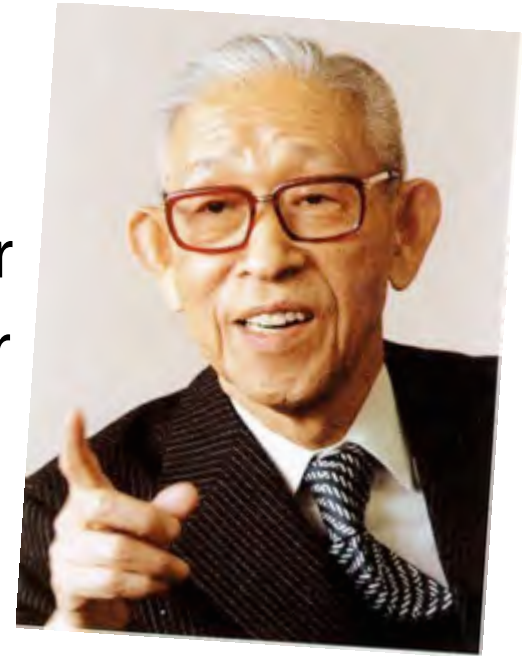# Konosuke Matsushita (1)

"We will win and you will lose. You cannot do anything about it because your failure is an internal disease. Your companies are based on Taylor's principles. Worse, your heads are Taylorized, too. You firmly believe that sound management means executives on one side and workers on the other, on one side men who think and on the other side men who can only work. For you, management is the art of smoothly transferring the executives' ideas to the workers' hands."

Konosuke Matsushita (2)

"We have passed the Taylor stage. We are aware that business has become terribly complex. Survival is uncertain. Therefore, a company must have the constant commitment of the minds of all of its employees to survive. For us, management is the entire workforce's intellectual commitment at the service of the company."

Konosuke Matsushita (3)

"We know that the intelligence of a few technocrats—even very bright ones—has become totally inadequate to face these challenges. Only the intellects of all employees can permit a company to live with the ups and downs and the requirements of its new environment. Yes, we will win and you will lose. For you are not able to rid your minds of the obsolete Taylorisms that we never had."

Gosei Oy

Ran Nyman

Ari Tikka

- 20 + years in software business
- Agile adoptions in large and small organisations
- Customers in Telecom, Medical, Game, Heavy metal, Financial, Sales&Marketing and Public sector
- LeSS coaching company
- www.gosei.fi

Content and takeaways

NOKIA case

Coordination Chaos

Collapse of Complex Societies

Fear

Logic of Learning organization

Actionable Fearless Leadership

Agile Adoption

Entertainment

Understanding

Vocabulary for organisation's conversation

Everyday thinking tools

Why Taylorism?

Ford and Fordism 1900

Context

- Huge market and demand
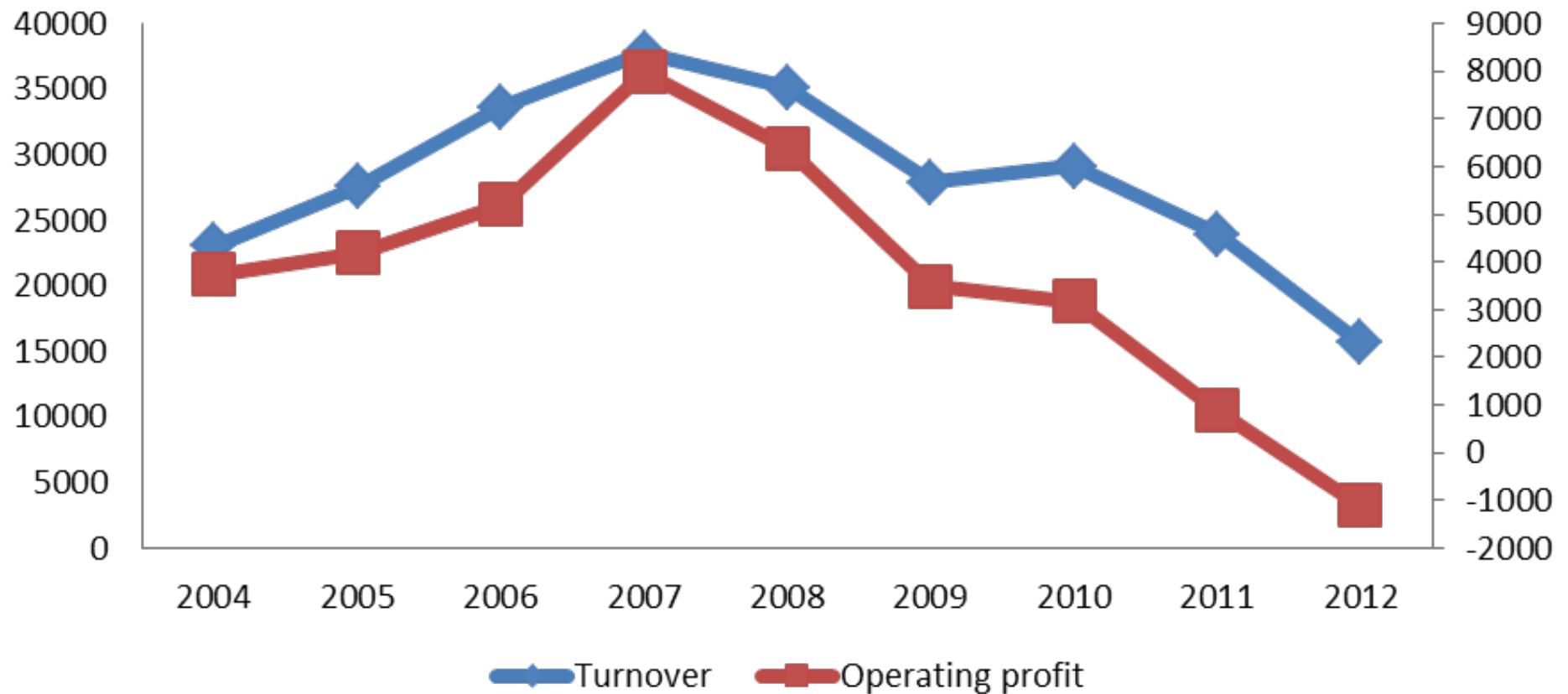- Winning product
- Lack of skilled workforce

Solution

- Automation
- Detailed standardization
- Proper wages

NOKIA mobile phone business 2004-2012 (million euros)

NOKIA

Nokia Mobile Phones

Nokia Networks

NOKIA culture 1990

Aggressively grab the opportunities

- Great success in the beginning

Business opportunities

- Crumbling Telecom monopolies
- Detailed GSM standard
- Talented workforce in Finland
- Ambitious leader Jorma Ollila

NOKIA culture 1990s

Aggressively grab the opportunities

- Great success in the beginning

"Just make it work" - engineers

- Trust and autonomy
- Success during the growth phase
- Ever increasing complexity

Organizational background

- 100 years of heavy industry
- Lack of experience in leading SW product development

NOKIA Mobile Phones

Aggressively grab the opportunities

- Great success in the beginning

"Just make it work" - engineers

- Trust and autonomy
- Success during the growth phase
- Ever increasing complexity

"Just make it happen" - management

- Fear disconnected the organization
- Superficial decision making
- Failed to respond to competition

Situation 2007-2011

- New competitors, new game
- Coordination chaos

Taylorism at early NOKIA

20% growth for 5 years in a row
- Others decide others do
- Codify competence into process
- Narrow task specialisation
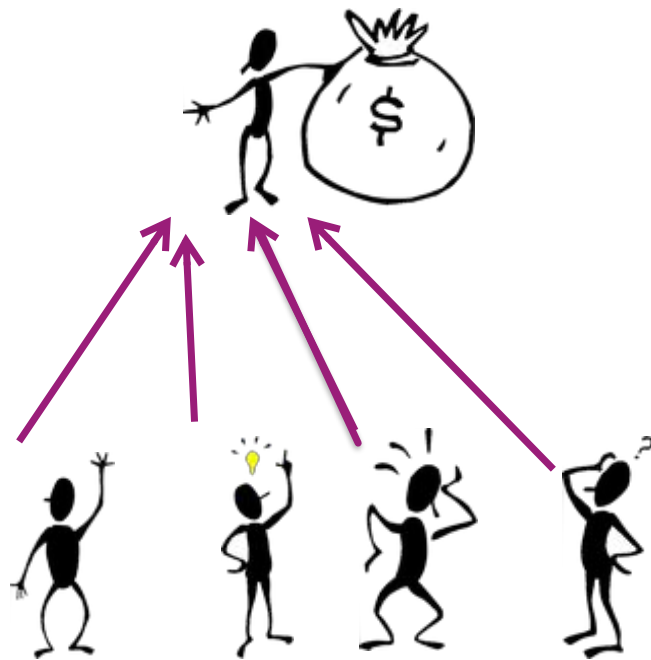
Top management considered SW as commodity
- Attention in Radio, Hardware, Business, Design, Coordination

Want to educate the recruits, but "Just make it work"
- Self-Organising
- Learn the emergent local habits
- Best became elite
- Elite educated, others survive
- Plenty of coordinators
- Some only hang around - OK until layoffs

Coordination chaos

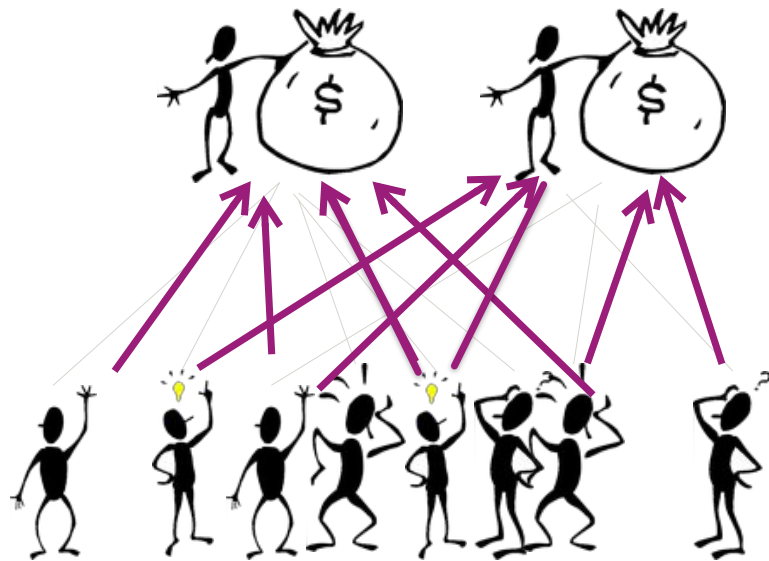# In the beginning

"Hey, We have business! And it is growing!"

