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# ENTERPRISE ARCHITECTURE PROFESSIONAL JOURNAL

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## EDITOR'S WELCOME

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by Darryl Carr, EAPJ Editor

Welcome to the August 2020 Edition of the Enterprise Architecture Professional Journal. We serve practicing and aspiring enterprise architects, as well as those who apply the holistic perspective of enterprise architecture to other disciplines. EAPJ informs their daily work and benefits their careers with content that is focused, concise, authoritative, practical and accessible.

Turning our attention to the content of this edition, it would be a significant understatement to say that 2020 has been an unusual year, with the Covid-19 pandemic impacting people in all parts of the globe. The business world has seen significant disruption, with global supply chain impacts, widespread recessions, and enormous effects on both the physical and mental wellbeing of the workforce. We've seen large numbers of projects halted, business models changed almost overnight, remote working become a reality for workers everywhere and store shelves cleared through panic buying. Whilst some parts of the world are showing signs of recovery, other parts are still very much suffering from worsening economic conditions, rapidly rising unemployment, and of course, the devastating cost of lives lost.

In a world facing so much change, this issue focuses on a feature article by experienced practitioners Keith Youens and Bard Papegaaij. Their whitepaper takes an in-depth look at the conjunction of Covid-19 and the wave of digital disruption that was already well underway across the global business community. It's a thought-provoking piece, with actionable insights, and we hope you enjoy reading it.

We also have a note from EAPJ Founder, Dr Steve Else, talking about the state of EA modelling tools, and back again in this edition of the Journal is the EA Events section, highlighting some of the activity happening in EA-related events, conferences and training going on around the world. There is plenty of activity, so have a look, and get out there and get involved, even if it's from the comfort of your home office.

Please contact me at [editor@eapj.org](mailto:editor@eapj.org) with your questions, comments, ideas and submissions. As always, I look forward to hearing from you!

*Darryl Carr*

*Editor, Enterprise Architecture Professional Journal*

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# FOUNDER'S NOTE

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by Dr. Steve Else, EAPJ Founder

## Some Major Challenges for Enterprise Architecture in 2020

The Enterprise Architecture (EA) of today is much different from that of EA's heyday of 2005-2010 (approximately). Fundamentally, EA today must be about delivering value quickly and consistently, as an optional program, not about setting up large, expensive, permanent, top-down driven EA programs. 10-15 years ago, there was a big push for expensive EA tools to allow all elements in even the largest of organizations to be related to each other in order to look across the whole organization, supporting "What if?" and impact analyses.

For example, the U.S. Department of Health and Human Services and the Department of Homeland Security both invested in the Troux® EA tool, which promised such a capability. It proved unable to perform at such a large scale and eventually Troux was sold off to Planview™ in May 2015 to be more focused on application portfolio management. Mega® was also a very popular tool, promising similar organization-wide analytical capability that it has been hard pressed to deliver, although it is still a viable EA tool company all these years later. Similarly, Software AG offered ARIS® as an overarching EA tool and added Alfabet® in June 2013, with more of a focus on managing the application landscape in a customized way for large companies.

One of the most popular tools today, replacing, for example, Alfabet, in many organizations, is LeanIX®. It has greatly simplified its platform, all Web-based, to avoid the complex configuration challenges of legacy tools, and focuses on 8 pre-structured "Fact Sheets". These are updated, as needed, with the latest information about major application investments so as to be assured the information is the most current, and can be displayed effectively in easy-to-interpret views.

An up and rising tool, bpanda®, which stands for Business Process and Architecture, is also a Web-based tool that emphasizes simplicity for gathering information about business processes and application portfolios (this latter capability being eased in in the coming weeks). The German company MID.de, which produces bpanda, is rolling out 14,000 bpanda licenses in the coming weeks to the Swiss Federal government, with whom MID has an exclusive 15 year contract for providing EA tools and services.

The key words for bpanda are simplicity for setup, and ease of use, so it can rapidly show value. For heavier modeling requirements, it is interoperable with Innovator, a powerful EA platform built up over decades, which is now working on a feature that is lacking from most large EA tools: a time dimension – how long is the information in the tool actually valid? This is something that lightweight tools like LeanIX and bpanda will provide so that organizations can be confident that their EA-related analyses are based on the latest information about the application landscape.

One of MID's major challenges is to build a stronger capability to show traceability between investments, modeled as structure and behavior, including performance, and strategic goals. In my view, current generation EA tools must also start incorporating robust capabilities to do Analyses of Alternatives, maybe assisted by AI and simulations so as to have more confidence about the right scoping of initiatives, as well as the best implementation choices, and their optimum sequencing.

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Another major challenge for EA can be summed up as integration: How can different systems, including EA-focused ones, be best integrated with other management frameworks and workflows, including in a measurable way, along a path of increasing maturity and effectiveness over time?

Finally, there are more challenges these days working between business (systems) analysis, business process modelers, business architects, enterprise architects, solution architects, and software/systems engineers, across the complete Product Life Cycle in order to manage it with more transparency end-to-end. In a way, this is a major difference from the EA programs from 10-15 years ago, which nonetheless were often in competition with armies of business analysts for funding in support of Program Management Offices.

I think that there must now be better education on how EA works optimally with Business and Solution Architects and the other way around. There is interest that needs to be capitalized on. In addition, the area of Technology Business Management, focused mainly on IT budgeting and acquisition management, has made large strides over the past 5 years. It is, for example, one of the pillars for CIOs in the U.S. Federal government, whereas EA is not even mentioned on the CIO.gov Website. That noted, there is still a lot of interest in U.S. Federal government agencies on how modern EA, linked for example to lean agile approaches, can add value.

In conclusion, modern EA must be simple, intelligent, easily set up and used, and well integrated with Solution Architecture and engineering. To some degree, my book, the **Customer-Centric Architecture Method: Pathway to High Value Enterprise Architecture** helps lay out a way to better collaborate across these areas. Collaboration and integration are absolutely key challenges that EA must address going forward for better-informed decisions, made faster for incremental delivery of value.

With that in mind, we have some great material in this edition of the Journal. We hope you enjoy it.

*Dr. Steve Else*

*Founder, Enterprise Architecture Professional Journal.*

# FEATURE ARTICLE

## THE NEW FUTURE OF BUSINESS AND LEADERSHIP:

### THE FOURTH INDUSTRIAL REVOLUTION AND COVID-19 COMBINED

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Keith D. Youens, MSc  
Digital Business Transformation Strategy and Leadership

Bard C. Papegaaij, MA, MACS  
Chief Change Facilitator

*“We are entering an Age of Unreason, when the future in so many areas, is there to be shaped, by us and for us – a time when the only prediction that will hold true is that no prediction will hold true; a time therefore, for bold imaginings in private life as well as public, for thinking the unlikely and doing the unreasonable.”*

*Charles Handy, organizational culture specialist*

While researching this whitepaper the world entered new and uncharted waters. The Covid-19 pandemic puts unprecedented pressure on the fundamental pillars of our current world paradigm. Business, education, government, healthcare and society are changing faster than ever. Already some of the concepts and ideas highlighted within this white paper as on the future horizon, have now become, or are now being considered, the new normal for the world paradigm that is unfolding.

*“It is not the strongest species that survive, nor the most intelligent, but rather the ones most able to change.”*

*Charles Darwin*

What we can be sure of is this: what once was will never be again. These are precarious times. But they are exciting times as well.

*“We are now faced with the fact that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history, there “is” such a thing as being too late. This is no time for apathy or complacency. This is a time for vigorous and positive action.”*

*Martin Luther King*

Are you ready to change and adapt?

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## THE EXISTING WORLD PARADIGM

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Change is upon us, whether we are ready or not. Perhaps this global crisis is a “line in the sand” for the world of business and society at large. Perhaps it is the catalyst to a new world paradigm.

Business and leadership were already facing unprecedented times (see Table 1) as the world transitioned into the Fourth Industrial Revolution. The Covid-19 pandemic adds urgency – as well as uncertainty - to the already existing need to transform. The speed, reach, and impact of this crisis is destabilising many industries, organisations and leaders, and its course is not yet run. Leadership can barely keep up with, let alone lead, these waves of disruption. Even more worrying, a recent Global Leadership report across business and government produced by Deloitte, identified an ‘*executive myopia*’ that indicates *a systemic complexity gap in leadership*.

Global debt is currently at \$US257 trillion and global debt-to-GDP ratio hit 322% in late 2019. This is being further exacerbated by the trillions of dollars in credit and loan guarantees currently being dispensed by central banks and governments (+\$US10T). The IMF prediction of a global depression is balanced by the hope that the economy will then bounce back post crisis. The abrupt halt to the global economy threatens to impose economic devastation so profound and enduring that recovery could take years – and the business landscape will not be the same. Widespread business closures and mass job losses ripple through society exacting psychological costs, leaving whole industries teetering in a precarious state.

### What does “post crisis” or “recovery” mean?

For businesses, there are three main scenarios:

1. They don’t survive the crisis;
2. They manage to survive the “hibernation” phase and then attempt to go back to business as it was pre-crisis; or
3. They use the “hibernation” phase to think ahead and reinvent themselves for the new paradigm.

Historically, recessions have primarily pushed businesses to adjust their business models; more dramatic crises, such as war and pandemics, tend to be catalysts for real innovation, including the creation of whole new categories of business.

*“It also becomes quite clear that both pandemics and recessions are accelerants to innovation versus being direct causes of it i.e. these startups and business ideas were around but gained popularity at a faster rate thanks to a certain black swan event.”<sup>1</sup>*

Organisations that don’t adapt will struggle and quickly become irrelevant. Governments, Business, and the Global Education System need to understand the rapidly evolving underlying trends in leadership, technology, talent and society at large. Even Capitalism is being debated, faced with another bout of austerity, people are losing faith in the promise of capitalism to improve their lives, and alternative economic models gather interest. Organisations will need to embrace this new mindset and make sense of the implications brought about by this shift to become more agile, and better able to respond to an ever-changing environment.

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<sup>1</sup> COVID-19 Will Fuel the Next Wave of Innovation - Hamza Mudassir

*“What makes today’s modern, digital transformation different is that it’s almost all-pervasive.... It’s not transforming a part of the business. It’s transforming the structure and the strategy of the entire business.”<sup>2</sup>*

Some organisations remain unscathed by this crisis and some are experiencing great success. Most of these have either successfully digitally transformed or are platform based digital natives. These companies have the ability to automatically adjust their offerings for millions of individual customers, leveraging real-time data to inform their behaviour - without direction from the senior leadership.

Many, if not most, people and organisations are experiencing elements of what this new normal represents, such as e-commerce, digital payments, tele-health, remote working and remote learning. Because of the nature of this virus and the potential for continued and ongoing disruption, digitisation is critical for most organisations, as is the ability to ensure operations can continue through the use of virtual human-technology teams.

These changes are not superficial. They challenge current belief systems about leadership, globalisation, education, business and technology. They pose an immediate threat to the income stability of employees as they get caught in the crosscurrents of this new paradigm. We are on the threshold of a new world paradigm which is going to have a fundamental impact on all of society. This is going to change the way we live, work and achieve a sense of purpose and meaning in our lives.

