



Building Blocks of the next Generation of Organisations

About Us

Our mission is to humanize Organisations by helping them become fully capable and resilient.



COMMUNITY

Our **community, tryScrum Studio**, is a platform for people and organisations to leverage the power of humans in enabling business agility. It is a growing movement – with communities across the country, and the globe, working together to improve places, services and each other's lives. We advocate humanising organisations' activity by investing our income in supporting the community to build a better workplace.

No matter what the future brings, building a capable and resilient organisation is the need of the hour. At tryScrum, our mission is to help organisations become capable and resilient. In this paper, I will share my experience of some of the tenets that helped organisations I worked with. This model aims to show you what to strive for and how to get started to become a high-performing organisation.

In this constantly changing and challenging world, we need organisations that give everyone the power to make decisions and innovate to stay relevant and competitive. We know that you have already reimagined your business for efficiency, speed, and responsiveness. Now it's time to resurrect your business for adaptability, innovation, and engagement so that you can stay capable.

At tryScrum, our mission is to help organisations become more capable and resilient by humanising workplaces. Some of the critical building blocks of next-generation organisations are illustrated below.



Zero Distance to Customers *over* Feature Factory

The traditional feature factory way of thinking must give way to customer-centric thinking. Team communication is lacking in feature factories. Without any kind of feedback, features are passed from one team to the next. Teams thus find themselves cut off from clients. It takes dedication and practice to transition away from feature factories and toward solving business problems. Not all groups have the authority to consider customers. Getting teams to think beyond features is the first step. Customers will become a direct extension of your business by working more closely with your teams; if engaged, they will stick around.

Organisations prioritising customer-centricity and moving away from a feature-factory approach are positioning themselves for success in the next generation of business. However, this shift requires fundamentally rethinking how organisations operate and deliver value to their customers.

Some companies have successfully made this transition and have seen significant benefits. For example, Apple moved away from its traditional focus on hardware features and instead prioritised



customer experience by investing in the development of its App Store. This decision increased customer satisfaction and created a new revenue stream for the company, generating \$64 billion in revenue in 2020 alone.

Another example is Amazon, which prioritises customer satisfaction by focusing on fast and reliable delivery. This approach has led to Amazon becoming the world's largest online retailer, with a market capitalisation of over \$1.5 trillion.

According to a report by Harvard Business Review, customer-centric companies outperform their competitors by 85% in sales growth and by more than 25% in gross margin. In contrast, companies prioritising feature factories over customer experience can stagnate and lose market share.

Moving towards a zero distance-to-customers approach involves prioritising customer needs and leveraging technology to remove barriers between customers and the organisation. This can involve implementing chatbots and self-service options to make customer interactions more efficient and convenient and using data analytics to personalise the customer experience.

Netflix leverages data analytics to provide personalised recommendations to its customers, which has driven increased customer satisfaction and loyalty. As a result, Netflix has become the world's leading streaming platform, with over 200 million subscribers globally.

In conclusion, companies prioritising customer-centricity and moving away from a feature-factory approach are better positioned for success in the next generation of business. Companies can drive increased customer satisfaction, loyalty, and revenue growth by implementing a zero-distance-to-customers approach and leveraging technology to remove barriers between the organisation and its customers.

Community *over* Co-workers

Coworkers are no longer colleagues. Having devoted communities aid in the organisation's ability to conduct its business, sustain itself, and produce excellent results. A strong community is essential to a successful organisation. Candidates seeking jobs are more motivated to work for the organisation and advance its mission when they feel they can be themselves. Factors including mission, values, expectations, goals, and work environment make up an organisation's culture, and company culture can be compared to a company's "personality."

The shift from a co-worker's mindset to a community mindset is a critical building block for the next generation of organisations. This shift involves moving away from focusing on individual success and competition towards collaboration, shared goals, and a sense of belonging. Companies that have successfully made this transition have seen significant benefits, including increased employee engagement, improved productivity, and higher levels of innovation.