"People just find their roles."

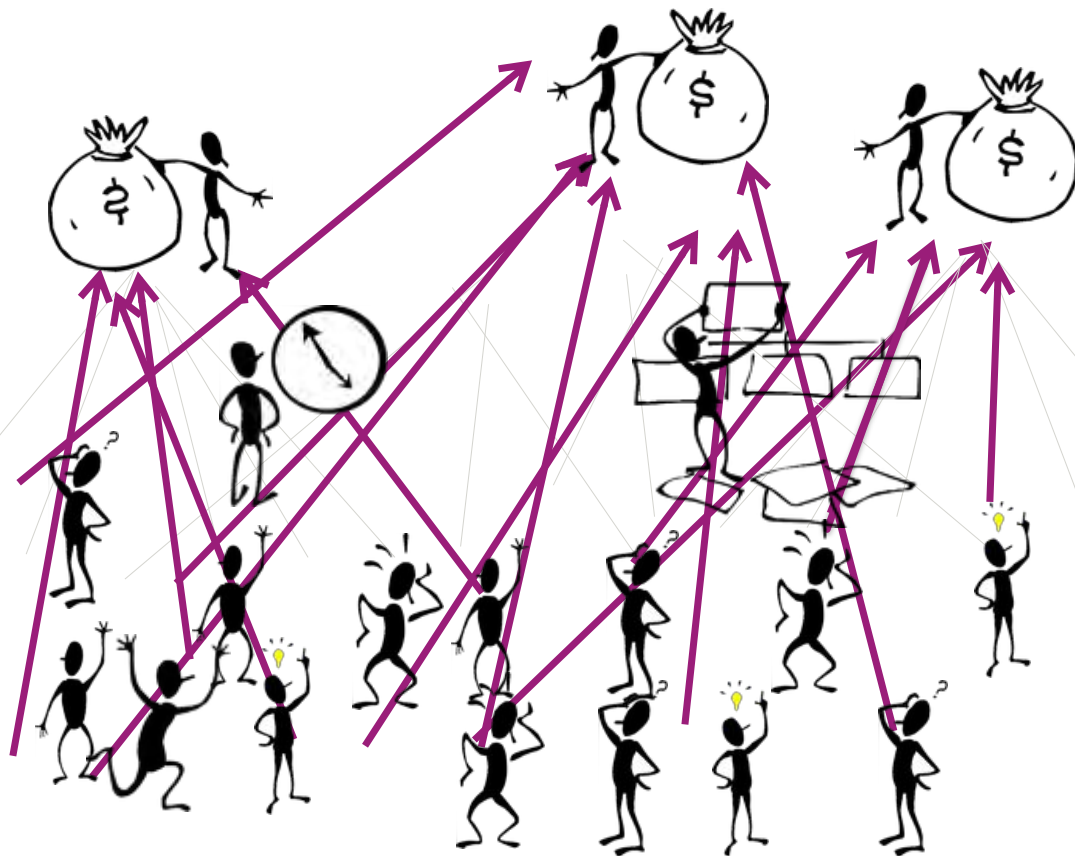"Specialists are irreplaceable. We need to optimize their individual performance."

Growing using common sense

"It starts to get messy. We need someone to look after things."

"Lets hire a coordination specialist - the project manager."
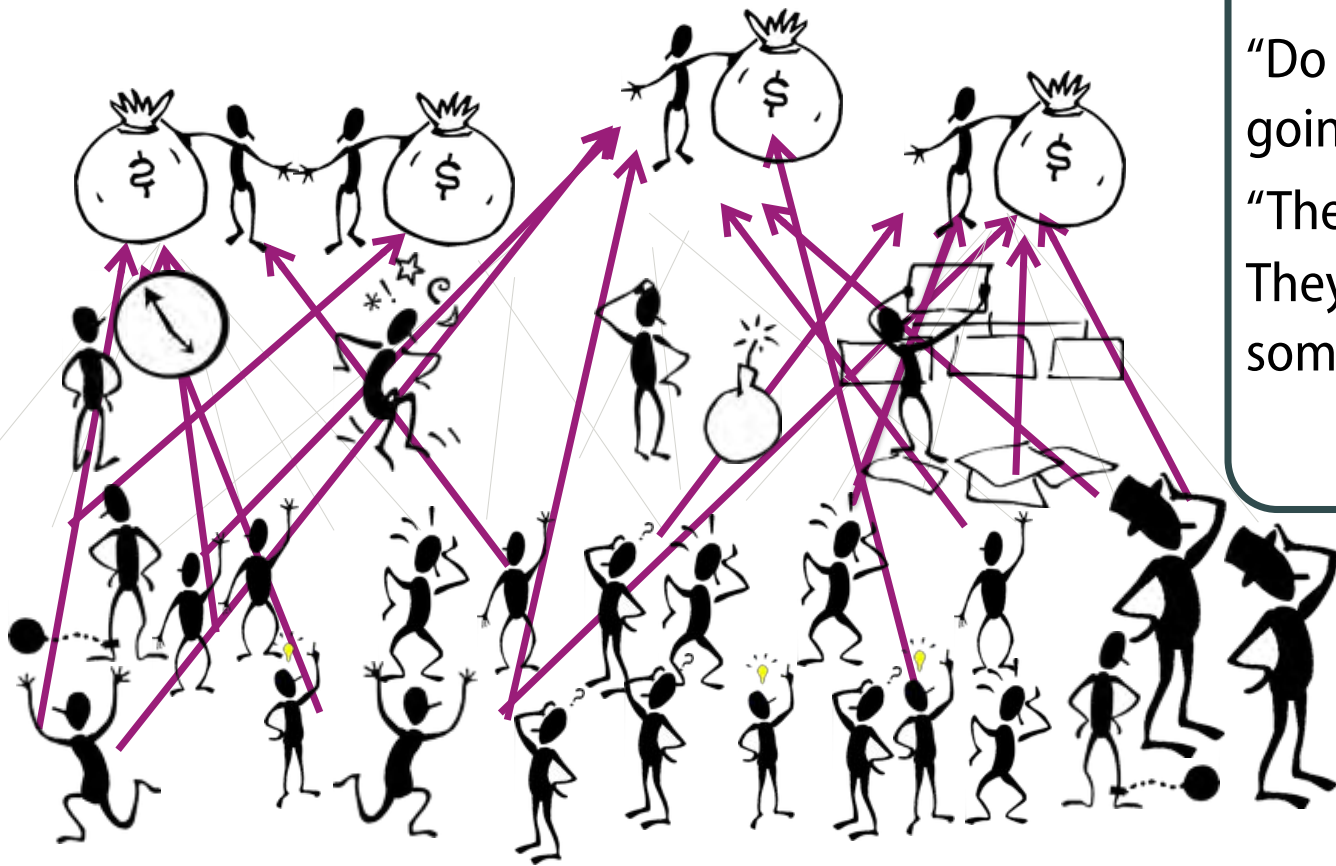
Growth continues - we make it work

"The project managers really do their job."

"Obviously it is best to give responsibilities to the specialized people."

The coordinators become the heroes
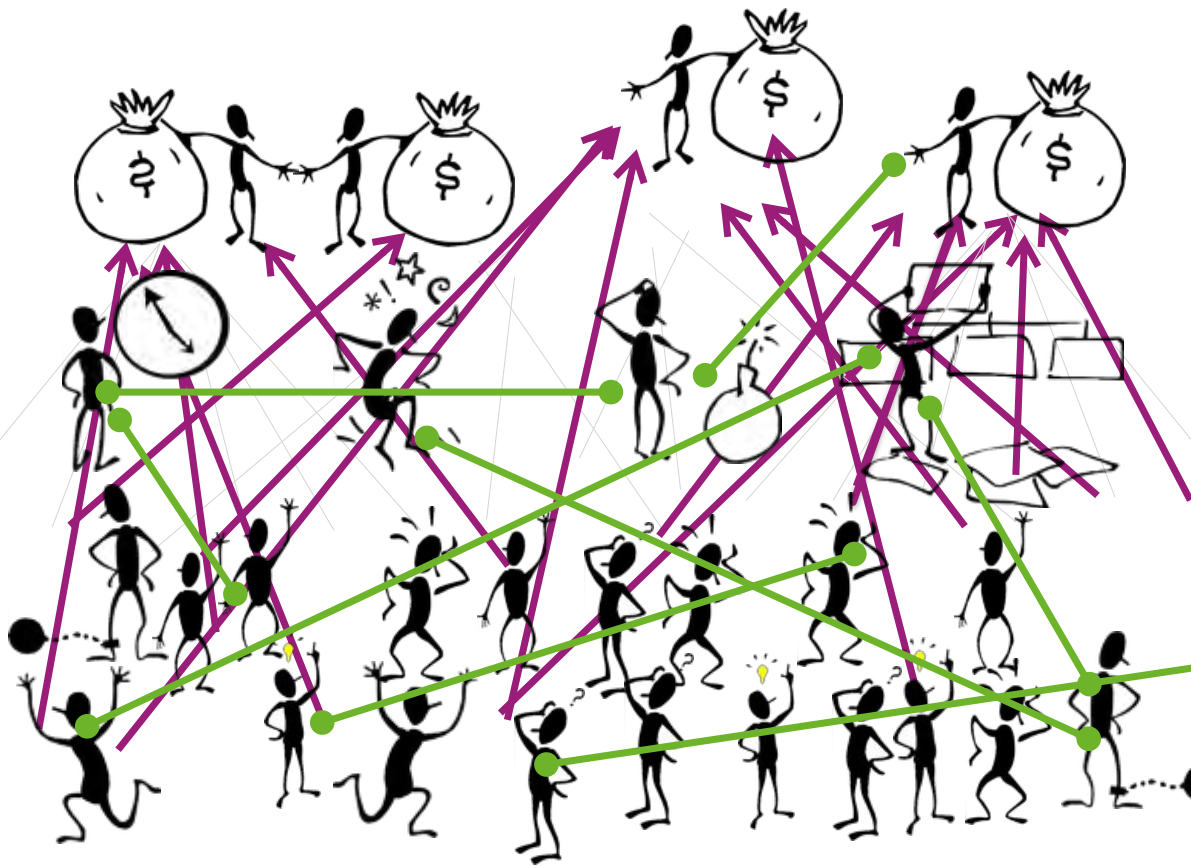

"Do You understand what is really going on?"

