



## Enterprise Adaptability

Designing organisations around  
our best impulses

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## **Enterprise Adaptability**

presents us with the opportunity to design organisations around our best human impulses rather than trying to control for our worst – this is the latent potential that exists in every organisation

## Exploring four pillars of enterprise adaptability

Looking back on multiple waves of COVID-19, it has become self-evident that predicting the future is a risky endeavour. For organisations to recover and thrive in the longer term, it is critical to **build adaptive muscles** to quickly reorient themselves to whatever reality emerges, whether it's a V-shaped (quick), U-shaped (long) or L-shaped (no return to normal) recovery.

To do that, a **paradigm shift** is needed in the way businesses lead, work and organise themselves. Today with 50% of companies still locked in functional silos and 'command and control' mind-sets, we are effectively using "hardware" (structures) from the 19th century to run 21st century "software" (ways of working), leading to unfulfilled corporate ambitions and largely disengaged workforces<sup>1</sup>.

The challenge with today's operating models is that they lack the fitness to evolve and are **based on control versus potential**. The issue is when you design companies around control, you end up finding ways to manage 3% of "nonconforming employees who misuse autonomy" while "suppressing" the innovation and creativity of the 97% who want to make a positive difference<sup>2</sup>.

This calls for a change in the way businesses design their organisations - so that they are based on our **best human impulses**, rather than trying to control for our worst.

## The rise of the high performing social enterprise

A positive development that has only accelerated through the pandemic, is the rise of the **social enterprise**<sup>3</sup>. The idea is that companies that are able to both a) break-out of their functional silos and b) look outside of their own "four walls" towards the ecosystems they operate, are able to work with more pace, meaning and purpose in meeting customer (and indeed broader community) engagement objectives. To do that, companies must start to view their employees as socially conscious, empathetic and capable of making decisions that directly impact customers without unnecessary bureaucracy and escalation.

In this sense the organisation should be viewed not only as a structural construct that needs to be engineered for efficiency, but also a social construct that needs to be nurtured to bring out the best in people. **These are upheld through four key pillars.**

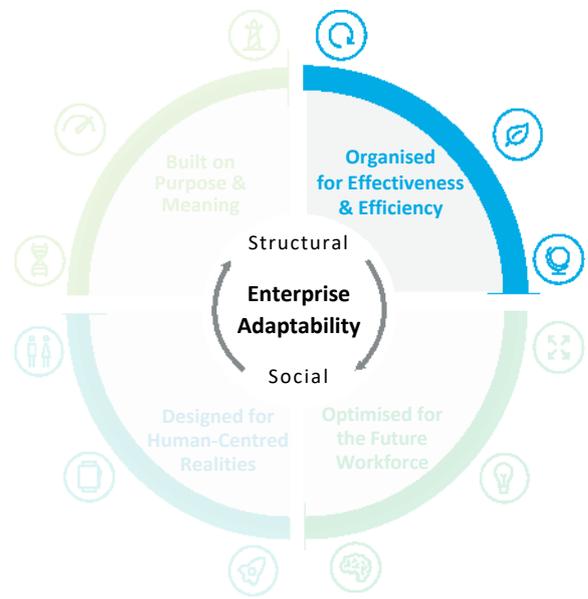
**Figure 1: Four pillars of enterprise adaptability and their objectives**



Adaptable enterprises need to design for more than just profit towards a triple bottom line of profit, people and planet.



Today's organisations have grown organically, over the years, through piecemeal design.



### Built on purpose and meaning

Adaptable enterprises need to put **purpose and meaning** at the core of what they do, especially so in these challenging and volatile times (i.e., **designing for more than just profit** towards a triple bottom line of profit, people and planet/community outcomes).

In addition, instead of teams and employees defining themselves through the functions they serve, they should explore the idea of adapting missions that can **provide meaningful outcomes** for all stakeholders. Imagine a world where a finance, sales or HR professional views their role as something bigger than the "guild" they belong to and instead is based on their contribution to **making a tangible impact** on community members or customers.