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<sup>2</sup> Digital Transformation: Becoming a ‘Forgetting Organization’ - Eric Clemons - Wharton

The following table provides a summary of the dynamics that contribute to the complexity that businesses and leadership now face:

<b>Type</b>	<b>Issue</b>	<b>Complexity</b>
<i>Systemic Issues</i>	Climate change	Some people expect this to be solved by applying the latest exponential technologies – such as AI, ML and Quantum Computing - to the vast amounts of data being captured and analysed. They may be right but it's too early to tell, and too early to be confident about this.
	Resource scarcity and disruption of ecosystem cycles	On Monday, 29 July 2019, 209 days into the calendar year, we had used up all the resources the earth could regenerate in 365 days (Global Footprint Network). This is known as “Earth Overshoot Day”: “the day when humanity overshoots the planet’s ability to recover from what resources we consume within each year ... At this rate, it would take 1.75 Earths to sustainably meet the current demands of humanity, according to the available data.” <sup>3</sup>
	“Command and Control” management tools, methods and structures	During the “management century” (1911 – 2011), organisations have been managed and operated using the machine model and the principles of scientific management. This hierarchical “command and control” structure resulted in an era of unprecedented scale and efficiency. Now, as we transition into a new paradigm, this model is no longer viable, and dangerously so. Some business leaders and economists have begun to think of this management paradigm not just as a weakness but as the very reason for the failure of many companies.
	Political outcomes are becoming less predictable	The rising nationalism and the increasing polarisation of the political landscape and the rise of both left- and right-wing populism are destabilising the political landscape. Political outcomes are becoming more unpredictable and disruptive. This also undermines the trust in international institutions, which are becoming increasingly unstable. The latest disruption to the global supply chain is causing organisations to bring offshored operations back onshore. They seek to replace the cost savings they realised through offshoring by adopting technologies such as RPA, AI etc. to digitise the onshore operation – this will lead to long-term job losses
	Competition	Organisations find their ability to compete hindered and complicated by the need to navigate complex and evolving issues such as user trust, data privacy, and a rising tide of rules and regulations. These issues will become critical as established companies seek to adopt local suppliers while start-ups accept the risk of sourcing and using cheaper global suppliers in this already destabilised global economy.
<i>Technology</i>	Waves of innovations and the speed of disruption	The speed and frequency of successive and overlapping waves of innovation create an environment of “always on” and “constant change”. Exponential technologies such as AI, ML, robotic, nanotechnology, space technology, biotechnology and quantum computing combine to push the rate of innovation and disruption to outpace organisations’ ability to stay abreast the latest developments and their potential impact.
	Digitisation and disintermediation	Established businesses and industries are being commoditised or replaced through digitisation, and the innovative use of new business models, platforms and automation.
	Technologies disrupting the nature of work	Evolving technology is changing the nature of work and the skills required of workers. All employees will need to be able to collaborate with machines. Most will also need digital skills to design, change and maintain those machines. As the more ‘mechanical’ aspects of work become automated, increasingly the contribution of the workers will be their distinctly human capabilities such as empathy, creativity, judgment, and imagination.

<sup>3</sup> WEF

	Exponential change and disruption	The concept of “exponential” change and disruption is poorly understood by 19th & 20th century businesses, who are still trying to manage change with dedicated separate organisational roles and solutions that seemed to work in the past.
	Accelerating growth and democratisation of information	The increased volume, transparency, and distribution of information require organisations to engage in multi-faceted communication and complex collaboration with a multitude of stakeholders. This also means having to be consistently vigilant regarding the constantly evolving legal and regulatory implications of this information democratisation.
<i>Customers and Markets</i>	Power shift to the Customer	Each successive generation will expect more openness, social responsibility, and inclusiveness from the companies they buy from and work for. The new generation—of both talent and consumers—expects businesses to look beyond profit and to positively impact society. Companies must shift their focus from a short-term view of shareholder primacy (which measures only financial gains) to stakeholder primacy - a humanistic, long-term view of total societal impact, which measures the economic, social, and environmental impact of a company’s products, services, operations, core capabilities, and activities.
	Market volatility and fast-changing customer buying patterns	The “customer is king”, is back and in our, always on economy with 24/7/365 communication across the globe, means customers expect what they want when they want it. The pace of changing buying patterns truly relates to the pulse of the market.
	Increasing transparency and less privacy due to social media and changing ethical considerations	The amount of information collected on every person, product, and organisation is growing exponentially, and the pressure to share that information — with customers and consumers in particular — is increasing. Privacy is the price we pay for the consumer comforts and personalisation this widespread sharing of data enables.
	Social Uprising	Social backlash to business is more frequent and larger in scale. Companies are facing escalating social activism from all stakeholders including governments on issues of climate risk, economic inequality, and societal well-being.
<i>Employees</i>	High levels of stress, burnout and depression	In Australia alone, there is an 18% annual increase in work related anxiety and stress illness. The latest reports suggest that 1 in 8 Australians are suffering from some form of increased anxiety due to current global situation.
	Low levels of employee engagement	Global employee engagement is weak with less than 20% reporting that they are fully engaged at work. <sup>4</sup>
	A war for talent	In a world based on linear disruptive technologies (1960 – 2011), companies are struggling to find and keep skilled resources. As we move into a multi-faceted, multidimensional exponential world, this problem is only going to get worse. ” As creative knowledge-and-learning-based tasks become more important, organisations need a distinctive value proposition to acquire—and retain—the best talent, which is often more diverse.” <sup>5</sup>
	Millennials, GenZs, and Centenials desiring new ways of working	“These “learning workers” often have more diverse origins, thoughts, composition, and experience and may have different desires (for example, millennials).” <sup>6</sup>

Table 1- Business and Leadership Complexity Dynamic

<sup>4</sup> Nine Lies About Work – Marcus Buckingham & Ashley Goodall

<sup>5</sup> The five trademarks of agile organizations - McKinsey

<sup>6</sup> The five trademarks of agile organizations - McKinsey

## THE NEW NORMAL PARADIGM

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### COMMAND & CONTROL LEADERSHIP VS COLLABORATIVE CONSCIOUS LEADERSHIP

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Organisations, leadership and the way we do business are undergoing an evolutionary shift, some say, inspired by the next stage of human consciousness. The current crisis is accelerating this.

Modern organisational hierarchies and structures, supported and maintained by management tools, processes and methodologies, have resulted in companies amassing great wealth for their shareholders. Especially in the last century – the “management century” – this wealth concentration has reached unprecedented levels in modern history (see Piketty<sup>7</sup>). McKinsey<sup>8</sup> describes the last 100 years (1911 to 2011) as an *“era of unprecedented effectiveness and efficiency”* and *“a breakthrough insight that optimised labour productivity using the scientific method”*. This scientific method builds hierarchical organisations that are operated and optimised as if they are machines, glossing over the reality that its ultimately the people that make an organisation work, not the structures or the systems.

In spite of its apparent success, the pillars propping up the current model have begun to break down. We are now transitioning out of this era.

*“The old systems and structures of a post-industrial hyper-consumerist culture are slowly breaking down.”<sup>9</sup>*

Leadership studies point to rising challenges among leaders today and a lack of skills to deal with the speed and complexities we now face. A recent Global Leadership report across business and government produced by Deloitte, identified an ‘*executive myopia*’ that shows: *“short-termism; reactive aversion and systemic fear; internationalized focus on cost-cutting rather than out-of-the-box thinking; cognitive frailties and fatigue. All of which contributes to a rich-picture forming of a systemic complexity gap in leadership.”* Leaders and the organisational structures of today are stuck in an outdated way of leadership and control that cannot meet the speed of transition and severity of what the future requires.

*“Organisational specialists around the world have been warning for years that, in order to keep up with the rising complexity, a new way of leading and operating is essential. In 2018, Deloitte surveyed over 14000 CEOs across 23 industries, and found a clear complexity gap in leadership consciousness – leaders who didn’t feel they had the skills to address the complexities they face.”<sup>10</sup>*

The theory of Spiral Dynamics<sup>11</sup> links the stages of Human development (Tribal, Traditional, Modern, Postmodern and Post-postmodern) with specific types of organisations, leadership and management

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<sup>7</sup> Piketty, T. (2017). Capital in the Twenty-First Century. Harvard University Press.

<sup>8</sup> The five trademarks of agile organizations - McKinsey

<sup>9</sup> Regenerative Leadership – The DNA of life-affirming 21st century organisations – Giles Hutchins & Laura Storm

<sup>10</sup> Regenerative Leadership – The DNA of life-affirming 21st century organisations – Giles Hutchins & Laura Storm

<sup>11</sup> Beck, P. D. E., & Cowan, C. C. (2014). Spiral Dynamics. John Wiley & Sons.

practices. In his book, “Reinventing Organizations”, Frederic Laloux<sup>12</sup> gives an overview of these organisational models and how they align with human development over time (see [Appendix A](#)). At each stage of development humanity experienced leaps in moral, cognitive and psychological ability. Such leaps give rise to new models for people to organise and collaborate.

Presently, many companies operate based on Postmodernism ([Orange Organisation – see Appendix A](#)). They manage and operate companies as machines and objectify employees as resources. They adopt organisational silos responsible for managing and optimising resources in the efficient and effective delivery of specific tasks and objectives - with shareholder value as their ultimate measure of success.

But a new mindset and leadership paradigm is emerging. There is a move away from the traditional bureaucratic, hierarchical command and control-based organisations to those more closely modelled on living systems. We see the rise of adhocracy and the concept of the ‘agile organisation’ with leadership that requires a new humility, and which may not come easily to those used to controlling and making confident predictions. Early adopters of this new paradigm have (often far) outperformed their more traditionally structured counterparts (see Laloux<sup>13</sup> for examples of such companies).

The world’s top Strategy and Business Consulting organisations see this approach as the future of business and leadership.<sup>14</sup>

***“Any company designed for success in the 20th century is doomed for failure in the 21st century.”***

*David S. Rose*

The new paradigm requires leaders to simultaneously reinvent and sustain the business through this transition. The challenge is not just managing this in the current precarious climate of chaos and uncertainty; it also requires a fundamentally different mindset and approach. Most organisations, throughout their business cycle, have a need for either disciplined (stability) or entrepreneurial (growth) leadership but rarely both at the same time. Some of the World’s top leadership development educational institutions are now incorporating a focus on mindfulness and mindsets in alignment with a more conscientious leadership approach. By bringing an awareness to inner competencies, they hope to develop the skills and attitude needed by future leaders to make decisions during times of uncertainty and constant flux.

***“Microsoft CEO Satya Nadella nearly tripled the company’s stock price by inspiring the organization to change from a group of “know-it-alls” to a group of “learn-it-alls” who exhibit a mindset of growth rather than of established expertise.”***

*BCG - Organizing for the Future with Tech, Talent, and Purpose*

Giles Hutchins and Laura Storm, in their book Regenerative Leadership<sup>15</sup>, reference Investment companies, top business education institutions such as MIT Sloan School of Management, and

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<sup>12</sup> Laloux, F. (2014). Reinventing Organizations.

<sup>13</sup> Laloux, F. (2014). Reinventing Organizations.

<sup>14</sup> The Bionic Company – Winning the 20s - Rich Hutchinson, Lionel Aré, Justin Rose, and Allison Bailey - 7 NOVEMBER, 2019 / The organization of the future: Arriving now – Deloitte Insights by Josh Bersin, Tiffany McDowell, Amir Rahnema, Yves Van Durme – February 2017 / The five trademarks of agile organizations – McKinsey & Company - By Wouter Aghina, Karin Ahlback, Aaron De Smet, Gerald Lackey, Michael Lurie, Monica Murarka, and Christopher Handscomb – June 2018

<sup>15</sup> Storm, L., & Hutchins, G. (2019). Regenerative Leadership.

respected Business Management thought-leaders who are all in absolute agreement that this represents the future of business and leadership.