"The project managers are the heroes! They are the only ones, who get something out of this mess."

Hidden enabler becomes too expensive

The knowledge is based on **informal network,** grown with the organization. But now it just takes too much slack.

Lets measure individual utilisation and reorganise to optimise resource coordination.
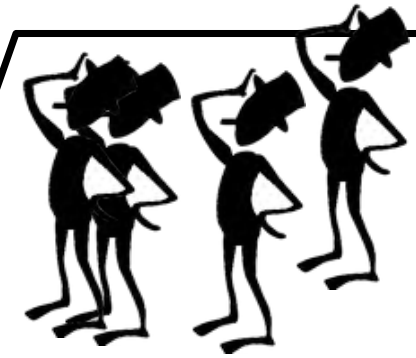
But… too much to be coordinated
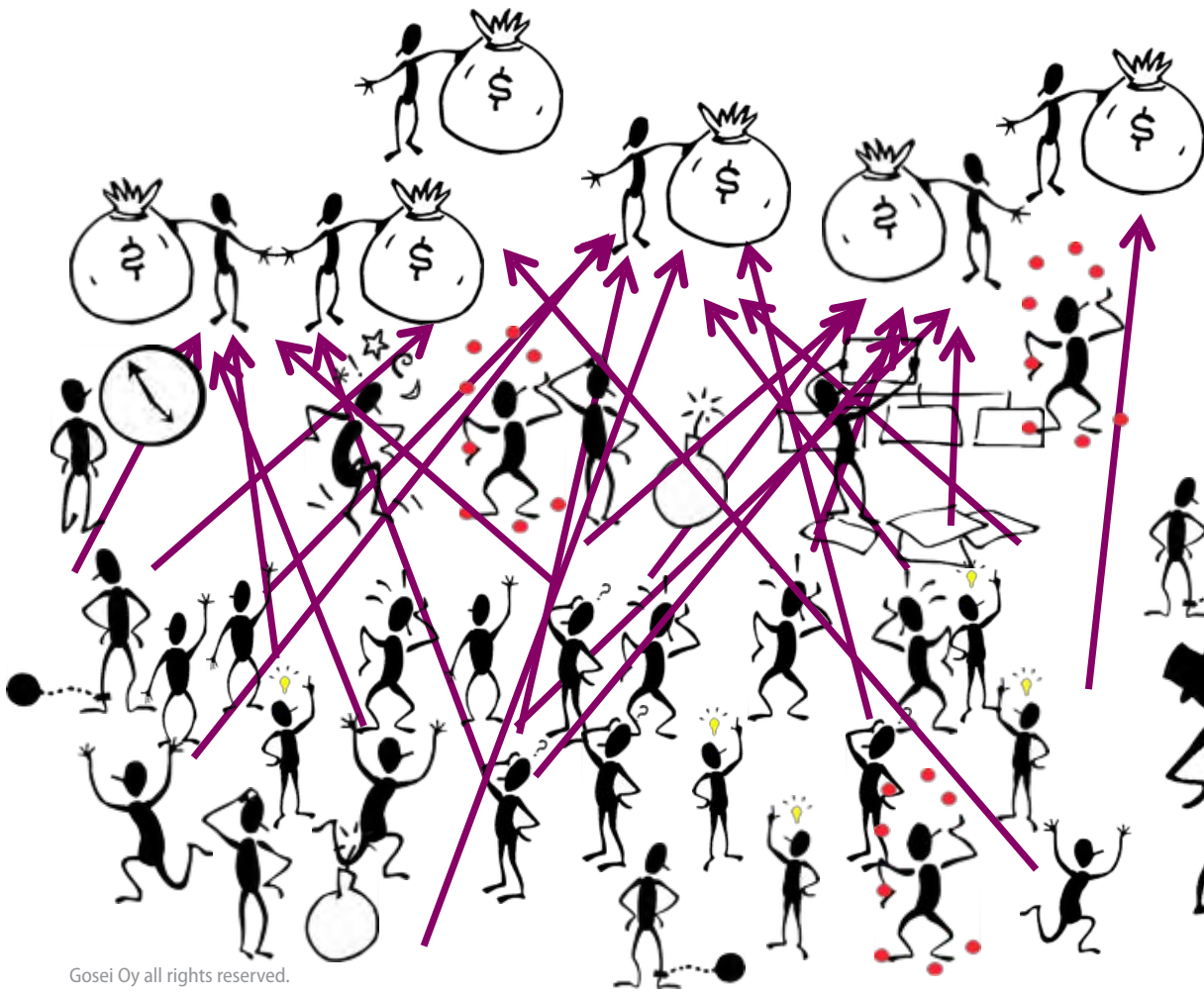
"We are slow and expensive. Why are projects no more productive?"

"~~People~~ Resources are either idling or overloaded."

"The portfolio does not obey. Dependencies and maintenance dominate."
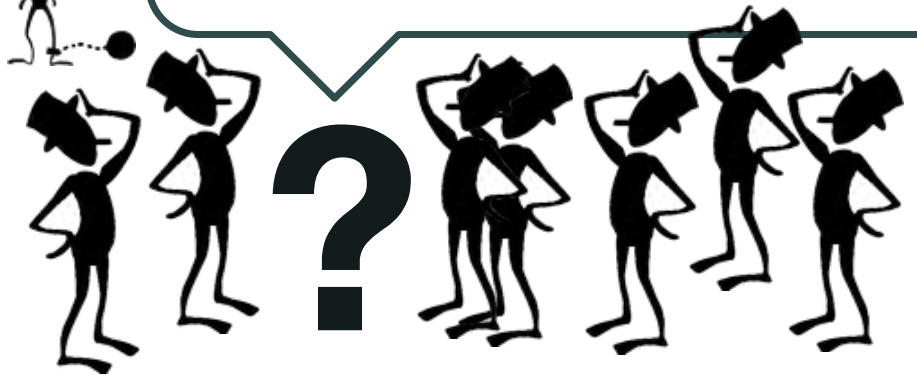
Not fun!
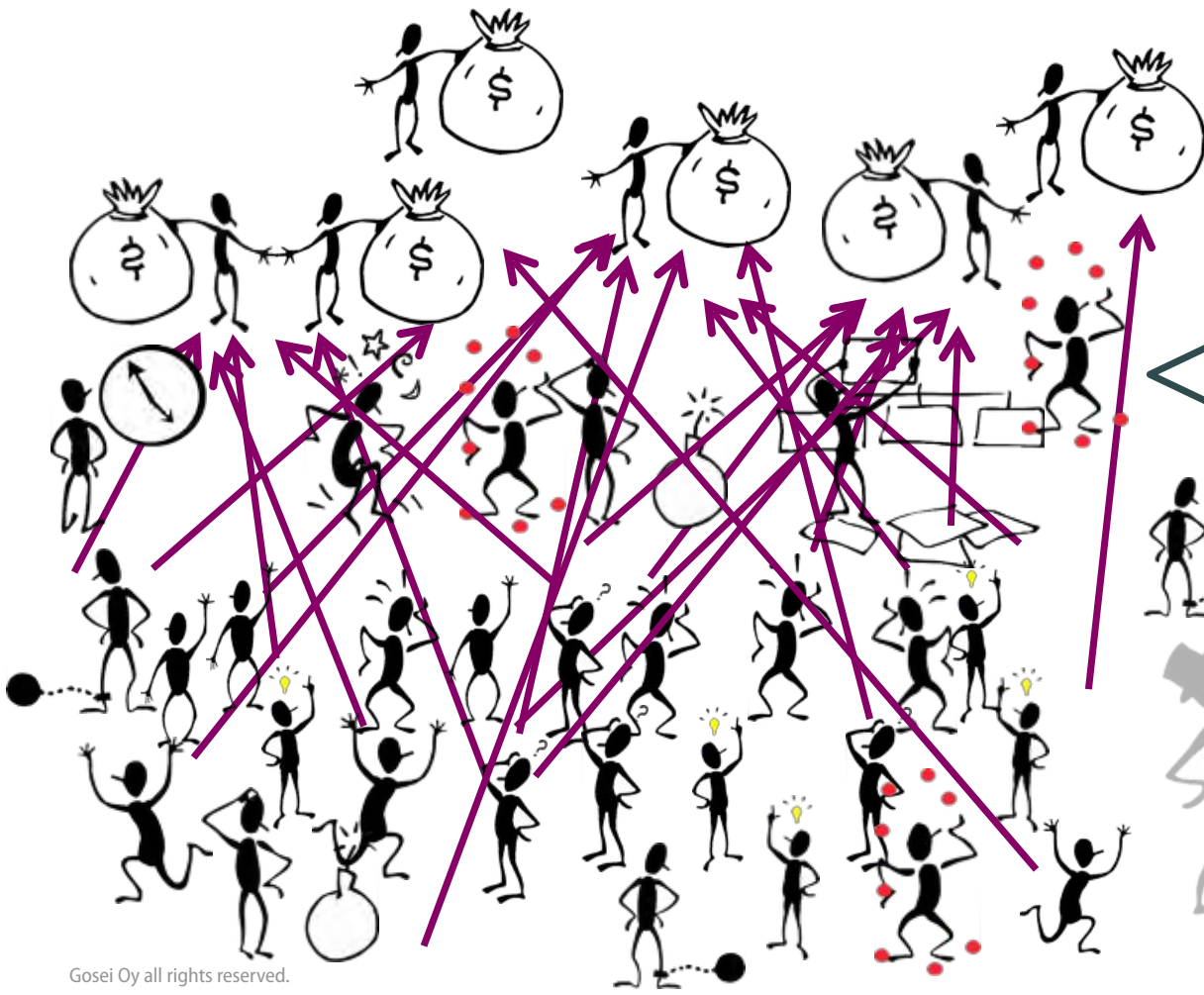
Fragmentation. Wait for decisions, budget, plan, knowledge, service, … Quick fixes and bad quality. WIP, batches and queues. Little learning. Busy with your queue. Problem escalations. Powerlessness.

