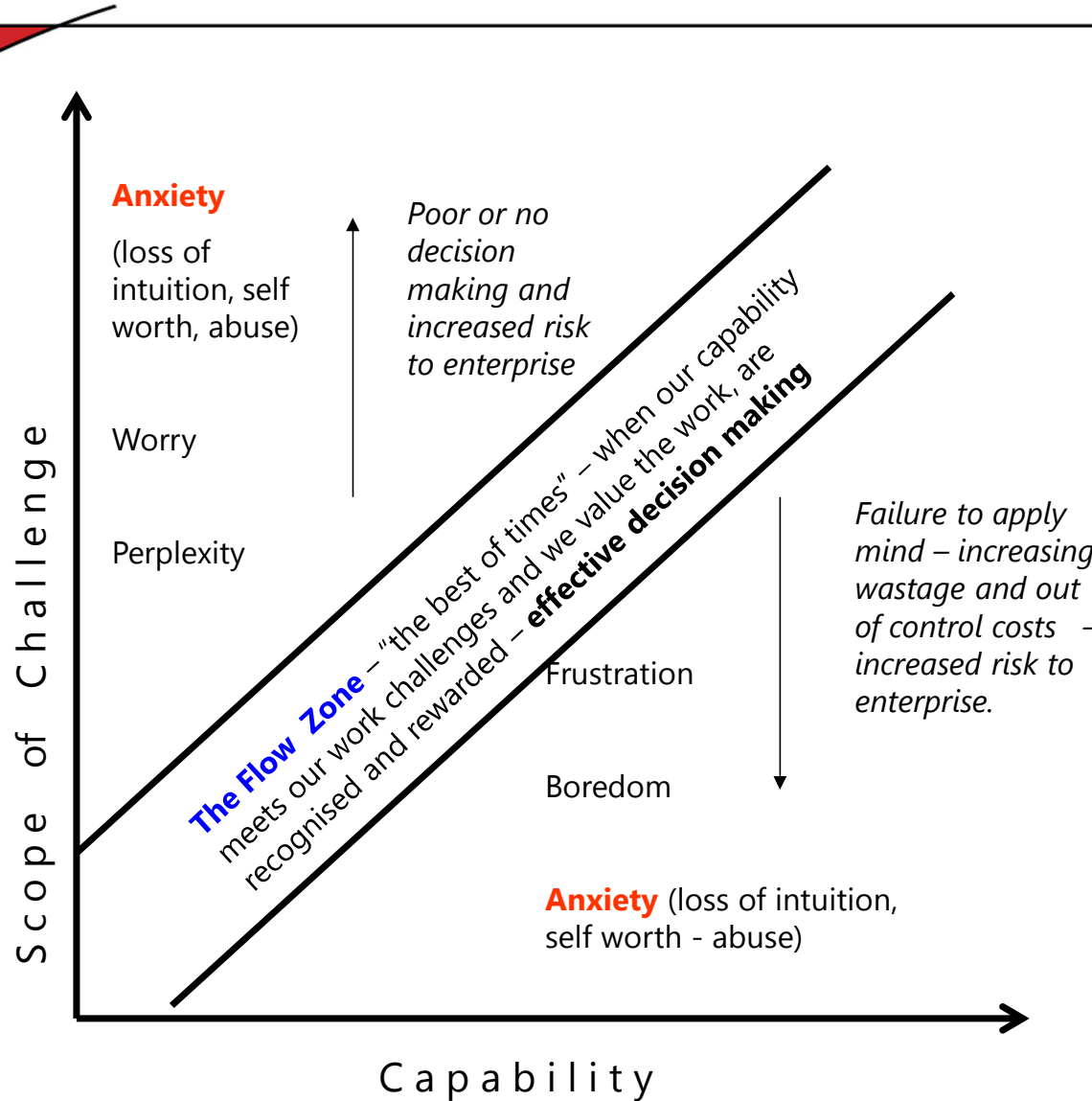
## Applied Capability Tripod (ACT) to do the work of the role

- **Capability is the lung capacity to be able to enjoy the cycling race we are in, not too easy, not too hard.**
- **Knowledge & experience is about being able to ride a bike and**
- **Values is about whether you are interested in riding bikes (or least don't hate it!)**



**And Wisdom brings it all together... lets you get along with the peloton, officials, teammates and understand 'how things work' so you can apply the tripod usefully..**