*“Instead of modelling themselves on the assumed efficiencies of machines – a thought process that emerged during the industrial age – these firms model themselves on living systems. Firms with open, ethical, inclusive traditions – where employees have a voice and a stake in what happens – have a distinct advantage over traditionally managed companies where most decisions are made at the top.”*

*Jay Bragdon – Investment Manager 2016*

As the world transitions into the next stage of human development (post-postmodernism according to Laloux - [Teal Organisation – see Appendix A](#)), the more feminine aspects (not gender related) of the human psyche re-emerge. This represents a taming of our ego, empathy, collaboration, and a more conscientious way of being. In his book “The Culture Code”, Daniel Coyle describes how the most successful businesses are led by leaders that create safe environments for teams to operate. These are leaders that demonstrate high emotional intellect with the strength and ability to create an ecosystem of psychological safety for individuals and teams to thrive.

*“Peter Senge, considered to be one of the most seminal business thinkers of the last 75 years, says that the Number 1 most important thing facing our leaders, managers and change agents today is a fundamental shift in logic, a shift in the way of thinking, from an essential mechanistic control-based narrowing-down reductive tendency that so much of our managerial logic is inured in today, to a recognition that our organisations are living systems. And these organisational living systems are intimately interrelated with the living-systems of society which are intimately interrelated with the living-systems of our more-than-human-world”.<sup>16</sup>*

## Leadership Challenges

To stay relevant in the emerging new normal, leaders will have to take a number of steps:

### 1. Develop conscientious leaders

New organisational models require a new approach to leadership and leaders of networked teams in an agile organisation need to be ‘servant leaders. Develop the strength, conviction and trust to evolve into servant leaders, with skills such as empathy, negotiation, resilience, critical thinking and the ability to deal with uncertainty and ambiguity. These leaders place the wider ecosystem at the forefront of any decisions when setting the organisational intent and lead by modelling the right behaviours – replacing shareholder primacy with stakeholder primacy.

### 2. Build Psychological Safety

Instead of directing, even forcing people into cooperation and compliance, the new leader utilises the more feminine aspects of the human psyche (not gender related) to establish team rapport and create an environment of safety and trust. This requires leaders with increased self- and social awareness, and a conscious shift away from the masculine ‘command & control’ mindset still prevalent today. Instead of leading from a position of

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16 A Supreme Moment in Our Humanity – Now is the Time! – The Nature of Business - Giles Hutchins

authority, learn to lead from a position of support. Instead of the collective working for the leader, the new leader works with the collective providing an environment of psychological safety and belonging where individuals are heard and teams can thrive.

### 3. Embrace uncertainty

As businesses begin to re-emerge from this crisis, there will be uncertainty in all aspects of the business and the wider ecosystem of suppliers, partners, supply chains, etc. Unlearn the traditional, mechanical mindset that assumes that organisational actions can be perfectly planned and controlled where outcomes are predictable and controllable. Leaders need to become comfortable with, and even embrace, the uncertainty of the non-linear and unpredictable effects of the current turbulence and speed of change.

### 4. Think ecosystems, not hierarchical closed systems

Recognise that organisations are complex adaptive ecosystems. In such systems any action and outcome directly impacts upon everything else in the organisation and wider ecosystem. Everything is connected and inter-dependent - employees, customers, suppliers, partners, competitors, ... at times, all act both inside and outside the defined organisational boundaries. Leaders need to understand that ecosystems do not operate in hierarchical and siloed structures and cannot be managed by setting discrete goals and managing outcomes as separate and isolated entities.

### 5. Digital literacy and whole of business knowledge

Leaders must be digitally literate, ensuring that they have a broad understanding of the fast-evolving digital landscape. This ongoing learning may be micro-credentialing, use of independent external advisory boards, or regular briefings on new and disruptive technologies. Additionally, they must have a high degree of network intelligence, that includes an in-depth understanding of their entire company (not just their silo), talent and operations, their industry and ancillary industries, and intimate real-time knowledge of their customers and markets.

### 6. Create real value

Instead of focusing on selling products and services, organisations must prioritise creating real value for their customers and the wider ecosystem. This means solving actual customer problems, rather than creating false markets for products and services that customers do not really need or want. It means moving away from the transactional model that shapes the relationship between the organisation and its customer exclusively around the product or service. Instead, a partnership model is emerging that shapes the relationship around a longer-term value exchange and mutual contributions to the ecosystem they are both part of.

### 7. Fluid working conditions and virtual teams

Companies will need to review corporate policies and initiate a top-to-bottom redesign of their human resource practices and processes in an attempt to address the new paradigm and the tensions that it introduces. Leaders must instil a sense of trust and confidence while being able to work with virtual remote teams. The notion of mandatory daily employee attendance in the office is already obsolete as is being evidenced right now with millions currently working from home. There is no evidence to suggest that working in an office optimises employee productivity, satisfaction, or performance. It is the exact opposite, studies reveal that most employees are disengaged and unproductive, despite the omnipresence of management. Recent surveys of 8,000 workers by McKinsey's Global Institute and 3,500 remote workers by Buffer find that workers, working remotely, report higher levels of satisfaction and greater productivity.

## 8. Workforce transition

As organisations begin to reopen, there will be real uncertainty around all aspects of business meaning traditional supply and demand / sales modelling will not work. Companies will rely on the planetary / gig workforce and smart technologies to replace and augment workforces to deal with this structural uncertainty. Companies need to take a greater responsibility for the welfare of their employees, those remaining and those being let go, as we enter this new business and social paradigm. Companies, working with other ecosystem participants, government, and education institutions, will need to create transition pathways for those employees who get caught in the inevitable job losses that will eventuate in the short to medium term. There will also be a need to create assurances and psychological safety for those remaining to avoid jeopardising any further planned changes and technology adoption.

## 9. HR Policy must be inclusive of all workers – both gig and (semi)fulltime employees

HR must acknowledge the rapid emergence and importance of the “planetary” gig / freelancer workforce and see them as the vanguard that explores what the future of work is about. They must ensure that the associated HR policy, processes, and procedures are rewritten to include this evolving talent pool and ways of working. Organisations must ensure that these workers are engaged and treated as valued staff in an inclusive work environment.

*“Leaders will stop thinking of themselves as the controllers of hardwired organizational structures, processes, and rules. Instead, they will be more like jazz conductors, setting up the parameters of a flexible and dynamic system that unleashes employees’ initiative and allows them to cooperate to achieve the organization’s goals.”*

*BCG - Organizing for the Future with Tech, Talent, and Purpose*

In traditional models, organisations think in linear value chains to deliver products and services. Today, economic activity is increasingly organised within ecosystems that are complex networks of companies and merging industries. These business ecosystems create and capture value through sophisticated combinations of collaboration and competition (coopetition), while greatly expanding their learning potential. They operate with exponentially more data, engage in rapid experimentation, and connect with growing networks of ecosystem participants. To harness this potential, the boundaries of the enterprise need to be redefined and economic activity orchestrated, coordinated, and influenced far beyond the scope of traditional strategy and planning.

Business ecosystems share three core characteristics:

### 1. Multiple parties

Business ecosystems are a network consisting of a diverse range, in size and scope, of organisations, partners and individuals - that can co-create, scale, and serve markets beyond the capabilities of any single party. Working together they provide the necessary diversity and variety to learn, adapt and innovate, producing a healthy, resilient system.

### 2. Loosely coupled, de-centralised collaboration

The participating stakeholders interact and co-create in sophisticated ways that cannot be formally coordinated in a traditional, top-down manner. To connect and collaborate they use platforms, tools and the latest disruptive technologies. This evolution promises the development of increasingly sophisticated and productive ecosystems in the future.

### 3. Shared benefits and mutual contributions

What bonds stakeholders together in an ecosystem is a combination of shared insights, skills, expertise, knowledge, purpose, and values. Ecosystem stakeholders are all motivated to collectively nurture, sustain and evolve the ecosystem as a shared 'commons'. Competition thrives while everyone cooperates, contributes, and benefits.

Linear, transaction-centric relations are becoming circular. Value chains that used to have a definite start and finish are becoming value-cycles. The start and the finish become one. And the cycle itself has many modes of participation rather than the binary ones of producer or consumer.

The new era is much more collaborative than it is competitive. Competition will never completely disappear as a motivating and regulating mechanism. But the old style of winner-takes-all competition will not work in the complex and interconnected platform-based ecosystems of the new era. Value has to be shared to be sustainable. Voluntary collaboration is the only winning strategy when centralised coerced cooperation fragments and fails. Ultimately, power *over* others, which is the main feature of the current masculine mindset, will make place for power *with* others.

***“To win, companies will need to define competition more broadly, adding new dimensions of value through environmental sustainability, holistic well-being, economic inclusion, and ethical content. This will require radical business model innovation to enable circular economies for precious resources; to provide assets that are shared rather than owned; to broaden access and inclusion; and to multiply positive societal impact.”***

*BCG - Optimize for Both Social and Business Value*

New business ecosystems use common, platform based, industry-aligned operational backbones to service their core business capabilities. These (almost) fully autonomous platforms are powered by

technologies like AI, RPA and ML. Such digital ecosystems enable adaptive, transient competitive advantage by replacing the hierarchical modes of sense-making and action-setting. Traditionally, information flows upwards and commands flow downwards through the hierarchy. This, in effect, limits who interprets the significance of the information and decides how to respond to it, with the most powerful decisions happening at the furthest point away from where the information originated. In the new paradigm, the whole organisation and especially the frontline teams have real-time access to this information and are enabled and empowered to listen and react to the signals of the markets and the wisdom of the crowds. This enhanced responsiveness lets the new digital natives gain significant market share.

Since the total value of the ecosystem depends on the complex and dynamic interaction between all participants, the ecosystem itself will not allow a single player to become a net value extractor, taking out more than it puts in. Organisations will be deemed successful, not by their ability to dominate the ecosystem, but by their ability to maximise the value all participants derive from interacting with them. Organisations that enrich the ecosystem for all will survive and thrive. In contrast, organisations that deplete the ecosystem will soon see their short-term gains turn into long-term decline and ultimate demise. The system will defend itself against such behaviour, talent, ideas and money will flow elsewhere, isolating the offending parties and starving them of resources.

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### WHAT IS BUSINESS COMPLEXITY?

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According to Jost Hoppermann, an analyst at Forrester Research, *“Business complexity is the condition of having several interdependent and interconnected stakeholders, information technology systems and organizational structures.”* Complexity can manifest as institutional complexity which can be the number of countries the company operates in or the number of brands and people that need to be managed across the different departments. Then there is operationally imposed complexity, which includes poor processes, confusing role definitions, unclear accountabilities, etc.

As organisations grow, departments are created to manage the complexity that comes with that growth. As the number of staff, systems, processes and interactions increase, they become too much for any one person to manage. In an attempt to keep things under control, departments get added, divisions are created, and layers of management emerge. For the traditional ‘mechanical’ mind, the resulting organisational hierarchy is the only logical reaction to the growing organisation. Traditionally there has been a clear correlation between the growth and success of a business and the number of departments / divisions and resources required to manage the increasing complexity.

According to the OECD there has been a productivity slowdown which *“has occurred at a time of rapid technological change, increasing participation of firms and countries in global value chains (GVCs), and rising education levels in the labour force, all of which are generally associated with higher productivity growth.”* One explanation for this has been that the technological advances and management strategies that worked to propel productivity in the past are no longer contributing to productivity. Instead, they have become obstacles to adaptation and resilience under change. On top of that, an estimated 70% of programs and projects in organisations world-wide fail to deliver the expected value, or any value at all. Harvard Business Review estimated that of the US\$1.3 trillion dollars spent on digital transformation in 2018, about US\$900 billion was wasted on initiatives that did not meet the identified goals.