It should be noted that this adaptable mission-based approach is not a one-size-fits-all model. Some teams just need to be organised for **efficiency**. In other words, traditional ways of working are perfectly fine for them (i.e., areas that require scale, predictability and repeatability).

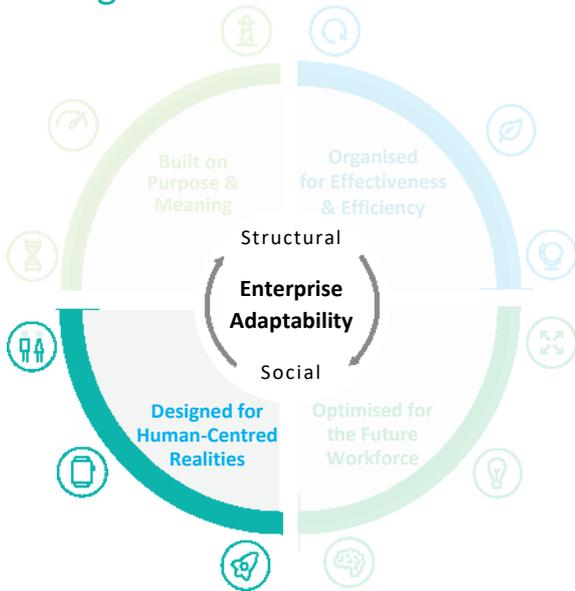
### Organised for effectiveness and efficiency

Today's organisations have grown organically, over the years, through piecemeal design. Leaders and employees have grappled with excessive layers of management, duplicated effort and complex matrix reporting.

A first step is to regain focus on the core organisational mission and **unravel complexity** that pulls any attention away from it. Excessive management layers, inefficient spans of control and lack of clear responsibilities are usually indicators that easily reveal complexity that is worthwhile to remove.

Addressing these elements of complexity helps to **sustainably reduce costs**, while also simplifying the role of the **Corporate Centre** and how it interacts with local business units and teams. The end goal of **simplifying architecture** is about ensuring long term financial stability while also taking the daily frustration out of work.

Moving from viewing people as human capital assets that need to be “reconfigured” in a top-down way towards viewing them as the ultimate customers of your operating model.



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## Designed for human-centred realities

Another key shift that is necessary is in the transformation process itself, which means moving from viewing people as human capital assets that need to be “reconfigured” in a top-down way towards viewing them as the **ultimate customers of your operating model**. The first thing to focus on is **better inclusiveness** by involving workforce in designing the organisation. This will **boost employee empowerment and effectiveness** and limit executive tunnel vision.

Second, to promote empowerment, organisations should find a good **balance between control and autonomy** to safely deliver and shape business results. An Objectives and Key Results (OKR) framework can help clarifying goals and expected outcomes for teams. In addition, adopting a decision-rights framework that distributes authority to the lowest practical levels (directly connecting to customer experience), provides clarity on when to seek consultation or escalation. Finally, creating a high-quality, productive, employee experience for staff and reinforcing it with the **right enabling technologies**, will maximise their potential.

## Optimised for the future workforce

Lastly, adaptable enterprises of tomorrow will be **tapping into talent and capability outside of their own traditional organisational boundaries** by harnessing their partners, alliances and talents that live beyond the borders of the company. This starts with an agreement on the core capabilities that create unique value and should be developed in house versus capabilities sourced from ecosystem participants, where value is already being created.

Bringing together the best of on-and-off balance sheet workforce requires managing partners, crowd, gig, machine, artificial, and human resources through a **talent and opportunity marketplace** where work can be matched to qualified, cost-effective talent. Procurement, HR, vendor management and legal functions will need to adapt to quickly mobilise resources from anywhere. Shifting away from ‘control’ over resources via reporting lines, fixed roles and compensation fosters collaboration organised around strategic opportunities, based on dynamic value-based contracts that allow anyone contributing to realise a share of the value.