Knowledge and Wisdom is always elsewhere.
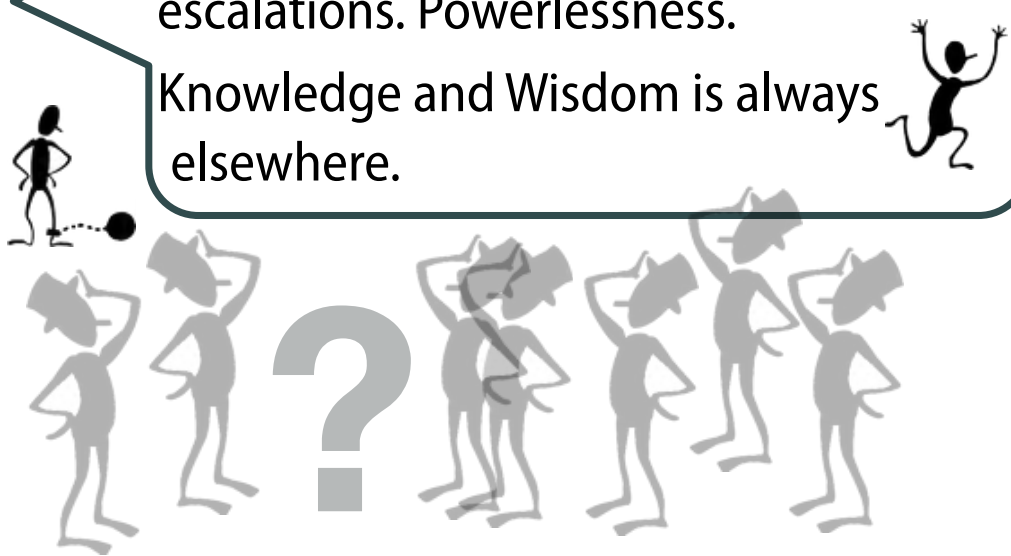
Outsourcing the leadership problem

VALUE

COST
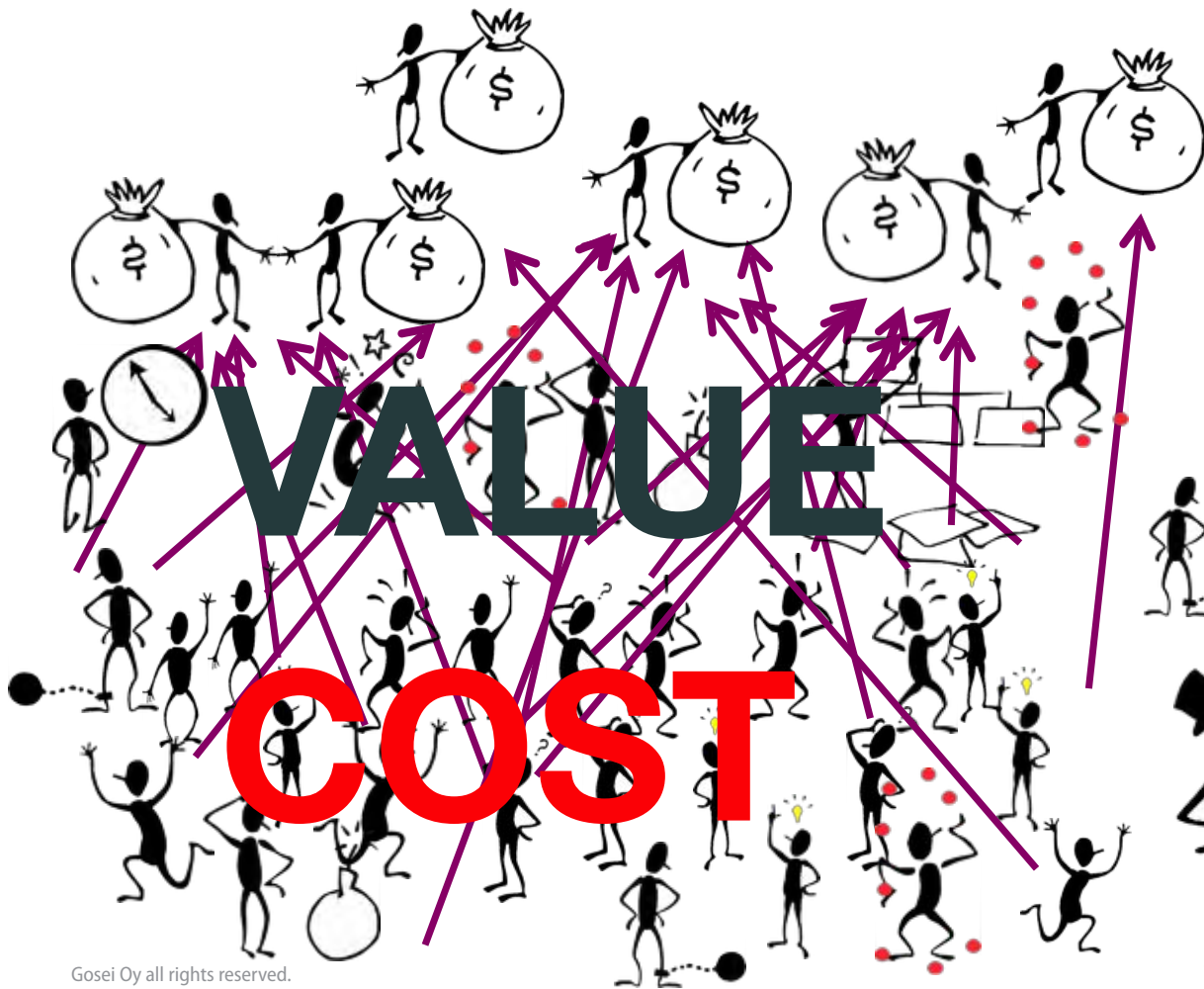
"We still have the customers. And the middle layer coordinates the whole."

"The development is too expensive and is difficult to manage."

"But we can outsource the difficulty to an affordable provider, which we then can control through the agreement.
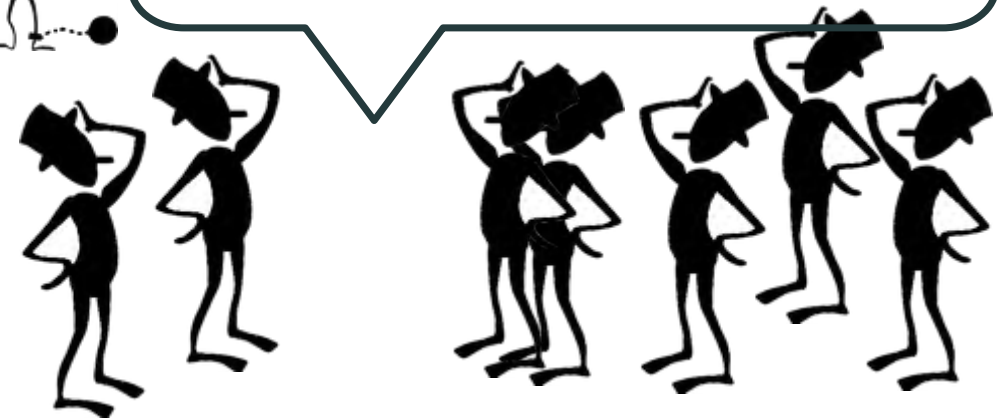
Or fundamental change in thinking
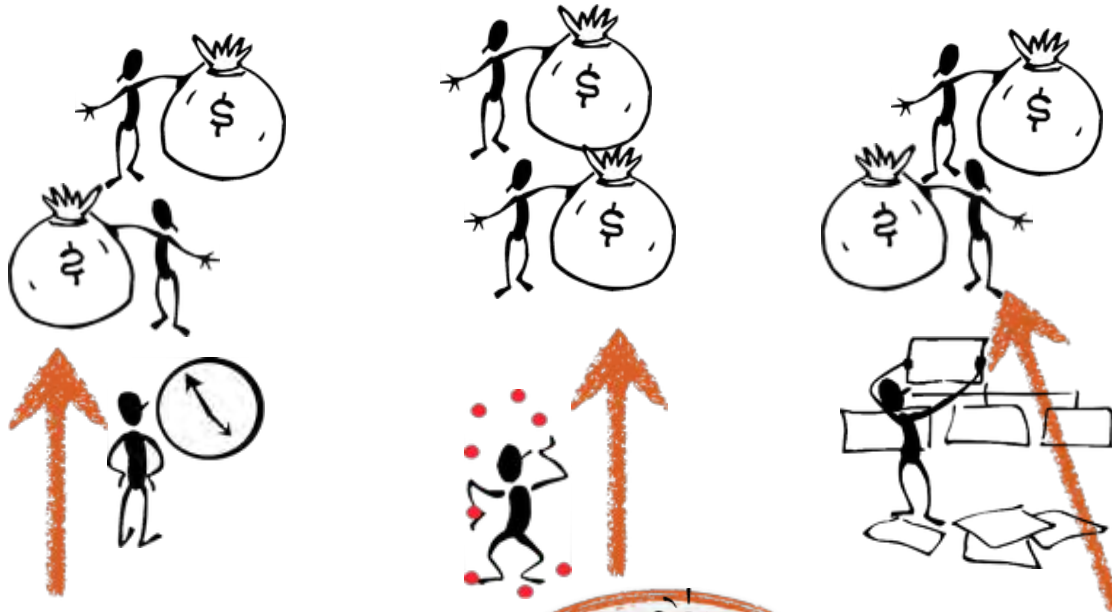
"Let people work in customer-oriented teams. First learn intimately what the customer needs, and then learn how to deliver. There will be discovery and innovation.