Organisations are complex systems. But that intrinsic complexity is magnified and confounded by managements’ attempts to manage and control it. These human-made complications are one of the reasons organisations struggle to change and adapt. Change is executed within competing silos across the organisation. Implementation and execution maintain the existing organisational structures and hierarchies, which makes delivering on the corporate strategy practically impossible.

*The focus lies on serving the structural/organisational demands of each silo over the overarching needs of the strategy and customer/market demands.*

Driven by the principles of shareholder primacy, short-term goals, and competitive metrics, silos compete with and against each other. Their leadership – predominantly masculine, “command and control” alpha leaders – chase after individual rewards and power, ignoring and undermining the benefits of organisation-wide collaboration. Attempts to solve this conundrum using integrative technology solutions such as ERP and CRM generally fail to change this competitive behaviour. Excessive complexity, opaqueness and myopic internal competitiveness may be dysfunctional and damaging to the organisation - they *do* preserve the status and power of managers and experts. Targeting such complexity directly threatens the status quo, causing collective resistance to any such change.

The dominant competitive paradigm causes organisations to strengthen their external boundaries, creating layers of complication for anyone interacting with them from the outside. From that outside they appear as monolithic giants, protected by impenetrable walls. Paradoxically, on the inside they are fractured and divided, made up of many little fiefdoms struggling for survival in a climate of competition, bureaucracy, organisational lethargy, technology and cultural debt.

This may have worked when business cycles were slower; when strategies intended to create sustained competitive advantages; when market entry was contingent on having exclusive access to expensive assets such as capital, equipment or industrial knowledge and expertise. It may have worked when learning was based on improving the future by ironing out the operational imperfections of the past.

The new business paradigm, however, moves much faster. True agility is required to even keep up. The centuries old barriers to market entry have been significantly reduced. Everyone now has to compete using their ability to read the pulse of the market then quickly learn, adapt and pivot to realise successive waves of transient competitive advantage.

With the shift to ecosystem thinking and a collaborative mindset, the focus on operational efficiency shifts to a focus on organisational health. Resilience, sustainability, scalability and adaptability are more important than speed, cost and predictability. Traditional linear value chains and static supply chains are being replaced by networks of cross-industry and cross-company ecosystems. As silos and hierarchies dissolve and get simplified, the organisational complexity moves from the inside to the outside. Instead of managing and maintaining static structures, organisations now need to learn to operate inside the fluid relationships and shifting interactions occurring within their ecosystem. New technologies, focusing on human-machine collaboration and human augmentation, replace technologies focusing on automation and human replacement. Advanced technologies such as AI, ML, Blockchain, etc. – underpinned by ubiquitous data, unlimited connectivity, and massive processing power – become the new substrata necessary for the emerging ecosystems to thrive.

*Ecosystems combine information and capabilities from a wide variety of players, increasing their collective ability to explore new paths and learn about the market. They also enable the rapid development of new offerings in response to emerging opportunities that could not have been foreseen. These benefits will be essential in future business environments, which will likely be more complex and less predictable than those of the past.*

*BCG - Company of the Future | Winning the '20s*

In today's agile and adaptive ecosystems, the best intelligence far outweighs the best strategic plan. The 4th Industrial Revolution brings new exponential technologies and a tsunami of data. For organisations to be able to learn from this data fast enough, their rate of learning needs to increase. This introduces a new paradigm: competing on the ability to learn.

*“There is a tremendous amount still to be learned about how to compete in a world moving at the pace of digital. This places a huge premium on being able to learn quickly, experiment, and then pivot to reflect the insights gleaned. Incumbents need to stop spending money trying to be a better version of their analog selves, and instead start approaching digital strategy with an eye toward discovery.”*

*MIT Sloan – The New Disrupters - By Rita Gunther McGrath*

Traditional organisational learning is slow and retrospective: past events are analysed (sometimes long) after the fact and the lessons learned incorporated in planned future adjustments of processes and systems. But nowadays, by the time those adjustments are operational, the situation that gave rise to them has most likely evolved beyond recognition.

In the new paradigm a much more dynamic mode of learning is required. Learning and responding need to be built *into* the organisational DNA, not seen as something that occurs outside the normal operational cycles. This means utilising new technologies that enable continuous learning at speed and scale, combined with (and not replacing) the human ability to make sense of complexity and creatively reinvent themselves and their environment.

*“In the coming decade, companies will increasingly need to compete on the rate of learning. Technology promises to play a critical role: artificial intelligence can detect patterns in complex data sets at extreme speed and scale, enabling dynamic learning. This will allow organizations to constantly adapt to changing realities and surface new opportunities, which will be increasingly important in an uncertain and fast-changing environment.”*

*BCG - Company of the Future | Winning the '20s*

Organisations need to be adaptive in order to be able to quickly respond to signals that emerge from the ecosystem. Rigid governance structures and siloed bureaucratic “power towers” inhibit innovation and limit organisational agility.

*“If the competitive rhythm of the marketplace is moving much faster than the rhythm of an organisation's governance then the resulting encumbrance threatens to slow significant decisions to a crawl.”<sup>17</sup>*

Leading organisations do more than automating business processes and creating digital products and services, important though these may be. They fundamentally reinvent the operating model in order to reduce the complexities and complications so prevalent in traditional organisations. By adopting a

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<sup>17</sup> The End of Competitive Advantage – Rita Gunther McGrath

new leadership approach and utilising the latest technologies, organisations are recasting themselves as integrated, autonomous learning ecosystems. Embedding themselves into larger ecosystems (by using digital platforms or IoT technologies, for instance) gives them access to vast amounts of continuous data they can use to predict and prepare for each wave of competitive advantage as it unfolds.

The BCG Henderson Institute's article, "The New Logic of Competition" talks about autonomous learning ecosystems unleashing *"the power of emergence - the creation of a plethora of options beyond those explicitly planned or foreseen by a managerial process."* Harnessing emergence becomes a strategic imperative in the fast-evolving digital age — effectively liberating the firm from the constraints of classical planning and unlocking the creative potential of the evolutionary process. Organisations must ensure resilience and agility are within their DNA, allowing leaders and teams to be able to learn, unlearn and relearn while quickly pivoting and adapting to the proximate situation, whether crisis or opportunity.

*"When the effects of automation and emergence are combined, they reinvent the operating model of the firm to create a self-tuning enterprise—one that learns and innovates at the "speed of data" to pull ahead of competitors."*

*The New Logic of Competition – BCG Henderson Institute*

Within successful agile organisation, the leadership ensures intelligence is available to frontline staff for sense-making and actioning as best they see fit for the real-time situation. Frederik Laloux, in his book "Reinventing Organizations," talks about one such organisation where the general philosophy is **reverse delegation** – *"The expectation is that frontline teams do everything, except for the things they choose to push upward."*

*"Today, artificial intelligence, sensors, and digital platforms have already increased the opportunity for learning more effectively—but competing on the rate of learning will become a necessity by the 2020s. The dynamic, uncertain business environment will require companies to focus more on discovery and adaptation rather than only on forecasting and planning."*

*The New Logic of Competition – BCG Henderson Institute*

## Leadership Challenges

To transform into continuous learning organisations, leadership need to take the following steps:

### 1. Invest in data acquisition and autonomous learning systems

Invest in an autonomous learning capability and an integrated learning architecture that incorporates all modes of technology relevant to learning—including sensors, platforms, algorithms, data, and automated decision making. Create an environment that can utilise AI, ML, analytics, etc. to rapidly find the patterns within vast amounts of data generated from various data sources and modes of delivery which then inform (near)real-time decisions and actions. These learning capabilities should also be embedded in the operational backbone – the administrative system like planning, information systems, and resource management etc. to constantly evolve or tweak the enterprise for changes such as legislative changes.

### 2. Unlock ecosystem learning

Digital literacy and an in-depth understanding of the entire company, their industry and intimate real-time knowledge of their customers and markets will be an essential ongoing endeavour for all leadership and the broader talent pool whether fulltime employees or

freelancer gig workers. This may be micro-credentialing, using independent external advisory boards or regular industry briefings on new and evolving trends, technologies and the defined business intent.

*“... companies need to pay huge attention to how they reskill their managers and employees and motivate them during a time of such major disruption.”<sup>18</sup>*

### 3. Decentralise decision structures

Much of the governance, monitoring, enabling, and execution elements of daily operations should be decentralised and pushed closer to the customer, allowing autonomous and empowered human-technology teams make decisions and rapidly respond to changing customer needs.

### 4. Define and understand your ecosystem

What once was a known market segment, and customer base and supply chain is changing. Faced with an unpredictable demand recovery; uneven across geographies, sectors, product categories, and customer segments; organisations must quickly define and understand their ecosystem. Through this understanding and greater collaboration, companies will be best placed to shape and adjust their operations accordingly.

### 5. Reinvent the Operating Model and establish the core

Organisations must reinvent their operating model based on the new / emerging business model and the determination of the wider ecosystem. In order to reduce the existing complexities and complications organisations must adopt and utilise the latest platforms and technologies to create a core operational backbone, recasting themselves as integrated, autonomous learning ecosystems.

*“As humans increasingly focus on higher-level thinking, they will need to learn and practice new skills. This shift will not be “one-shot” learning—the required abilities will continue to evolve unpredictably. Learning will therefore need to be embedded in the workflow, and responsive to changing needs, rather than being batched at the beginning of careers. Organisations will need to invest in “learning contracts” with employees, mutually committing to continuously develop new skills for new roles.”*

*BCG – Company of the Future – Winning the 20's*

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<sup>18</sup> The Bionic Company – Winning the 20s - Rich Hutchinson, Lionel Aré, Justin Rose, and Allison Bailey - 7 NOVEMBER, 2019

*“A view of the world—a paradigm—will endure until it cannot explain new evidence. The paradigm must then shift to include that new information. We are now seeing a paradigm shift in the ways that organizations balance stability and dynamism.”<sup>19</sup>*