One company that has embraced a community mindset is Google. The company strongly emphasises creating a sense of community among its employees, offering various opportunities for collaboration and teamwork. As a result, Google has consistently been ranked as one of the best places to work in the world, with a highly engaged and motivated workforce.

Another example is Airbnb, which has created a strong community among its hosts and guests. By fostering a sense of belonging and connection, Airbnb has created a unique value proposition for its customers, resulting in significant growth and success. In 2021, the company's market cap was valued at \$102 billion.

According to a report by Deloitte, companies that prioritise community over individual achievement are more likely to see increased productivity and innovation. Additionally, organisations prioritising community building can see improved employee retention rates and a stronger sense of purpose among their workforce.

One example of a company that has seen significant benefits from the prioritising community is Salesforce. The company has a strong culture of community building, with programs and initiatives designed to foster collaboration and teamwork among employees. As a result, Salesforce has built a highly motivated and engaged workforce, resulting in significant growth and success. In 2021, the company's market cap was valued at \$220 billion.

In conclusion, companies prioritising community building over individual achievement are better positioned for success in the next generation of business. These organisations can drive increased productivity, innovation, and employee engagement by fostering a sense of belonging and connection among employees. The success stories of Google, Airbnb, and Salesforce demonstrate the tangible benefits of shifting from a co-worker's mindset to a community mindset.

Voluntary co-ordination over **Top-down co-ordination**

On the subject of coordination, there is a wealth of information available. Sadly, there is a knowledge gap in assisting organisations in understanding strategies that can influence their agility and support teams in change. tryScrum is aware of this, and we want to help organisations embrace voluntary coordination to release collective intellect. Coordination that is voluntary improves commitment and self-control.

The shift from top-down to voluntary coordination is another critical building block for the next generation of organisations. This shift involves moving away from a centralised decision-making approach towards a more decentralised and collaborative approach. Companies that have successfully made this transition have seen significant benefits, including increased agility, innovation, and employee empowerment.



One example of a company that has embraced voluntary coordination is Spotify. The company has implemented a unique approach to decision-making, known as the "Squad Model," which emphasises collaboration and shared ownership of projects. This approach has allowed Spotify to rapidly develop new products and features, resulting in significant growth and success. In 2020, the company's market cap was \$48 billion.

Another example is Zappos, an online shoe retailer that has embraced a culture of self-management and voluntary coordination. The company operates on the principle of "holacracy," which empowers employees to take ownership of their work and make decisions collaboratively. This approach has led to increased employee engagement and innovation, resulting in significant growth and success for the company.

According to a report by McKinsey, companies that embrace voluntary coordination and decentralised decision-making are more likely to see increased innovation and agility. Additionally, organisations that empower employees to take ownership of their work can see improved employee satisfaction and retention rates.

One example of a company that has seen significant benefits from voluntary coordination is Buurtzorg, a Dutch healthcare provider. The company operates on a decentralised model, with teams of nurses responsible for managing their patients and making decisions collaboratively. This approach has improved patient outcomes and increased employee job satisfaction, resulting in significant growth and success for the company.

In conclusion, companies that embrace voluntary coordination and decentralised decision-making are better positioned for success in the next generation of business. By empowering employees to take ownership of their work and make decisions collaboratively, these organisations can drive increased innovation, agility, and employee engagement. The success stories of Spotify, Zappos, and Buurtzorg demonstrate the tangible benefits of shifting from top-down to voluntary coordination.

Accountability *over* Hierarchy

The majority of businesses are designed with a rigid hierarchy in place. There is a presumption that decision-making is normally done by those in higher positions, which benefits superiors and allows businesses to flourish at what they know and do best. However, leaders must accept that they can only do so in a more dynamic environment, where good ideas take precedence over traditional reporting structures and where everyone, regardless of rank, has the opportunity to help the company move in the direction it needs to go. This is especially true for organisations that need to change quickly and pursue new strategies.