The end-to-end throughput will improve.

The coordination cost becomes investment in learning."

Flow vs resource efficiency
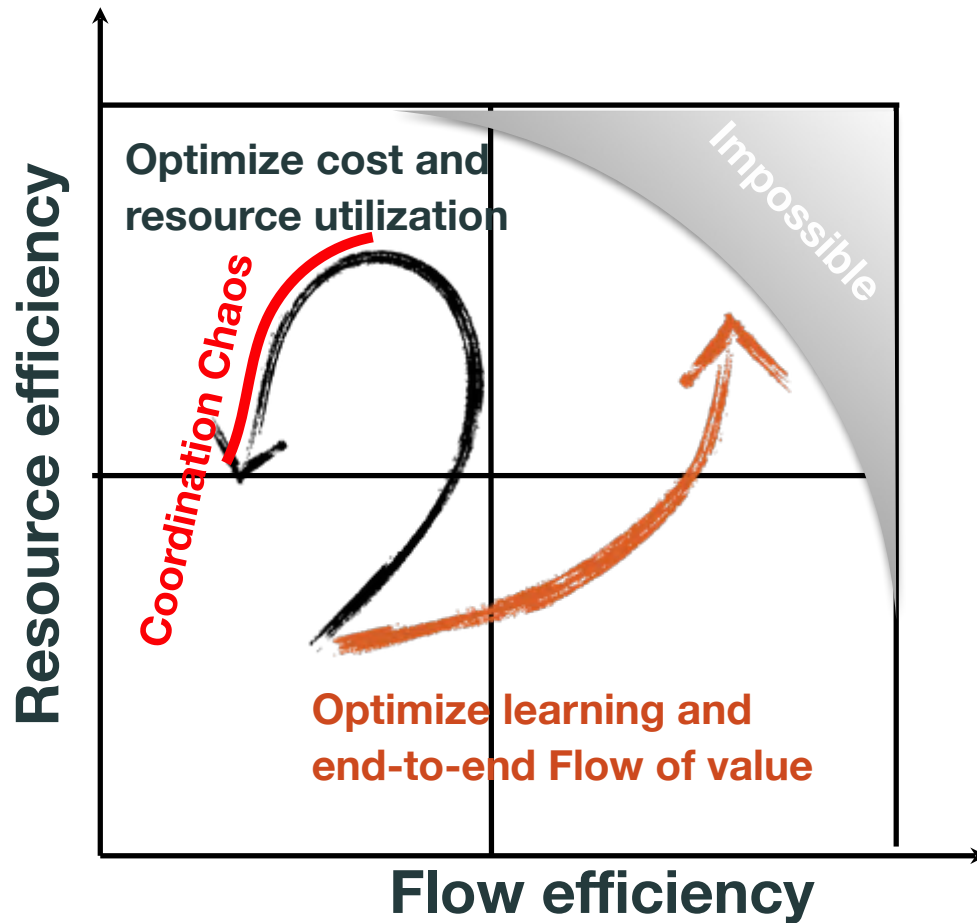
Resource efficiency

- Optimal with simple tasks in stable environment
- Specialization is locally economical, but makes the whole system fragile

Flow efficiency

- Better for all knowledge work
- Optimizes the whole

Inspired by Niklas Modig: This is Lean

Joseph A. Tainter

Collapse of Complex societies:
- Mayas
- Chacoan
- West Roman Empire
- Western Chou
- Mesopotamia
- Egypt
- …

New Studies in Archaeology

The Collapse of Complex Societies

JOSEPH A. TAINTER
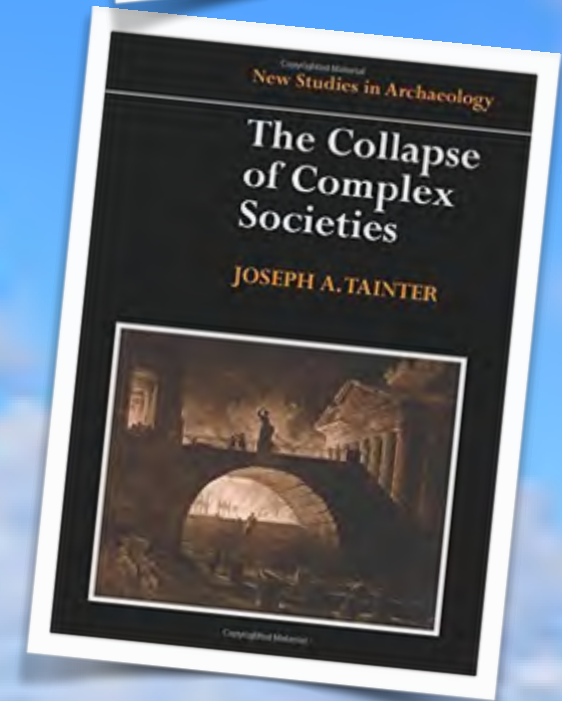
Tainter's story in brief

Innovation increases local efficiency and complexity.

Complexity grows
- Elite creates wasteful rituals that maintain their status
- Rent instead of value creation

Abundant resources and innovation enable the growth of the Society.

The complex society can no more adapt and collapses. The population drops dramatically.

The root cause of the collapse is not the depletion of resources, but the complexity of the society.

Fear

Fear

Collective
- Death of the tribe
- External conflict, starvation

Individual
- Exclusion from the tribe
- Internal conflict and punishment

Avoid conflict

Case NOKIA Mobile Phones

Study

- Quy N. Huy at INSEAD and Timo Vuori at Aalto University
- Three rounds of interviews with 76 former senior managers

Sources:

http://www.enterprisegarage.io/2015/12/
case-study-how-nokia-lost-the-smartphone-battle

http://knowledge.insead.edu/strategy/who-killed-nokia-nokia-did-4268

From top to bottom in 5 years

1. Top Management feared of competition and threatened the Middle Management

2. Middle Management misled Top Management because of internal fear

3. Top Management was over-confident and uninformed

4. Top Management was not technically competent to assess the situation

5. Wasted development effort, not acted on by top management

Consequences of Fear

Organizations are designed to produce waste and error, in order to avoid embarrassment and threat, and to cover unacceptable acts.

It is indiscussable. Indiscussablility is indiscussable. But individuals know.

Results in skilled incompetence and organizational depression.

Chris Argyris: Overcoming Organizational Defenses,
Facilitating Organizational Learning. 1990.

Decision making capability

Cash flow

$

Fast Throughput

Tech capability
Tools, process,
knowledge

Long term
product quality

Share
price

#skilled
people

Fearless leadership

Organize for customer-focused learning

Decision making capability

Cash flow

$

Fast Throughput and feedback

Learning

Tech capability
Tools, process, knowledge

Long term product quality

Share price

#skilled people

Fearless leadership

Organize for customer-focused learning

Decision making capability

Cash flow

$

Fast Throughput and feedback

Learning

Team capability
Tools, process, knowledge

Long term product quality

#skilled people

Share price

Fearless leadership

Organize for customer-focused learning

Decision making capability

Cash flow

$

Complexity
Friction
Coordchaos

Fast Throughput and feedback

Learning

Tech capability
Tools, process, knowledge

Long term product quality

#skilled people

Share price

38

Fearless leadership

Organize for customer-focused learning

Decision making capability

Cash flow

$

Complexity
Friction
Coordchaos

Fast Throughput and feedback

Scarcity of investment

C

Learning

Tech capability
Tools, process, knowledge

Long term product quality

Share price

#unskilled people

Scarcity of people

C

#skilled people

Fearless leadership

Decision making capability

Organize for customer-focused learning

Cash flow

$

Complexity Friction Coordchaos

Fast Throughput and feedback

Scarcity of investment

Learning

Tech capability Tools, process, knowledge

#unskilled people

Long term product quality

Scarcity of people

#skilled people

Share price

Tayloristic Thinking

Scarcity of investment

Scarcity of people

Decision making capability

Complexity Friction Coordchaos

Cash flow $

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#skilled people

Share price

Tayloristic Thinking

Specialisation to narrow roles and respons.