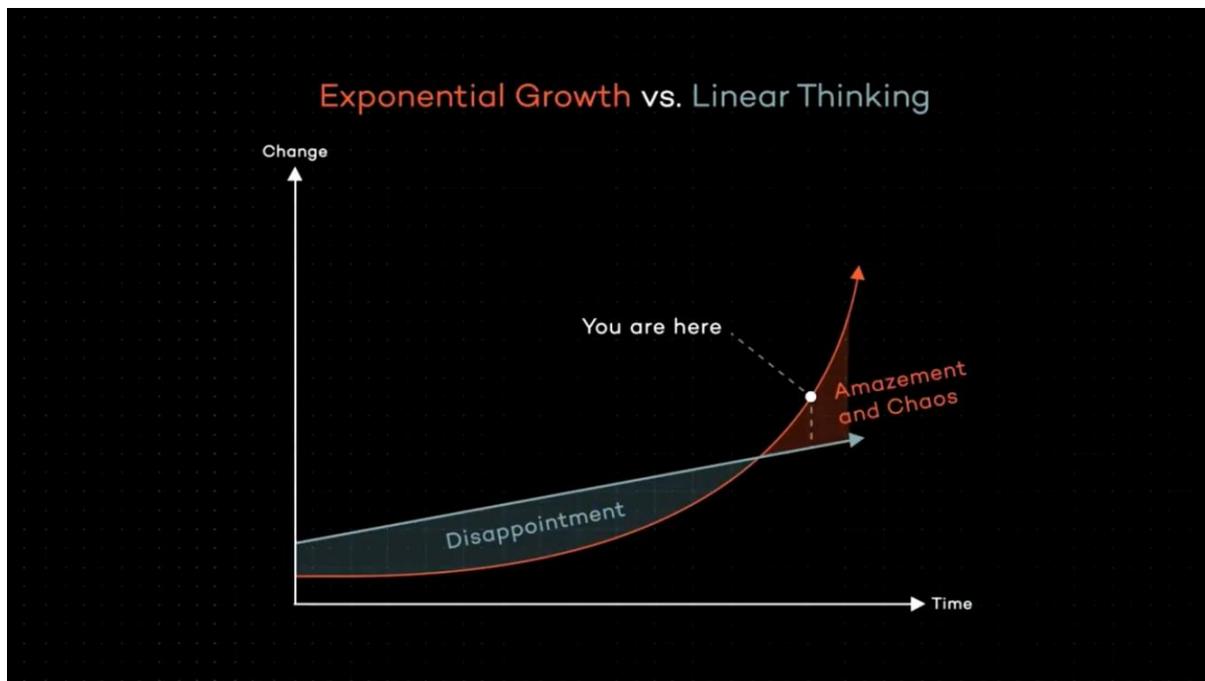


FIGURE 1 -EXPONENTIAL VS LINEAR APPROACH<sup>20</sup>

The success of the new business ecosystems hinge on the organisation's ability to be genuinely agile. That is, being able to understand, adapt and adopt waves of disruptive new technologies while reorganising for the next wave of transient competitive advantage, coming in rapid succession. New business ecosystems cannot be successfully managed with deliberate hierarchical planning and control. Management teams must stop trying to anticipate the future with exacting precision. Instead, they must prepare alternative scenarios when making investment decisions which can then be “tweaked” as the situation unfolds.

Change needs to be embedded in the DNA of the organisation, encouraging and attracting people that dare to be different, think outside the box, and are capable of constant change. Organisations must develop empowered teams of critically thinking, collaborative, adaptive, and empathetic individuals – all those “feminine” aspects of the human psyche. Such organisations are more likely to adopt flexible forms of governance, so that they can rapidly form, according to the nature of the opportunity, and then quickly close again.

Many of today’s businesses operate on the classical model of competition within well-defined industry verticals selling similar sets of products and services. Their markets were established, maintained, and protected by entry constraints and long-term strategic planning. Sustained competitive advantage was realised by pursuing economies of scale and capabilities such as efficiency and quality that followed a process of deliberate analysis, planning, and focused execution.

<sup>19</sup> The five trademarks of agile organizations – McKinsey & Company - By Wouter Aghina, Karin Ahlback, Aaron De Smet, Gerald Lackey, Michael Lurie, Monica Murarka, and Christopher Handscomb – June 2018

<sup>20</sup> Hybrid Thinking - Arndt Pechstein

*The traditional playbook for strategy is no longer sufficient. In all businesses, competition is becoming more complex and dynamic. Industry boundaries are blurring. Product and company lifespans are shrinking. Technological progress and disruption are rapidly transforming business. High economic, political, and competitive uncertainty is conspicuous and likely to persist for the foreseeable future.*

*BCG - New Logic of Competition | Winning the '20s*

In today's fast paced business world, planning is essential but planning and plans are really just exercises in understanding and scoping the problem or opportunity. The sequential, top-down approach only works when there is time to analyse, plan, strategize and execute, typically over a 2 to 5-year period. Its basic premise is that the environment for which the strategy is formulated will remain more or less stable during the time the strategy is executed. This may have been true when change was linear and new technologies amplified rather than disrupted existing business models.

*“Any company designed for success in the 20th century is doomed for failure in the 21st century.”*

*David S. Rose*

In the current reality, however, the windows of opportunity for the creation of sustained competitive advantage are rapidly shrinking. The 2 to 5-year strategy execution window to realise sustained competitive advantage, is fast becoming a luxury of years gone by. The decision-making process takes so long that competitive advantage may be lost by the time a decision is made.

*“If the competitive rhythm of the marketplace is moving much faster than the rhythm of an organisation’s governance then the resulting encumbrance threatens to slow significant decisions to a crawl.”<sup>21</sup>*

Instead, organisations now have to operate in a much faster business world where they will need to compete across industries by developing and executing opportunities in constant waves of transient and ephemeral competitive advantage.<sup>22</sup> The vision, business model, and supporting components need to be regularly calibrated to the changing environment by applying real-time learning. Organisations need to evolve into truly agile ecosystems that can rapidly reorganise and adapt to each new wave. In an era of shrinking product life cycles and rapidly changing business models, the companies that are able to rapidly learn evolving trends and or customer needs will be best placed to take advantage of them.

*“Successful businesses are those that evolve rapidly and effectively. Yet innovative businesses can’t evolve in a vacuum. They must attract resources of all sorts, drawing in capital, partners, suppliers, and customers to create cooperative networks. I suggest that a company be viewed not as a member of a single industry but as part of a business eco-system that crosses a variety of industries. In a business eco-system, companies co-evolve capabilities around a new innovation: they work cooperatively*

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<sup>21</sup> The End of Competitive Advantage – Rita Gunther McGrath

<sup>22</sup> The End of Competitive Advantage – Rita Gunther McGrath

*and competitively to support new products, satisfy customer needs, and eventually incorporate the next round of innovations.”<sup>23</sup>*

## Leadership Challenges

To successfully transform their organisations for a world of transient competitive advantage, leaders must consider the following:

### 1. Understand the business that you are in today

Review and understand what the new Business Model is in relation to the evolving global business paradigm. Organisations need to engage with all stakeholders, both internally, externally and cross-industry, to get a sense and understanding of how their entire ecosystem might evolve. This will provide a yardstick for determining how the organisation will itself evolve and the role it will play.

### 2. Lead teams, not hierarchies

Take responsibility for teams as the value-creating core elements of the organisation by creating an environment of belonging and psychological safety. Inspire and support their work, enable their value-cycles, recognise the value of their outcomes and provide them with the data and intelligence needed to achieve their goals.

### 3. Use the COVID-19 crisis to reinvent a resilient adaptive future organisation

Organisations must rethink and reimagine their post-Covid19 resilience – the world has changed, and this will not be the last crisis. Imbed change into the operational DNA, not as a separate function outside of normal operations. Create a resilient and agile organisation that is prepared for a range of scenarios and can rapidly pivot and adjust to new circumstances ensuring that opportunities can be realised, and crises are survivable.

### 4. Be customer fanatical

Leaders and their organisations must switch mindset from being product or process focused to being customer / stakeholder focused. The primary goal of all decisions and especially technology decisions should be to add value to the lives of the customer – as opposed to just solving proximate problems and opportunities. In these uncertain times, when dealing with organisations, people are looking for reliability, trust, and support. The scattergun approach to attracting customers through general advertising will no longer suffice – customers want that personal touch and to feel safe. More than ever, customers will be looking for organisations that remain true to their company values and purpose.

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<sup>23</sup> James F. Moore, “Predators and prey: A new ecology of competition,” Harvard Business Review, May 1993

*“High performing (Agile) organizations operate as empowered networks, coordinated through culture, information systems, and talent mobility. As networks and ecosystems replace organizational hierarchies.”*

*The Organisation of the Future: Arriving Now By Josh Bersin, Tiffany McDowell, Amir Rahnama, Yves Van Durme - Deloitte Insights*

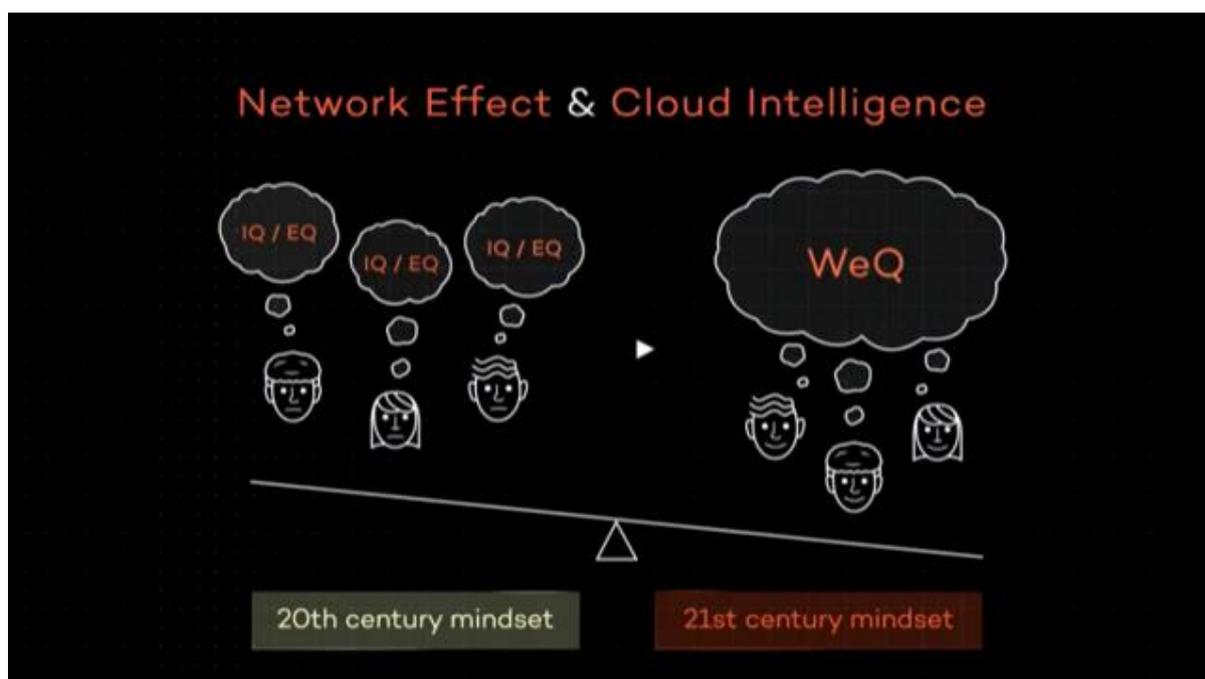


FIGURE 2 - HYBRID THINKING - ARNDT PECHSTEIN

In the past, organisations were designed for steadiness, efficiency, and predictability using strictly defined jobs, hierarchies, and organisational boundaries. This reductionist, “divide and conquer” approach created complicated configurations of organisational silos. These “*silos are characterised by their efficiencies within silos, not their effectiveness across silos.*”<sup>24</sup> But now the fundamental logic of organisational mechanics we have relied on for more than 100 years is being upended.

To take on these organisational assumptions, leaders need to rethink why organisations exist and how they operate. They need to look at technology not as a way to replace manpower but as an enabler to manage traditional complexity and unleash the potential of individuals and ecosystems. They need to unlearn the mechanistic view of organisations that has dominated for the past century and imagine the organisation of the future as something that is resilient rather than robust – more agile, responsive, and evolving. Such organisations will be able to leverage the shifts in technology and talent toward achieving a purpose beyond profit and beyond existing business models.

*“Traditional organizations are built around a static, siloed, structural hierarchy, whereas agile organizations are characterized as a network of teams operating in rapid learning and decision-making cycles. Traditional organizations place their governance bodies at their apex, and decision rights flow down the hierarchy;*

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<sup>24</sup> Designed for Digital – Jeane W. Ross, Cynthia M. Beath, and Matin Mocker.