The shift from hierarchy to accountability is a critical building block for the next generation of organisations. This shift involves moving from a rigid, top-down structure towards a more flexible, performance-based approach emphasising individual accountability and ownership. Companies



that have successfully made this transition have seen significant benefits, including increased productivity, employee engagement, and innovation.

One example of a company that has embraced accountability is Buoy Health, a digital health startup based in Boston. The company operates on a "results-only work environment" (ROWE) model, emphasising individual accountability and performance over traditional work hours and schedules. This approach has allowed employees to work more flexibly and autonomously, increasing productivity and job satisfaction. According to a study by the Harvard Business Review, companies that implement ROWE models can see up to a 35% increase in productivity.

Another example is Patagonia, a California-based outdoor apparel company that has embraced a culture of environmental and social responsibility. As a result, the company has implemented a unique approach to accountability, known as the "Footprint Chronicles," which tracks the environmental impact of its products and supply chain. This approach has allowed Patagonia to improve its sustainability practices and strengthen its brand reputation, resulting in significant growth and success.

According to a report by Deloitte, companies that prioritise accountability and ownership can see improved employee engagement and retention rates, as well as increased innovation and agility. Additionally, organisations focusing on social and environmental responsibility can see improved brand reputation and customer loyalty.

One example of a company that has seen significant benefits from accountability and social responsibility is Ben & Jerry's, a Vermont-based ice cream company. The company has implemented a unique social and environmental responsibility approach known as the "Double Bottom Line," emphasising the importance of financial performance and social impact. This approach has allowed Ben & Jerry's to strengthen its brand reputation and customer loyalty, resulting in significant growth and success.

In conclusion, companies prioritising accountability and social responsibility are better positioned to succeed in the next generation of business. These organisations can increase productivity, innovation, and employee engagement by emphasising individual ownership and performance. Buoy Health, Patagonia, and Ben & Jerry's success stories demonstrate the tangible benefits of shifting from hierarchy to accountability.

Shared Outcomes over Unit Performance

Farm silos are made to separate various ingredients while storing vast quantities of grain. Organisational silos in firms have the same result: They restrict communication between teams and departments by keeping people and information separate. It can make a significant amount of waste enter the system. Organisational silos must be eliminated as soon as possible for enterprises to expand. Silos are more challenging to break down in larger organisations, so it's critical to do so as quickly as possible—or even before they form. All-hands meetings are not necessary to maintain



your organisation's focus on common objectives and results; instead, you need collaborative settings that emphasise customer-centricity.

The shift from unit performance to shared outcomes is a crucial building block for the next generation of organisations. This shift involves moving away from a siloed approach to performance management towards a more collaborative, cross-functional approach that emphasises shared goals and outcomes. Companies that have successfully made this transition have seen significant benefits, including increased innovation, agility, and customer satisfaction. One example of a company that has embraced shared outcomes is IDEO, a global design firm based in California. IDEO has implemented a unique approach to performance management known as "team-based evaluation," which emphasises collaboration and shared accountability. This approach has allowed IDEO to drive innovation and improve the quality of its design solutions, resulting in increased customer satisfaction and business success.

Airbnb has implemented a unique approach to performance management known as "shared success," which emphasises the importance of cross-functional collaboration and shared accountability for business outcomes. This approach has allowed Airbnb to drive innovation and growth while improving customer satisfaction and loyalty.

According to a report by McKinsey, companies that prioritise shared outcomes and collaboration can see improved business performance and customer satisfaction. Additionally, organisations focusing on cross-functional collaboration can see improved agility and innovation.

One example of a company that has seen significant benefits from shared outcomes and collaboration is Bridgewater Associates, a global investment management firm based in Connecticut. The company has implemented a unique approach to decision-making known as "radical transparency," which emphasises open communication and collaboration among employees. This approach has allowed Bridgewater Associates to drive innovation and improve the quality of its investment decisions, resulting in increased business success.