# Flow



**The organisation that gets a large percentage of their people into Flow will naturally become more agile, adaptive, reliable ... all the things that you are looking for.**

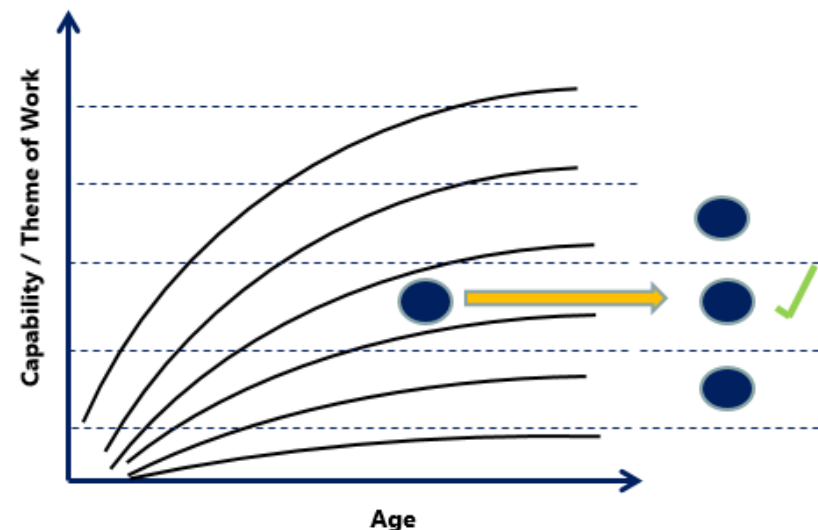
**We just need to pay attention to it!**

# Filling roles with required capability

Capability has been seen to naturally 'unfold' over the course of people's lives, different rates for different people.


For leadership to be effective, it's crucial that the person appointed has the capability to add value by being comfortable at the level required at this point in their career.

Getting this wrong causes pain for all involved. Especially the person appointed!





# CHECKLIST!

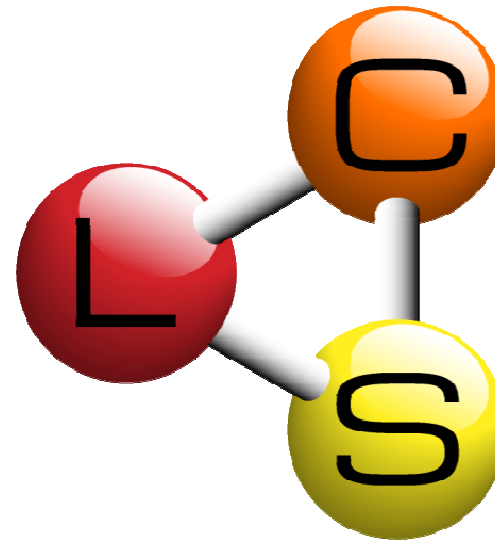
- ☐ Are all the Five Decisions being made as required in your organisation?
  - ☐ Do you have the classic signs of compression (or gap)
  - ☐ Do you have clarity in the difference between managerial and supervisory roles?
  - ☐ **What percentage of your managerial leaders are comfortable working in the necessary work theme to add value**
- 



# Consistent 'leadership minimums' in place

So we've designed roles that will add value and we've put people into those roles who can actually add that value.

Now we need to make sure they take care of the fundamentals....





Managers are pilots – entrusted to bring people in safely. While it's always important to be a decent human being who treats others OK, it is also necessary that pilots ***actually know how to fly a plane!***

The trend to make 'leadership' only about personality has seen a generation of managers that may not have the ability to avoid bumpy landings...or even crashes.

# Five Fundamental Questions

1. Where are we going?
2. What's the plan?
3. What's my contribution?
4. How am I doing?
5. What's my future?

Simple principle – if most of your people can answer “I’ve got a fair idea” to each of these questions... there is a good chance that your leaders are not crashing planes.

How do you find this out from your people?

ASK THEM!!!

It's OK.



5 Fundamental  
Questions

## The Foundational Competencies of an Effective Managerial Leader

We make leadership a straightforward bunch of practices that leaders can learn and do (on the next page).

We insist that (within the bounds of treating people with decency) that people ***be themselves*** in how they go about doing these things.

There is no 'leadership personality'. There are only leadership practices.

We simply train managers how to get better at this stuff. Then they do it. And things get better (as long as they do it)!

And we suggest organisations ask those in teams whether they see their relationship with their manager as one that makes them better at their job. If the answer is no...then we find that one or more of these practices isn't occurring very well... or sometimes we're back to the design and capability from before.