Decision making capability

Batch & Queue

Cash flow

$

Complexity Friction Coordchaos

#unskilled people

#Coordinators
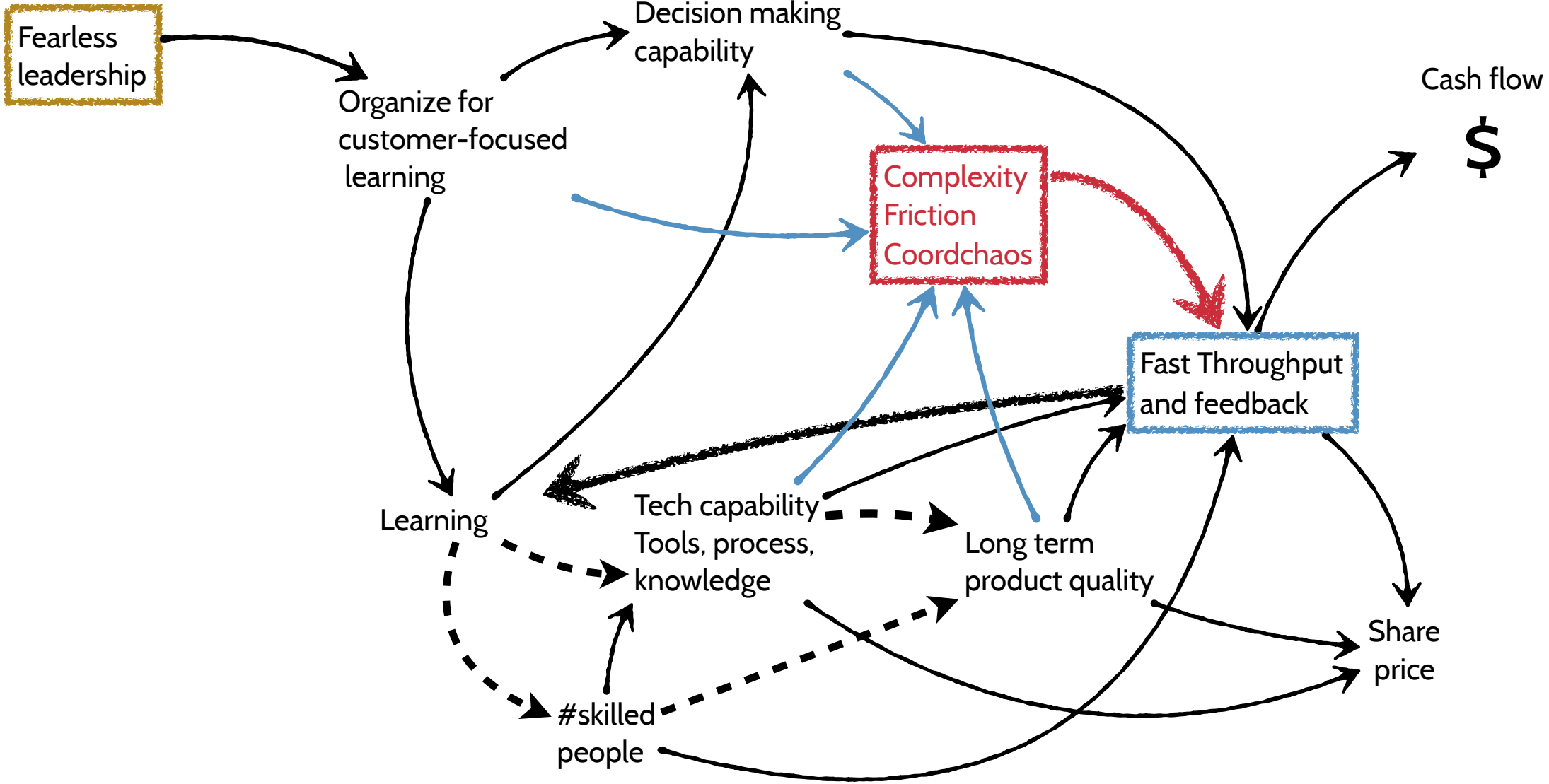
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Scarcity of people
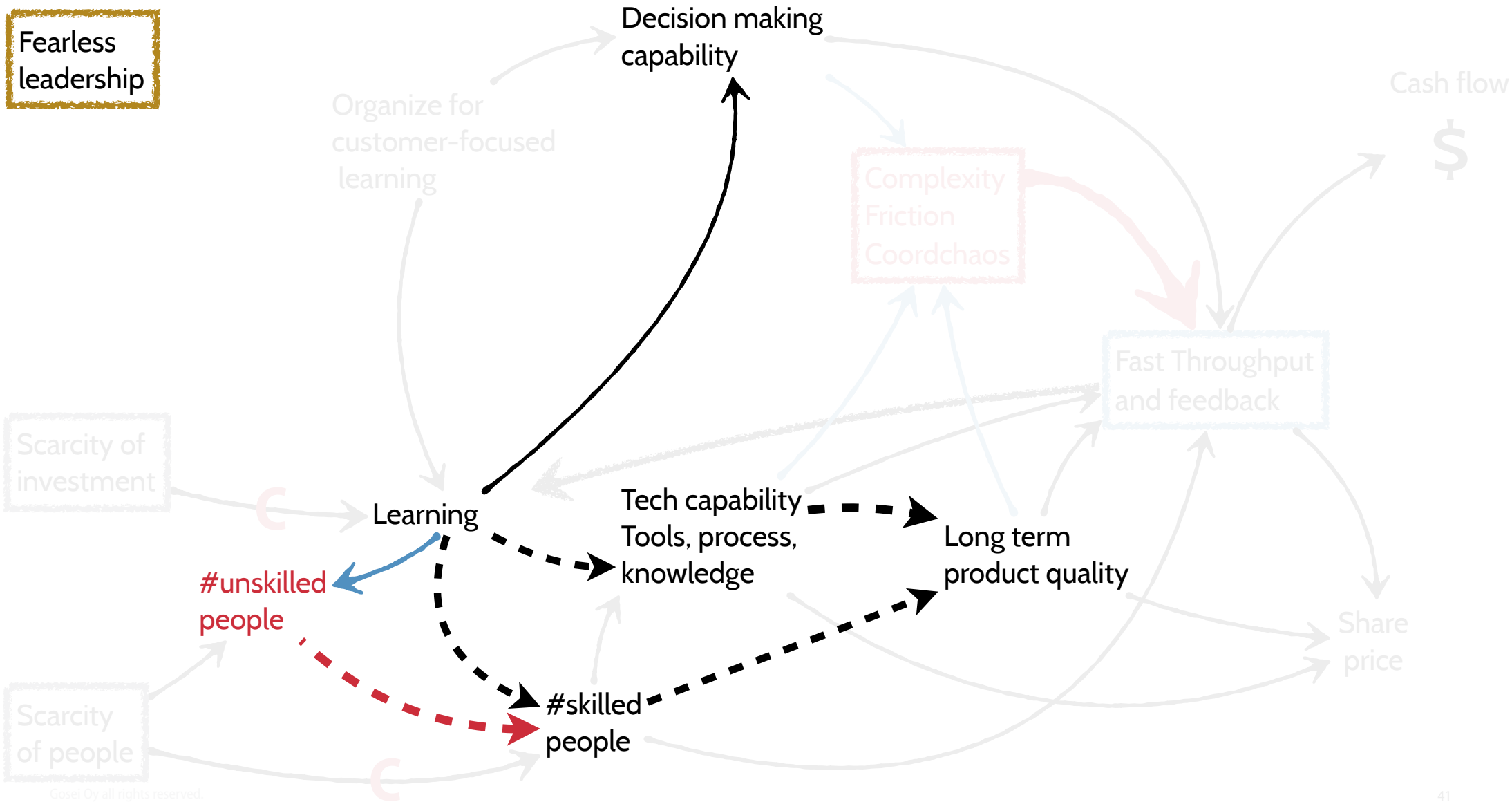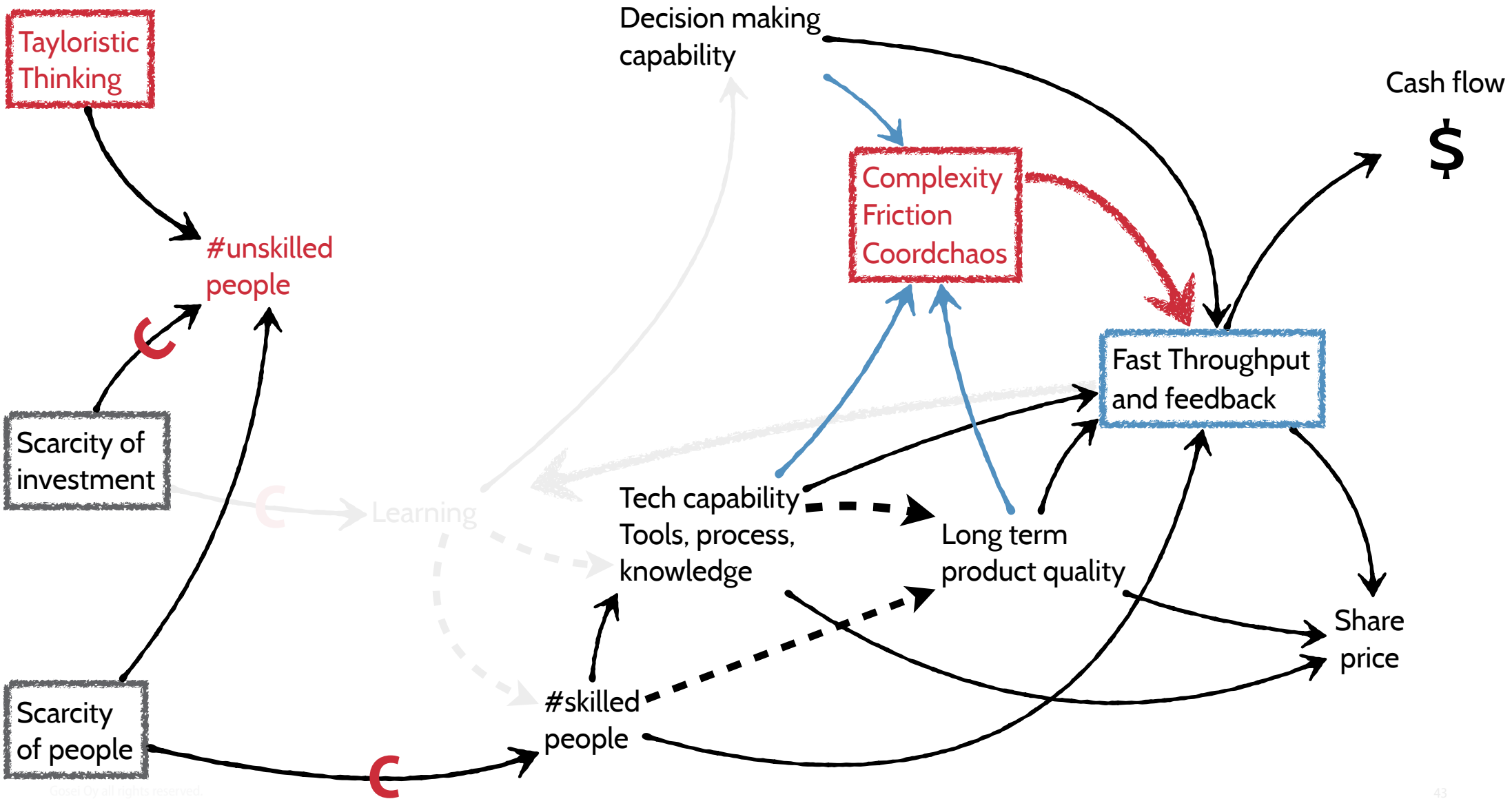
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44

Tayloristic Thinking

Specialisation to narrow roles and respons.