*conversely, agile organizations instill a common purpose and use new data to give decision rights to the teams closest to the information. An agile organization can ideally combine velocity and adaptability with stability and efficiency.”*

*The journey to an agile organisation By Daniel Brosseau, Sherina Ebrahim, Christopher Handscomb, and Shail Thaker – McKinsey & Company*

Based on global studies, many organisations operating according to 100 years old industrial age “machine / mechanistic” models, were already shifting or were preparing to shift, pre-Covid19 – this has now been fast-tracked. The internal silos, such as Marketing, Sales, Accounts, etc. have become entities unto themselves, with their own goals, targets and change initiatives. Yet they are weighed down by legacy practices, systems, and behaviours, embedded into the very fabric of their organisational hierarchy and (mono)culture.

Instead of feeling part of the whole organisation, people identify more with their immediate environment, adopting a sentiment of “us”, and “them” across the individual silos. This creates a sense of separation, competition, and distrust between organisational elements, pitching them against each other – whether consciously or unconsciously. The leaders across each silo attempt to prove their individual worth by increasing their power and influence of the small part they lead, rather than focusing on the intent of the enterprise as a whole. Obtaining more budget, influence and status becomes more important than contributing to the organisation’s defined strategic outcomes and goals.

*“Of all the forces shaping politics and power around the world, perhaps none are more important than our sense of who we are, and who we are becoming. Having collective anxiety due to rapid change is a normal biological reaction, but how we respond to this anxiety is social. And our social responses are greatly shaped by the stories presented from those we look to as leaders and through the power of culture. We can respond to these changes either as a threat—breaking—or as an opportunity, bridging. Bridging call on us to reject a politics of ‘us vs. them’ and instead move towards a future where there is a new ‘us’.”*

*Bridging - Towards A Society Built on Belonging - John A. Powell – Othering & Belonging Institute*

It is well understood that the best teams and outcomes are realised by aligning individual strengths with roles which translates into a diverse staff portfolio. Unfortunately, this is not what is happening today. Under the banner of “Culture Fit”, organisations use various tools and techniques to ensure staff are moulded into “well-rounded” culturally aligned individuals.

*“Companies are not built to help us pinpoint and then contribute our unique strengths - in their systems, processes, technologies, in their rituals, language and philosophies they evidence exactly the opposite design – to measure us against a standardised model and then badger us to become as similar to this model as possible – they are built around the fallacy that the best people are well-rounded.”<sup>25</sup>*

Hiring people for their “culture fit”, for instance, creates cultural rigidity, in which groupthink proliferates and change is primarily seen as a disruption to the status quo. This “cultural fit” translates

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<sup>25</sup> Nine Lies About Work – Marcus Buckingham & Ashley Goodal

into those from a similar background and education pedigree instead of the combination of values and behaviours that embodies the soul of the organisation. Traditionally, Change Management and Change Facilitation are essential support or enabler functions being used by organisations to constantly battle their own change resistance, which leads to change fatigue and cultural debt<sup>26</sup>.

***“Culture eats Strategy for breakfast.”***

*Peter Drucker*

### Diversity of experience

The value of diversity is now accepted within most organisations. Yet, although it is front of mind within the public conscience, there is a clear distinction in the relationship between diversity and inclusivity. Diversity will not drive any real change without inclusivity thus hiring people from various backgrounds to realise diversity targets achieves nothing. The value of diversity lies in bringing together different experience, perspectives, and ways of thinking, to disrupt and increase the cognitive and creative ability of the organisation. However, if people do not feel included, safe, heard and valued for being different, they will soon either adapt to the prevailing “group think”, stop contributing, or leave the organisation.

True diversity requires a cultural setting of cohesion and inclusivity. Such a culture is proven to stimulate creativity, exploration and learning, which in turn drives innovation and productivity. In his book, *The Culture Code*, Daniel Coyle describes how these same principles of cohesion, safety and inclusivity underpin the success of high performing organisations such as the US Navy Seal teams to the IDEO Design company and WIPRO. The value this provides does not just benefit the organisation but ultimately the entire economy<sup>27</sup>.

Diversified teams within a world of transient competitive advantage will soon be a critical component for any organisation. Stakeholders, whether employee or freelancer gig worker, with varying skillsets and talents join or form teams for a specific purpose, transparently sharing information and experiences. They move from team to team depending on the issue or opportunity to be addressed.

***“3M also rotates its engineers from one department to another every few years. This policy is one that many companies—not to mention some employees—resist. Why make someone with years of expertise in soundproofing or flat-screen displays work on a vaccine or an air conditioner? For the company it seems wasteful and for the employee it can be stressful. But for a company that makes masking materials out of sandpaper... the real waste would be to let ideas sit in their tidy silos, never to be released.”***

*Why Cross-Pollinating Your Work, Works – fs Blog*

Not everyone is capable of operating effectively across each phase of the business cycle and transient competitive wave. Depending on the individual personality characteristics, some people “find their flow” in the dynamics of constant change, within the innovation and launch stages, while others thrive by bringing order and stability to the operational phase. Some traditional leaders will excel at exploitation, while others might be good at disengagement and reconfiguration. The importance of investing in culture and change on the journey to agility cannot be overstated. Agile is, above all, a mindset. Organisations can have all the parts of an agile operating model in place but without the

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<sup>26</sup> cultural debt = a decision that borrows against the culture of the organisation – Karen Walker

<sup>27</sup> The path to prosperity Why the future of work is human – Deloitte Insights

right mindset they will reap few of the benefits. There is already a gap in perception around the priority and understanding of the agile culture across organisations.

***“The first Culture Perception Gap statistic PwC uncovered states that 71% of C-suite and board respondents believe that culture is a priority on the leadership agenda of their organizations, while only 48% of non-management employees agree.”***

*The Culture Perception Gaps by Annette Franz*

## Autonomy

Rather than hierarchy and management-centric decision making, teams need autonomy to create the speed and agility required to keep up with modern business. There are two sides to this autonomy: the human side and the technology side. The human side means giving employees the autonomy to sense and respond to the market, without having to go through layers of hierarchy and bureaucracy to get feedback and decisions. This means creating a culture of belonging, trust and support, based on the belief that most people, when they understand the mission and align with the values and strategic intent of the organisation, can be trusted to do their best to realise that intent.

The technology side is about giving ‘intelligent’ technologies such as AI, ML and decision engines the ability to operate in autonomous learning cycles, with little or no human supervision. The current maturity of such technologies limits the applicability of this concept to certain areas although the current Covid19 crisis is expediting the adoption of these concepts. Currently, a combination of human autonomy, human augmentation (using ‘intelligent’ technology to support and enhance human learning and decision-making), and limited machine autonomy provides the most promise.

Organisations will have to adopt dynamic, fluid organisational structures, accommodating and leveraging small, agile teams. These teams will be a combination of employees, freelancers, gig workers, and partners. ‘Hoarding’ an internal pool of talent limits the value of that talent for everyone and continues to support the “us” and “them” mentality. Tapping into and capitalising on the broader ecosystem amplifies the access to talent for the organisation and enriches that pool for the entire ecosystem.

***“Successful agile organizations consistently exhibit the five trademarks which include a network of teams within a people-centered culture that operates in rapid learning and fast decision cycles which are enabled by technology, and a common purpose that co-creates value for all stakeholders.”<sup>28</sup>***

## Leadership Challenges

For leaders to support and lead their organisation’s journey to true agility and resilience, the following steps are needed:

### 1. Upskill / reskill talent for this new world

As part of the digital transformation, all employees will need digital literacy and the requisite functional expertise across all parts of the business. Employees will require reskilling on an ongoing basis, rather than on an episodic basis. These skills include the ability to design, maintain, and collaborate with machines, along with distinctly human capabilities such as creativity, judgment, empathy, and imagination.

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<sup>28</sup> The five trademarks of agile organizations – McKinsey & Company - By Wouter Aghina, Karin Ahlback, Aaron De Smet, Gerald Lackey, Michael Lurie, Monica Murarka, and Christopher Handscomb – June 2018

## 2. Restructure the organisation to remove barriers to collaboration

Traditional companies will have to experiment with new organisational structures to get the best out of their people. There is increasing tension between “old” management practices and those expected by the talent today. To attract and keep such talent, organisations must restructure and repurpose their talent ecosystem, to align with of the 21<sup>st</sup> century practices. In the future, talent (employees as well as externally sourced) will need to work in technology-enabled and interconnected teams that have the ability to reshape themselves in response to often rapidly changing needs and demands.

## 3. Design roles and processes around diversity not uniformity

Design and create roles and processes aligned to talent’s personality strengths, not to the traditional set of job titles, tasks and responsibilities. Embrace the fact that different people have different appetite and aptitude for the various stages of the business cycle and turn it into an advantage. Create stable operational backbones, with more agile and specialised talent teams operating at the leading edge of customer response and innovation.

## 4. Decentralise organisational structures

Establish dynamic (virtual) human-technology teams that align to the customer journey and associated value-streams across the organisation. Provide these teams with the autonomy and psychological safety to experiment, learn and respond. Create the teams responsible for managing and maintaining both the stability of the core operational backbone which services the entire enterprise, and the dynamics of the digital platform.

## 5. Encourage and value talent mobility

Encourage talent mobility making it a core value within the organisation and ecosystem. Require executives to move from function to function to give them a much broader understanding of the entire ecosystem and customer journey. Support team fluidity, enabling team members to quickly move amongst different teams and projects as the need for their skills and experience moves around the organisation and ecosystem.

## 6. Encourage experimentation and learning

Create an environment of belonging and psychological safety for both leaders and employees. Teams must be empowered to make mistakes without fear and leaders must lead the way by exposing their own vulnerabilities. Instead of blame or reprimand, rather encourage and reward people for their courage to experiment and learn from anything that did not go according to expectations.

## 7. Embrace the freelancer talent pool

The “planetary workforce” and number of gig / freelance workers is increasing exponentially with almost 50% of millennial workers now preferring to freelance, more than in any other generation. Companies are increasingly using contractors for task-based engagements. Leaders need a future workforce plan based on a clear understanding of the required skills needed – and which of these can be internally developed and which they need to buy or rent for their businesses.

*To achieve this, business leaders must invest in organizational restructuring and re-examine their approach to corporate culture and innovation. Fostering new ways of working and inspiring a strong sense of purpose will be vital. All this isn’t easy, but the result will be organizations that are able to learn faster than their rivals, thrive in the face of uncertainty, and continually evolve.*

We are moving into a new paradigm, one built on global digital platforms: The Internet, the Cloud, the Internet of Things, and the billions of devices connecting us to those platforms and to each other. It is highly likely that a few mega-corporations will end up owning and operating the platforms – the existing platform companies tend to favour monopolies. Like the railroads and electricity companies of the previous industrial revolutions, we need these platforms to be stable, reliable and globally accessible. There is no point in replicating and operating the capabilities of these platforms locally. Just like there is usually no point in operating one's own railway line or private power plant.

Most of today's largest and most profitable companies are platform businesses. They all share common features, including varieties of post-bureaucratic management and the use of technologies such as platforms, data, analytics, artificial intelligence, etc. – all connected in self-reinforcing, and learning ecosystem.

*“The world's most valuable public companies and its first trillion-dollar businesses are built on digital platforms that bring together two or more market actors and grow through network effects. The top-ranked companies by market capitalization are Apple, Microsoft, Alphabet (Google's parent company), and Amazon. Facebook, Alibaba, and Tencent are not far behind. As of January 2020, these seven companies represented more than \$6.3 trillion in market value, and all of them are platform businesses”<sup>29</sup>*

Traditional businesses trying to use modern technology to reach similar scales of operation struggle to even get close. Many of these companies have survived by continuously plastering over their crumbling and failing foundations. The management overhead, in-built bureaucratic complexity and reliance on obscure, obsolete and niche technologies – often home-grown or heavily customised – makes these legacy environments fragile, inflexible, expensive to maintain and even more expensive to change. This traditional “patch-and-go” approach to growth and scale quickly runs into problems with these layers of legacy systems too big and too complex to use as a foundation for sustained growth and reliable operation. Rather, much like quicksand, it has created a level of complexity and organisational and technical debt that is overwhelming businesses as they attempt to patch their way out.