Either way... it can get better by paying attention to it.

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## The Foundational Competencies of an Effective Managerial Leader

All **managerial leaders** are trained in exercising practices to create two-way *adult* working relationships.


- **Provides context & plans** (set's appropriate context for the team, including in times of change)
- **Work clarity** (creates clarity on overall team outcomes, the expected work of individuals in terms of roles and particular tasks)
- **Assures performance** (selection, adds value during tasks, provides the feedback & coaching, deselects if necessary)
- **Builds team** (skilled in running different types of meetings and knows how to integrate work to build a strong unit)
- **Work system improvement and change** (skilled in applying concepts of systemic improvement and leading change)

In addition to the above, required for **all in the organisation (including those in leadership roles)**:

- **Communication and relationships** (understands how to respectfully work with others and handle issues)
  - **Wisdom** (Understands self and how behaviour and decisions may play out)
- 



# CHECKLIST!

- ☐ Are all the Five Decisions being made as required in your organisation?
  - ☐ Do you have the classic signs of compression (or gap)
  - ☐ Do you have clarity in the difference between managerial and supervisory roles?
  - ☐ What percentage of your managerial leaders are comfortable working in the necessary work theme to add value
  - ☐ **What percentage of your people could answer the '5Qs'**
  - ☐ **Do you have a consistent set of leadership practices in place for what people can expect of their leaders?**
- 



What we're dealing with

The leadership challenge for you

Making sense of this thing called work

Conditions of quality leadership

**What it means for you**



# SIMPLE AND EASY ARE NOT THE SAME

This stuff works. And there are early results, but real change happens as the organisation creates more effective roles filled with capability that knows how to lead.

Its quite simple...but it's not easy. It requires real work.

But that's OK... no one is impressed if you climb Mt Kosciuszko.



## **Remember....**

- 1. Clear on the work (and avoid compression or gap)**
- 2. People who can do the work (capability to add value)**
- 3. Let them know the work (leadership practices)**

## **Three Conditions for Quality Leadership**

### **Design for quality leadership (structure)**

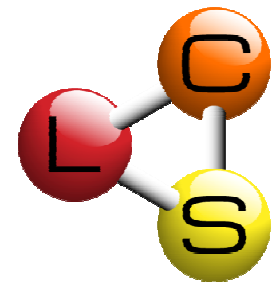
- Roles are clear, meaningful and their relationship to each other is clear
- All necessary levels of themes of decision are occurring
- Structure designed to allow leaders to provide genuine value to their people

### **Fill roles with capability that can provide quality leadership**

- Roles filled with people who have the capability to deliver
- Clear understanding on what creates effective performance

### **Quality leadership practices (fundamentals)**

- Consistent minimal practices across the organisation
- Clarity for people on the 5Qs which allows innovation
- Communication and wisdom minimum standards





**Those fidget-spinners looks  
so inviting... and don't  
require any effort**

**It takes an act of bravery to  
ignore the fidget-spinning  
and do the real work of  
creating the conditions for  
value-adding leadership.**

**"Stop fidgeting... and either fix something or make something\*"**

# CHECKLIST!

- ☐ Are all the Five Decisions being made as required in your organisation?
- ☐ Do you have the classic signs of compression (e.g. too many layers, too many people, too many roles)?
- ☐ Do you have clarity in the difference between what is required and what is being done?
- ☐ What percentage of your workforce is working in the necessary work theme to achieve the necessary outcomes?
- ☐ What are the key leadership practices in place for what people can expect over the '5Qs'?
- ☐ Are you willing to build a model of how your organisation is designed and run that will provide great outcomes to your customers, employees, funders and other stakeholders?

# Reading



THE WORKING JOURNEY

***Organisational Design – What Your University Forgot To Teach You*** by Andrew Olivier  
(Our Managing Partner)

***Making Work Systems Better*** by Luc Hoebeke (search online)

Gillian Stamp: ***Value Appreciation*** and ***Contexts for Change***: at <http://bioss.com/gillian-stamp/>

***Social Power and the CEO*** by Elliott Jaques

***Human Capability*** by Elliott Jaques and Kathryn Cason

# Connecting and Learning



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Learn online: **developleadersonline.com**

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I'm based in Adelaide, our offices are in **Adelaide** and in **Sydney**, we're a very niche consultancy but we work with organisations from 20 to 16,000 people across the southern hemisphere