Decision making capability

Cash flow

$

Batch & Queue

Complexity Friction Coordchaos

#unskilled people

#Coordinators

Fast Throughput and feedback

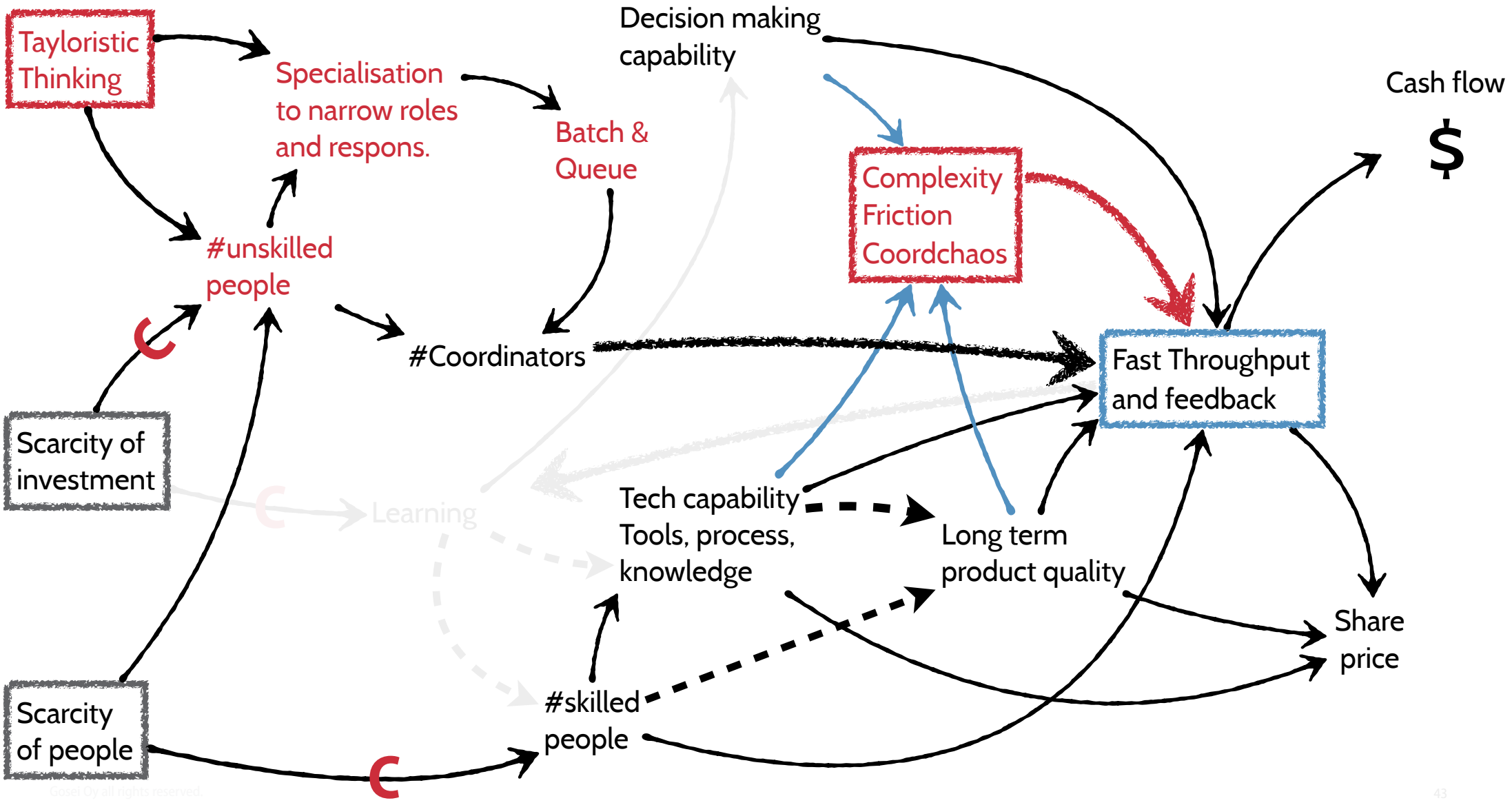Scarcity of investment

Learning

Tech capability Tools, process, knowledge

Long term product quality

Share price
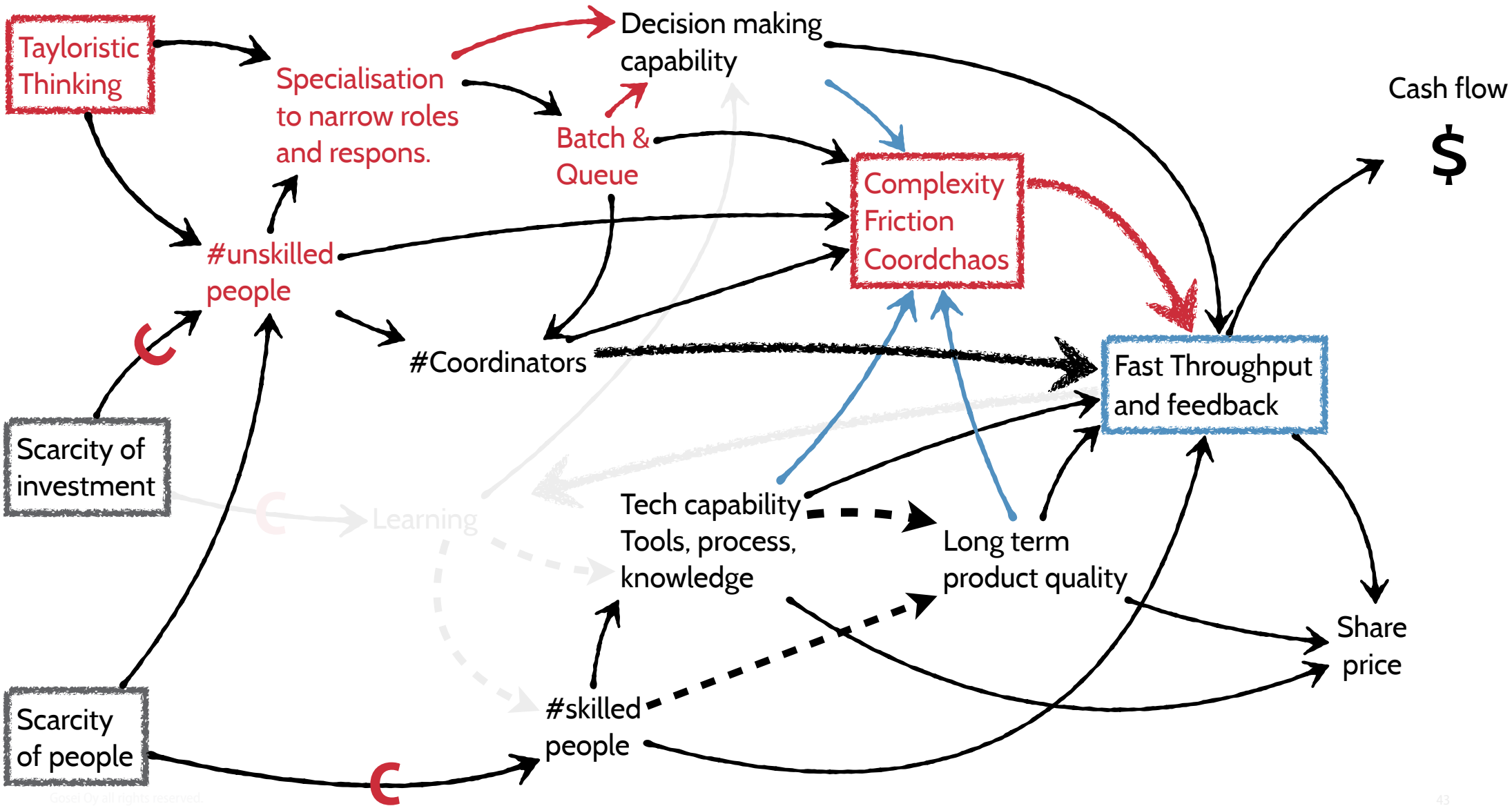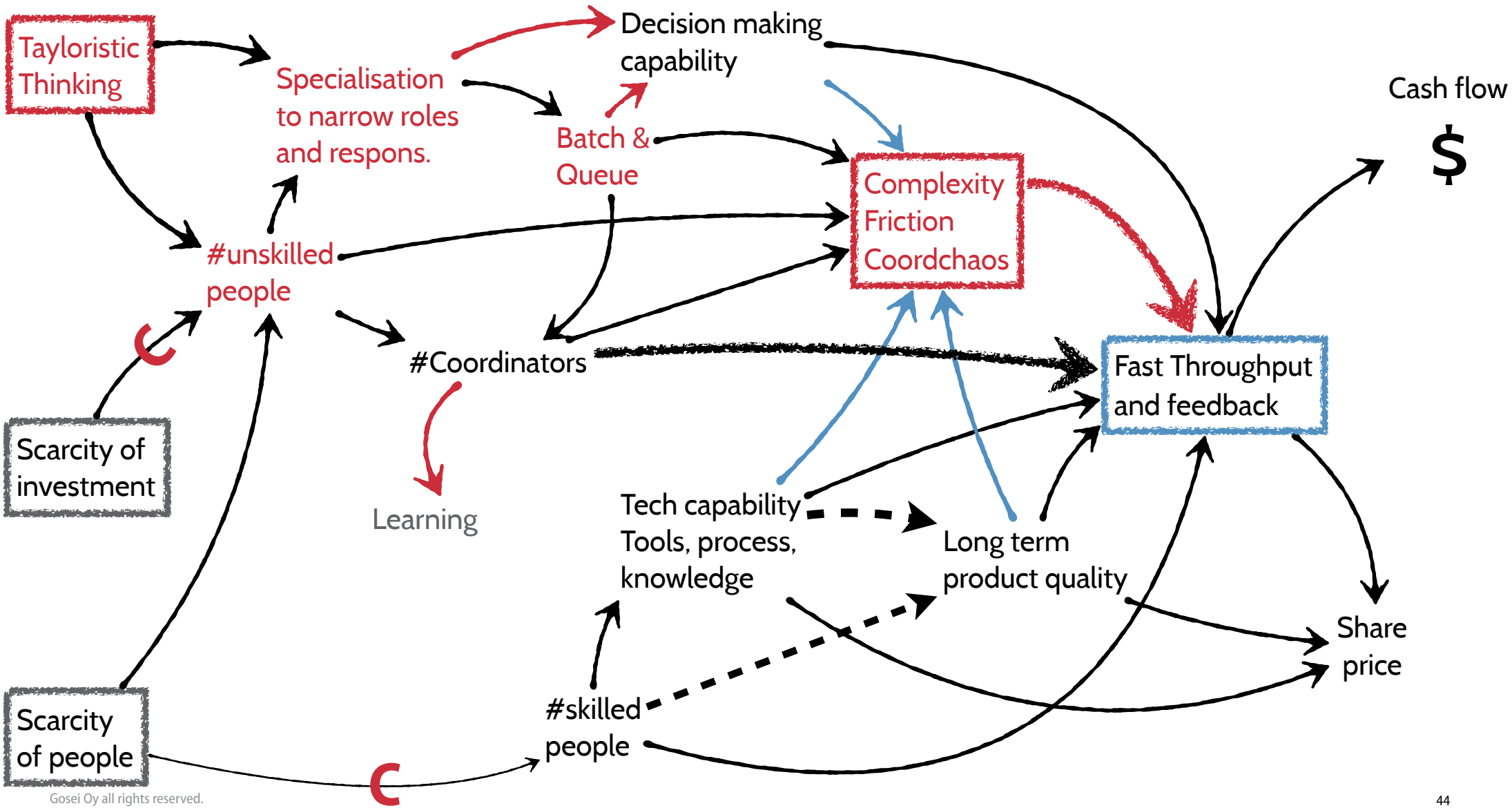
Scarcity of people