Panicked and pressured to respond, many organisations do what most panicked people do: instead of stopping to rethink and try something new, they continue along the well-trodden path of past (unsuccessful) endeavours. The only new component to the latest attempt at finding a solution is the funding, as they move from technology to technology, predominantly led by vendors. Without rethinking their core business model and fundamentally rewiring their entire operation, these new technologies do nothing but add even more layers of complexity to an already complex environment.

*“Keeping legacy systems running is a major barrier to reconfiguration that companies need to do to gain real agility because legacy systems reinforce legacy structures and operations. This logic applies to any class of assets across the organisation.”<sup>30</sup>*

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<sup>29</sup> The Future of Platforms - By Michael A. Cusumano, David B. Yoffie, and Annabelle Gawer - MITSloan  
<sup>30</sup> The End of Competitive Advantage – Rita Gunther McGrath

The 4<sup>th</sup> Industrial Revolution brings with it a deluge of disruptive technologies that are exponential in their impact – and this is happening at warp speed. The rate of innovation is outpacing organisations' ability to keep abreast of the latest developments and their potential impacts. Instead of struggling to keep up with all these developments, organisations must come to the realisation they do not have to master these technologies themselves. There are plenty of organisations (Amazon, Microsoft, Google) that invest in and continually align their offerings in-line with these evolving developments. This allows organisations to procure the latest as-a-service offerings such as those being offered by Amazon and their AI, ML, Cloud platform. Why build your own railway when one or more already exist – one that is maintained and operated at the highest levels, and is available on-demand?

By sharing the costs of delivering and maintaining the common core, collaborating organisations free up talent and capital to focus on their unique value proposition. As a result, everybody wins in terms of scale, costs of delivery, and range of products and services available. In the longer- term ecosystems are much more viable than 'winner-takes-all' competition. The current COVID-19 crisis may be the final push many businesses need to move their core operating backbone to a standardised cloud platform ecosystem.

Even agile organisations need stable backbones that ensure its many moving and evolving parts keep operating cohesively. Typically, backbone elements include core support capabilities and processes – for example, talent management, budgeting, planning, performance management, and risk – people elements, and technology components. By combining these elements into an open ecosystem running on a digital platform, the backbone becomes a shared resource. Companies making use of this backbone do not compete on better supply chains, manufacturing and distribution capabilities, or contract and transaction capabilities. Instead, they compete on what really matters: solving customer problems and providing better customer value and improved customer experience.

*“Digital technologies are offering opportunities to create new customer value propositions. These customer value propositions are delivered as digital offerings: information enriched solutions that engage customers in a seamless, personalized experience.”*

*Digital Design and Transformation – MIT CISR*

We expect that in the years ahead most, if not all, large platform companies will evolve from free marketplaces to curated businesses with increasing government oversight and new types of regulation. The cloud computing services of Amazon and Microsoft are replacing traditional IT software and hardware solutions. Ericsson's IoT platform - IoT Accelerator - helps turn business concepts into realities. Marketplace platforms such as Alibaba and Amazon are overtaking traditional retailers. Soon businesses within the same industry vertical will realise that trying to secure a sustained competitive advantage through managing their own operational backbone (Business Capabilities) will no longer justify the effort and expense. The days of competing within industries based on business model capabilities is fast disappearing and organisations are moving to industry aligned core operating backbone cloud-based platforms. The era of industry aligned ecosystems will arise: Business-As-A-Service Ecosystems – B.A.S.E.

This transformation is profound. It changes how companies design their business models (how they create and capture value), how they execute their operating models (how they deliver value), and the competitive dynamics and market structures of their industries. Businesses that create a platform for their stakeholders (customers, suppliers, other industries, etc.) do more than just provide products and services: they provide opportunities for their stakeholders to actively participate in the value creation cycles.

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## TYPES OF PLATFORMS

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Platforms are distinguishable based on their principal activity. The four basic types are: operational, innovation, and transaction, and a hybrid platform.

1. **Operational platforms** act as the backbone for the core capabilities of the organisation. This is a fast-evolving concept that uses the latest technologies and human-technology teams to manage the complexities of these operations.
2. **Innovation platforms** facilitate the development of new, complementary products and services, such as apps, add-ons and accessories, that are built mostly by third-party companies without traditional supplier contracts.
3. **Transaction platforms** are intermediaries or online marketplaces that make it possible for participants to exchange goods and services or information.
4. **Hybrid platforms** combine innovation and transaction services. This is a relatively new strategy. In the early years of the PC and the internet, transaction platforms connected buyers and sellers, advertisers and consumers, etc. This was fundamentally different to stimulating outside companies to create complementary innovations. Recently a growing number of successful innovation platforms have integrated transaction platforms into their business models in order to retain control of and to manage the customer experience, like Apple has done with its App Store.

In the MITSloan article, *The Future of Platforms*, it talks about the four major trends likely to affect platform dynamics across industries:

1. The emergence of the hybrid platform as the dominant strategy for platform businesses as a result of digital competition;
2. The increased adoption and use of the latest intelligent technologies such as AI and machine learning will act as a catalyst to innovation and give organisations greater ability to learn and pivot to the market;
3. Even though there is an exponential increase in the number of companies offering platform services, it will be a select few of powerful platform companies that prevail; and
4. The demand for appropriate platform curation and regulation will increase as their power and influence on society grows.

Despite the current turmoil, there are certainties that remain with trends still shaping and defining the future. Consumer behaviour is moving ever more towards 24/7 convenience. Societies continue to evolve towards being connected, smart, and information driven. As organisations adopt platforms and these “intelligent” technologies with machines / robots, managed by smart humans, making decisions, doing the right thing will become more challenging. Machines are innately logical, they lack empathy, and as the adoption of these technologies become core to society at large there will be consequences. Governments must therefore ensure that organisations build ethical guardrails into their platforms.

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## THE WAR FOR TALENT

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Constant change is part of the new normal, which includes the constantly changing needs for talent. This in a time when organisations are totally focussed on shareholder primacy, short-term profits above all else – this organisational focus translates into a diluted culture and lack of employer / employee loyalty. The rules for professional success are being rewritten as employees use company tenures as ephemeral stepping-stones to realising financial success.

*“For decades, at least in most western countries, the orthodoxy for success was fairly well accepted; hard work, investment in education and skills, and commitment to a good employer were generally thought to be the way to get ahead and stay ahead. Similarly, employers took on a somewhat paternalistic role. In addition to offering career progression and development opportunities, the classic benefits of health insurance and defined-benefit pension plans provided buffers against economic uncertainty.”<sup>31</sup>*

The 4<sup>th</sup> Industrial Revolution is causing an increasing shortage of technology skills. This industry-spanning issue forces organisations to rethink how to attract, retain or amplify the talent available to them. The current global scramble for Data Insights, Artificial Intelligence and Robotic Process Automation is an example of this. The latest waves of disruptive technologies are only going to aggravate this issue.

*“In one study, more than half of the business leaders surveyed reported that the talent gap is not only hampering their digital transformation agendas but causing them to lose competitive advantage because of it.”<sup>32</sup>*

Already, many businesses are feeling the crunch of skill shortages. A decade ago, the average worker was missing 1.2 of the skills needed for their job; today that has risen to 2. The half-life of technical skills is also decreasing; without refreshers and updates, the relevance and value of the skills people already have, rapidly evaporates. There is an urgent need to help develop the necessary skills, not just for new workers but for those who are already working.<sup>33</sup>

*“The half-life of knowledge or half-life of facts is the amount of time that has to elapse before half of the knowledge or facts in a particular area is superseded or shown to be untrue.”*

*Wikipedia*

There is a lot of attention relating to the skills shortage in specific areas of expert knowledge work such as science, technology, engineering, and math-related professions (STEM). There is a growing skills shortage in these areas although there are others required across the Australian workforce. Reports suggest that 96% of Australian jobs require time management and organisational skills, 97% of Australian jobs require customer service skills, and 70% require verbal communication skills. By comparison, the most demanded technical expert knowledge work is digital literacy, which is required by 87% of jobs. Manual labour skills are required in 43% of jobs.

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<sup>31</sup> The End of Competitive Advantage: How to Keep Your Strategy Moving as Fast ...- By Rita Gunther McGrath

<sup>32</sup> Howard Elias, President, Services and Digital, Dell Technologies, in his article

<sup>33</sup> The path to prosperity Why the future of work is human – Deloitte Insights

*“The greater focus on ‘work of the heart’ in the labour market is about inherently human skills. This is where humans excel and where digital technology has been less successful in automating or augmenting human effort.”<sup>34</sup>*

*In total, the shortages are significant – in 2019 alone, there will be over 23 million skill shortages across the economy. This is not people shortages but skill shortages. The equivalent of saying that every employee in Australia is, on average, missing 2 of the critical skills that they need to meet their employers’ expectations. By 2030, if we continue on our current path, we estimate that there will be a total of 29 million skill shortages, almost 25 percent higher than the shortages we are already experiencing.<sup>35</sup>*

The skills shortages the world faces vary by industry, geography and business size. But all organisations need to think how to mitigate the effect of these shortages on their operations. One answer is to invest more in people. Every year, in Australia alone organisations spend \$7 billion on recruiting skilled candidates. But when the skills needed are constantly changing, recruiting to keep up with changing demands is an expensive and lagging solution. Some reports suggest investing in the people already working for the organisation which may be a more affordable and responsive way to future-proof available capabilities. But, as working lives become multi-staged and we enter the era of a “life of jobs” as opposed to the more traditional, “job for life” model, the one-size-fits-all approach to learning and development will become obsolete. Instead, there will be a growing need for more decentralised and flexible approach to learning, managed more by the individual.

*And most companies are beginning to realize that they can’t just hire all-new workforces; there aren’t enough qualified recruits, and the expense would be enormous. Instead, they need to retrain and redeploy existing employees and other members of their communities, in addition to hiring and contracting new ones to fill their needs. However, rapid technological change has rendered skill cycles shorter than ever; key competencies of even a decade ago are passé today, and most of tomorrow’s jobs remain unknown.*

*“DEVELOPING THE FUTURE READY – RESILIENT – WORKFORCE” - MIT Sloan Management Review*

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## THE RISE OF THE GIG ECONOMY

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As the rise of the gig economy grows, and with most of the world now connected (or soon to be) to the Internet, is the world heading towards a more formalised planetary labour market? The latest crisis has proved beyond a doubt that many types of work can be done from anywhere. What does this mean for workers, companies, and governments – is there still a need to build factories, lease offices, train workers, or even pay local taxes. In this online gig economy, companies can have work completed anywhere in the world, leaving behind no fixed infrastructure, no visible traces in the countries and cities in which they were once an employer. With 7 million people entering the workforce every year, India is one of the largest suppliers of labour on global freelancing platforms. Many of these are having to resort to gig work, providing software and technology-related services to clients around the world. Platforms for all kinds of talent and needs is a rapidly expanding global

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<sup>34</sup> The path to prosperity Why the future of work is human – Deloitte Insights

<sup>35</sup> The path to prosperity Why the future of work is human – Deloitte Insights

phenomenon. And, this is not just for menial software and technology related tasks, the platforms cater to all needs:

- Microworkers on platforms such as Amazon Mechanical Turk;
- On-demand workers or gig workers on Uber,
- Blue-collar workers which offer a digital alternative to temping agencies,
- White-collar workers such as designers, developers, cybersecurity experts, etc.,
- Specialised expert roles for contractors on platforms such as TopTal or GLG.