## Exploring a case: a well-known consumer/ retail company moving to adaptability...

To shift towards the vision around Enterprise Adaptability expressed above, organisations need to look beyond individual “point solutions” towards a more complete view of how companies lead, work and organise themselves. We have previously talked about “the how” in moving towards adaptability pulling several levers<sup>4</sup>. In the last year one of the world’s leading consumer/retail companies went on such a journey. While no single case study encompasses all of the vision expressed above, the story of this famous brand is indicative of what is possible.

Faced by the continued headwinds in retail, shifting consumer tastes and a growing geographic footprint, the CEO decided to embark on a transformational journey that would put customers at the core of everything that they did. To do that, they needed to shorten the “distance” between front line decision makers at the retail level, with their global HQ, and they needed to create a structure and way of working that both respected its huge scale, while also injecting highly agile/adaptive teams into parts of the company that needed speed-to-market. Their journey was about truly going “all-in” on transformation across 5 levers.

**Ecosystem:** They started their journey by forcing an outside-in mindset around the outcomes that would delight customers, thereby injecting more purpose and meaning into everyday work. In doing so they broke down those outcomes into small achievable missions that they could organise around – and set them up against multiple speeds (a stable core focused on long-term continuous objectives within functions like Finance or Marketing, mission-based teams focused on outcomes within 1 year, and finally rapid deployment units focused on prototyping outcomes in 12 weeks).

**Organisation:** Next they mobilised against these missions with multi-functional teams. The parts of their business that needed stability, consistency and standardisation across the globe remained functional. However, their short-term mission-based teams, embraced fully multi-disciplinary approaches with finance, marketing, product and sales intermingled together in empowered units that prioritised speed over negotiating the matrix. In this sense, they significantly simplified their organisation structure and made it fit-for-purpose.

**Teams:** Once the above structural considerations were designed, they set about fundamentally changing ways of working, and adopted agile practices that were customised to the unique culture of their organisation. Rather than taking a textbook approach to agile ways of working, they picked the routines and ceremonies that fit their style and enabled these teams to test, experiment and challenge conventional wisdom.

**Leadership:** Recognising that the journey was not complete, they also invested in a new leadership mindset, and promoted behaviours necessary to guide fundamentally different team dynamics. They invested in promoting psychological safety in team meetings, coached leaders to show greater vulnerability (to competing perspectives and diverse technical backgrounds), and enhanced inclusion in day to day practices.

**Individuals:** Finally, the retailer understood that without changing underlying talent management and HR processes (e.g., succession, rewards, performance management) they could have a beautifully engineered structure, but their people would not be incentivised to “operate” as needed. Moving laterally between “experiences” vs. only elevating up the ladder requires a different underlying infrastructure that the organisation knew all too well had to be challenged.

Connecting back to the pillars of adaptability introduced in this article, the underlying strength of the approach taken by this well-known consumer/retail company was that it treated the organisation as both a structural construct that needed to be engineered well, and also as a social construct that needed to be grounded in purpose and meaning. Add to that a human-centred approach that involves the whole company (across many levels) in co-creation and design, and you have a recipe for success.

What is clear in the year ahead is that organisations will continue to strive for adaptability – the times call for it, with none of us able to answer exactly what the future holds. The path to get there requires continuous investment and organisational persistence. This will result in a workplace that unleashes the full potential of its people, bringing more meaning, impact and even more fun to work.

## End notes

- 1 Deloitte Insights | 2019 Global Human Capital Trends. Organisational Performance: It's a Team Sport. [Team-based organisations and cross-functional collaboration | Deloitte Insights](#)
  - 2 Corporate Rebels. Make Work More Fun by Joost Minnaar and Pim de Morree (2020)
  - 3 Deloitte Insights | 2020 Global Human Capital Trends. The Social Enterprise at Work: Paradox as a Path Forward [2020 Global Human Capital Trends | Deloitte Insights](#)
  - 4 Deloitte Adaptable Organisation [The Adaptable Organisation \(deloitte.com\)](#)
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