#skilled people

44

Findings

Effects of Taylorism

- Narrow static roles add complexity in multiple ways
- Coordination over Learning
- Reflective learning is less effective
- Power and wisdom are always elsewhere

Threats for leadership

- Competition
- Scarcity of people, money and time
- Urgency - learning affects after delay
- Lack of Trust

Unique differentiating factor Feedback from realities

Actionable Fearless Leadership

Build the system of feedback from realities

Customer

- Dis-intermediated contact to customers and users
- Learn to deliver what the customer needs
- Creates meaning, innovation and fast feedback

Technology

- Continuous integration and test automation

Self, the system

- Double loop learning
- Reflect own group, organization

Psychological safety

1. **Psychological Safety**
Team members feel safe to take risks and be vulnerable in front of each other.

2. **Dependability**
Team members get things done on time and meet Google's high bar for excellence.

3. **Structure & Clarity**
Team members have clear roles, plans, and goals.

4. **Meaning**
Work is personally important to team members.

5. **Impact**
Team members think their work matters and creates change.

re:Work

Employees who feel psychologically secure:

- Stay with the company
- Embrace new ideas from their colleagues
- Generate more revenue
- Rated as 'effective' twice as often by their managers.

From conflict avoidance to greed to learn.

Conflict == mismatch

Conflict causes fear and anxiety - and conflict avoidance

Only Survival anxiety is greater than learning anxiety

Follow your curiosity

Leaders are those who show example

Secure Base for safety and bonding

**Two fundamental Secure Bases**

- Social network, bonding

  "Psychological safety is a shared belief held by members of a team that the team is safe for interpersonal risk-taking."

- Empowerment - ability to act, achieve and influence

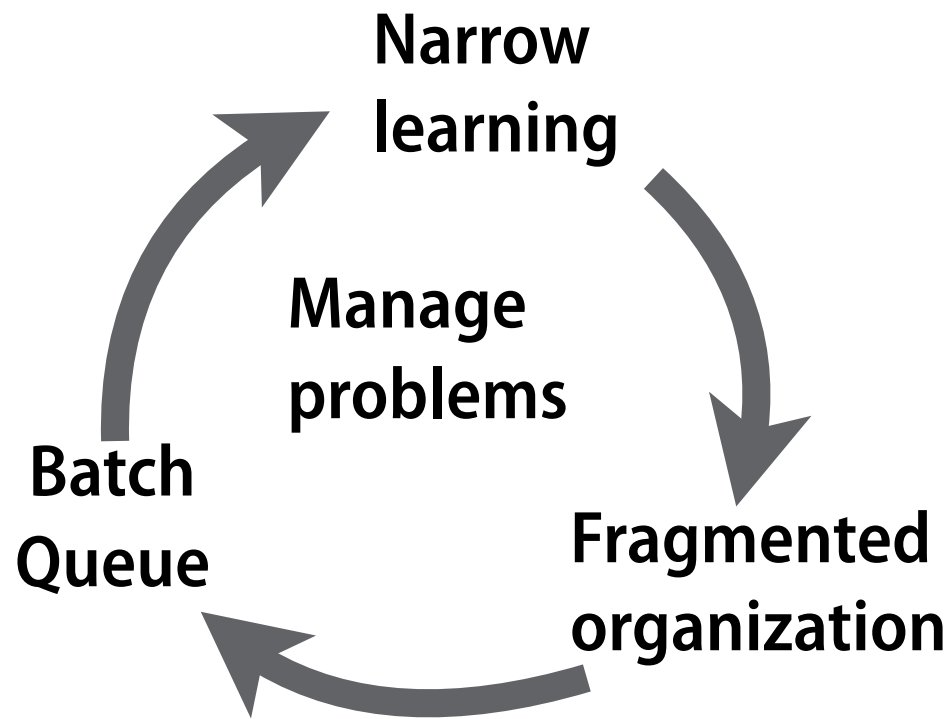**Leaders' example, integrity and own personal secure base**

George Kohlreiser, John Bowlby, Attachment Theory

E.g. http://www.imd.org/news/TEDx-talk-George-Kohlrieser.cfm
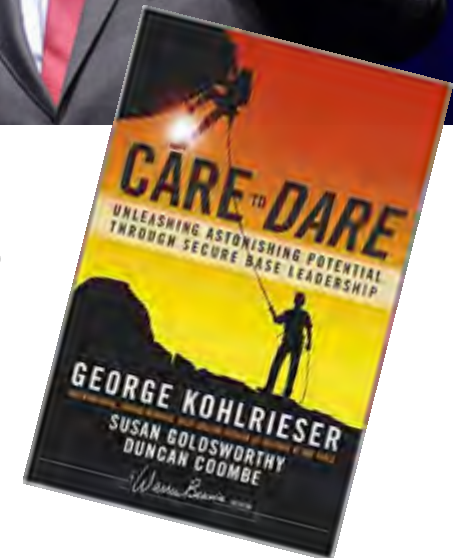
Agile Adoption

Everyday experience

Narrow learning

Manage problems

Batch Queue

Fragmented organization

"Pressure. Must. Should."

"No time to jump on the bike."

"Power and wisdom are always elsewhere."

Adoption path

1. **Change thinking**

"Pressure. Must. Should."

"No time to jump on the bike."

"Power and wisdom are always elsewhere."

Adoption path

Wide learning

Fearless Leadership

Batch Queue

Unity of organization
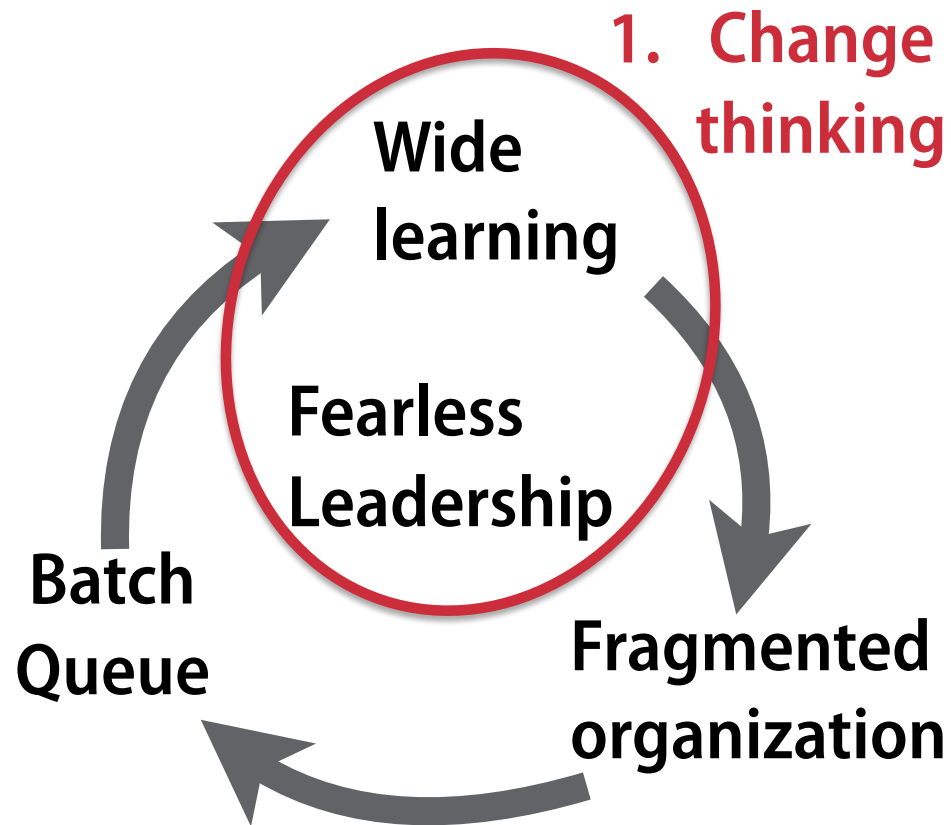
"Pressure. Must. Should."

"No time to jump on the bike."

"Power and wisdom are always elsewhere."

2. Organize for customer-centric learning

53

Adoption path

Wide learning

Fearless Leadership

Flow of work and feedback

Unity of organization

3. Start working

"Pressure. Must. Should."

"No time to jump on the bike."

"Power and wisdom are always elsewhere."

Adoption path

4. Learn forever

Wide learning

Fearless Leadership

Flow of work and feedback

Unity of organization

"Negotiate the Pressure."

"Take time to jump on the right bike."

"Power and wisdom are where the work happens."