The manufacturing sector is also experiencing an increase in the use of the platform-based gig economy with organisations offering manufacturing capabilities for bespoke engineering / manufacturing needs – see Erikson’s IoT Platform, Schneider Electric’s EcoStruxure, and Seimen’s Digital Factory. Digital platforms are making it easier to break down work into smaller tasks and then outsource it to the most cost-effective bidder across multiple geographies.

These platforms create a transient labour market consisting of ephemeral relationships between workers and organisations. As the rise of the gig economy continues to grow, there will be an associated increase in the number of independent workers who will operate without the protection and stability provided by permanent, full-time employment. There is a fast growing “collective independent” sector that are creating solutions for independent workers. These solutions allow them to combine the flexibility and freedom of independent or self-employment with the protections and benefits traditionally associated with salaried employees. Companies (and Government) must also consider how to guarantee basic labour rights and how to meet the needs of this type of independent worker.

The past 20 years have seen a dramatic expansion of platform-based technologies, applications, and business models which have already disrupted many aspects of our personal and working lives. Platform entrepreneurs have made Anything-as-a-Service possible. Digitisation and emerging exponential technologies have not yet attained their full disruptive potential. No matter how they evolve, there is no doubt that future platforms will continue to inspire both innovation and disruption.

## Leadership Challenges

### 1. Reimagine the future business

Reassess what the core business model is and, adopting a “human-centred digital mindset,” plan for the transformation of the organisation into an agile, modular, distributed and resilient company. This must include; the Operational backbone for integration and standardisation of the core capabilities (stability), and the Digital Platform, one that functions like an operating system with applications, for reusable digital components used to produce digital offerings (dynamic) based on (near) real-time learning and customer insights.

### 2. Describe this reimagined future business

Using mature business disciplines and tools such as Design Thinking, Business Enterprise Architecture, the Enterprise Business Agility Model, etc., organisations must define and describe this new business. This then provides a consistent description of the new business, in a language that is understood by all stakeholders, whether business, technical, internal or external. As an outcome, the proper use and adoption of these disciplines and tools with real executive support, the organisation will mitigate the “silo” mentality and enable true agility.

### 3. Remove non-value adding complexity

Identify non-value adding complexity that may have been introduced to satisfy proximate short-term objectives and remove them as much as possible. As transformation is pervasive, touching all aspects of the organisation, a plan for existing legacy across the business must include; people, processes, data, technology, governance, stakeholder relationships, etc.

#### 4. 21st Century enabling technology

Ensure technology is seamlessly integrated and core to every aspect of the organisation as a means to unlock value and true agility enabling quick reactions to both, stakeholder needs and the pulse of the market. Leverage technologies and integrate into the organisational Change DNA. Forward-looking companies will likely leverage increasingly powerful AI capabilities as an essential part of their change programs. Such technologies could identify patterns in customer behaviour, disruptions in the business environment, or even diagnose organisational health in real time.

#### 5. Reimagine and orchestrate the customer Journey

Never before has the needs of the customer been so acute. In these different times and the great shift to digital engagement, organisations need to reimagine the customer journey. Companies must engage their ecosystem participants to streamline and accelerate the shift to digital channels. Many customers may be overwhelmed by this thrust into a digital world, with work, school and everything in-between newly disrupted, and even though they accept that AI is a part of the customer experience, they still want the human element – empathy, caring and compassion.

#### 6. Digital Transformation Governance

Digital transformation by its nature involves emerging digital technologies and the associated governance implications span the entire organisation. It introduces a portfolio of additional governance domains not normally within the direct purview of the leadership team. These include IT, Innovation, Data and Platform governance requirements which requires the dedicated attention of the leadership team.

### About the authors

#### Keith D. Youens

Considered by many as a maverick generalist, Keith is an outspoken protagonist for business and leadership transformation. He is passionate about the nexus combining human, digital and technology aspects of the emerging paradigm and the events of 2020 have only served to substantiate his views. As an accomplished executive advisor, Keith has over 30 years of global experience across a range of industries and cultures. Working with leaders and organisations in transforming their businesses to address the rapidly emerging “new normal” is the inspiration that drives his passion.

“Business digital transformation is not solely about technology; it is all pervasive and therefore telling the right story is critical.”

#### Bard Papegaai

Bard is a philosopher, writer, practitioner and teacher with a deep compassion for the human condition and a burning desire to help people live better lives, do better work and create a more sustainable and socially connected society in the process. Throughout 30+ years of working as a coach and mentor Bard has helped individuals and organisations with maturing their awareness and mastery of their individual and collective emotional abilities; creating more inspiring and sustainable approaches to leadership and team development; and taking responsibility for the future evolution of their organisational cultures.

APPENDIX A – ORGANISATIONAL MODELS

<b>Organizational Model</b>	<b>Example</b>	<b>Key Breakthroughs</b>	<b>Guiding Metaphor</b>
<p><b>Red Organizations</b></p> <p><i>Constant exercise of power by chief to keep troops in line. Fear is the glue of the organization. Highly reactive, in short-term focus. Thrives in chaotic environments.</i></p>	<ul style="list-style-type: none"> <li>• Mafia</li> <li>• Street gangs</li> <li>• Tribal militia</li> </ul>	<ul style="list-style-type: none"> <li>• Division of labour</li> <li>• Command authority</li> </ul>	<ul style="list-style-type: none"> <li>• Wolf pack</li> </ul>
<p><b>Amber Organizations</b></p> <p><i>Highly formal roles within a hierarchical pyramid. Top-down command and control (what and how). Stability valued above all through rigorous processes. Future is repetition of the past.</i></p>	<ul style="list-style-type: none"> <li>• Catholic Church</li> <li>• Military</li> <li>• Most Government Agencies</li> <li>• Public School systems</li> </ul>	<ul style="list-style-type: none"> <li>• Formal roles (stable and scalable hierarchies)</li> <li>• Processes (long term perspectives)</li> </ul>	<ul style="list-style-type: none"> <li>• Army</li> </ul>
<p><b>Orange Organizations</b></p> <p><i>Goal is to beat competition; achieve profit and growth. Innovation is the key to staying ahead. Management by objectives (command and control on “what”; freedom on the “how”).</i></p>	<ul style="list-style-type: none"> <li>• Multinational companies</li> <li>• Charter schools</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Accountability</li> <li>• Meritocracy</li> </ul>	<ul style="list-style-type: none"> <li>• Machine</li> </ul>
<p><b>Green Organizations</b></p> <p><i>Within the classic pyramid structure, focus on culture and empowerment to achieve extraordinary employee motivation.</i></p>	<ul style="list-style-type: none"> <li>• Culture driven organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Empowerment</li> <li>• Values driven culture</li> <li>• Stakeholder model</li> </ul>	<ul style="list-style-type: none"> <li>• Family</li> </ul>
<p><b>Teal Organizations</b></p>	<ul style="list-style-type: none"> <li>• Ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>• Self-management</li> <li>• Wholeness</li> <li>• Evolutionary purpose</li> </ul>	<ul style="list-style-type: none"> <li>• Living Systems</li> </ul>

TABLE 2 - ORGANISATION MODELS – F. LALOUX - REINVENTING ORGANISATIONS

## EA EVENTS & TRAINING

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### WEBINARS AND CONFERENCES

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Here is a quick run-down of some of the EA-focused activity coming up around the globe. As you might expect at this time, events are almost all virtual, but having run a number of these types of events this year, I can attest to the fact that plenty of learning and networking opportunities still exist. What's more, the lack of travel required for presenters has meant that you're much more likely to hear talks from a global perspective.

#### IASA GLOBAL

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Iasa Global has recently established the Business, Innovation, Leadership & Technology (BIL-T) Conference Series. This is a unique set of 24-hour, online events, with regional hosts and a truly global set of speakers. Highly interactive, with a variety of session types, you should join the BIL-T community and start getting value from the incredible presenters that the dedicated Editorial Committee has assembled.

#### **BIL-T Conference Series – November Event**

<https://iasaglobal.org/Public/Events/November-Web-Summit.aspx>

#### ASSOCIATION OF ENTERPRISE ARCHITECTS & THE OPEN GROUP

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As always, the AEA calendar is full of EA-related events. If you're an AEA member, remember to visit the <http://www.globalaea.org/> website regularly and check out the calendar of upcoming events. Here is one you might be interested in:

#### **Digital-First (Agile EA, Digital Transformation and Open Digital Standards)**

October 26 - 28, 2020 Online Event

<http://events.opengroup.org/events/the-open-group-digital-first-october-2020/event-summary-30efcea5c30a4b6dafc6e3317a381ec2.aspx>

Don't forget, the AEA website also contains an archive of their webinars, which is available for members to view at any time.

### UPCOMING TRAINING

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With recent events causing most training to move from in-person to online, EA Principals have the following events available through live, online classes.

TOGAF 9.2 Combined Level 1 & 2 Certification, August 24-27, 2020 (live online)

<https://www.eapincipals.com/course-landing-page/3396>

Federal Enterprise Architecture Certification - Foundation, September 14-18, 2020

<https://www.eapprincipals.com/course-landing-page/3569>

ArchiMate 3.1 Combined Level 1 & 2 Certification, September 28 - October 1, 2020

<https://www.eapprincipals.com/course-landing-page/3505>

The Department of Defense Architecture Framework (DoDAF) Certification, October 5-9, 2020

<https://www.eapprincipals.com/course-landing-page/3566>

#### LET US KNOW

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If you have an event you want to let people know about, contact us at [editor@eapj.org](mailto:editor@eapj.org).

## CALL FOR SUBMISSIONS

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by Darryl Carr, EAPJ Editor

The Enterprise Architecture Professional Journal welcomes contributions in its fields of interest, which are enterprise, business, application, information, integration, technology and security architecture, as well as the strategic management of business and technology transformation. EAPJ publishes peer-reviewed material that advances its fields of interest and supports the careers of its readers.

EAPJ combines the strengths of peer-reviewed technical journals and professional newsmagazines. EAPJ invites submission of academic, feature, opinion, and interview articles. The editorial staff also considers other submissions, such as images, interactive graphics, video, and animations. Successful submissions contain actionable information that enhances the capabilities of professionals working within the EAPJ fields of interest.

Each issue consists of one or more main articles, centered on a theme introduced by the Editor's Welcome. Main articles are generally no more than 5,000 words in length, but can be longer in certain circumstances, with body text preferably interspersed with numerous callouts, graphics or tables.

EAPJ encourages submissions, readership and community participation from qualified individuals representing the widest possible variety of geographical regions, cultures, backgrounds and beliefs. Authors must properly attribute all referenced content and ensure that their submissions do not infringe upon any copyrights or intellectual property laws if published in the EAPJ. EAPJ encourages potential authors to contact the editor early on to receive guidance on developing material with the greatest likelihood of publication.

EAPJ also seeks expert reviewers to work with the editor and authors on developing and selecting main articles for the journal.

Please send expressions of interest, submissions, questions, ideas or comments to [editor@eapj.org](mailto:editor@eapj.org). Potential authors and reviewers should introduce themselves by describing their background briefly, supplying a resume or CV, or referencing an online profile.

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