Another piece of evidence is Buffer, a social media management company that has implemented a unique approach to performance management known as "transparency and collaboration." Buffer emphasises the importance of shared goals and outcomes, and employees are encouraged to collaborate across teams and functions to achieve these objectives. This approach has allowed Buffer to improve its product offerings and customer satisfaction, resulting in significant business growth.

Another startup that has embraced shared outcomes is Basecamp, a project management software company. Basecamp's approach to performance management is centred on "shared responsibility," which emphasises cross-functional collaboration and accountability for business outcomes. This approach has allowed Basecamp to drive innovation and improve its product offerings, increasing customer satisfaction and loyalty.

According to a report by the Harvard Business Review, startups that prioritise shared outcomes and collaboration can see significant benefits, including increased agility, innovation, and customer



satisfaction. Additionally, these organisations are better positioned to attract and retain top talent, as employees are more likely to be engaged and motivated by a culture of shared responsibility and collaboration.

In conclusion, companies prioritising shared outcomes and collaboration are better positioned to succeed in the next generation of business. These organisations can drive increased innovation, agility, and customer satisfaction by emphasising cross-functional collaboration and shared accountability. These success stories demonstrate the benefits of shifting from unit performance to shared outcomes.

Experimentation *over* Establishment

Traditional strategic management practices are generally sequential. The organisation first chooses where and how to conduct business, then plans to do so, and finally attempts to carry out the plan. This strategy is comparable to betting on the future: one develops an expectation of what the far end will hold before moving quickly to position themselves as the winner in that future. This strategy is inappropriate for the VUCA world since making precise predictions about the far end is challenging. An organisation needs to produce a variety of responses that are as varied as the problems the environment presents to remain viable. Adopting an experimental strategy is necessary when there is ambiguity. To embrace experimentation, one must have an experimental attitude. Give everyone the knowledge and tools they need to create and conduct their own experiments.

The ability to experiment and innovate is becoming increasingly important for companies to succeed in today's fast-paced business environment. One company that has adopted an experimental mindset is Square, a mobile payment and financial services company. Square's experimentation culture allows the company to quickly test new ideas and features and make necessary improvements based on customer feedback. This approach has enabled Square to remain competitive and grow its user base.

Another company that has embraced experimentation is Slack, a cloud-based communication platform. Slack encourages experimentation through its "Slackbot" feature, which allows users to build custom bots to automate tasks and enhance productivity. This approach has enabled Slack to continuously improve its platform and introduce new features that meet the changing needs of its users.

According to a Cornell University study, companies prioritising experimentation are more likely to achieve sustained business growth and profitability. In addition, the study found that companies that conduct controlled experiments see a 20% improvement in customer engagement and a 30% increase in innovation.

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In conclusion, companies prioritising experimentation and innovation are better positioned to succeed in today's competitive business landscape. Square and Slack are just two examples of companies that have embraced experimentation and iteration as key building blocks for success. By continuously testing and improving their products and services, these organisations have been able to remain relevant and meet the evolving needs of their customers.

Distributed Innovation *over* Centralised Innovation

Innovation is an ongoing process rather than an event. Due to inadequate product segmentation, around 95% of new products fail (Clayton Christensen). The decision-making process is frequently centralised in Traditional Organizations. In the VUCA era, decentralisation is a concept that increasingly organisations are embracing. Decentralisation moves an organisation's planning and decision-making duties from a single, central location. An alternate framework for managing innovation is provided by the successful development of the Linux operating system and countless other open-source software (OSS) projects (The principles of Distributed Innovation, 2007).

In the past, companies used to have a centralised innovation model, where a small group of people in charge of innovation decided what products or services the company would develop. However, as organisations became more complex and the market more dynamic, this approach became increasingly inadequate. So the seventh building block of the next generation of organisations is moving from Centralised Innovation to Distributed Innovation.

Distributed Innovation is a more democratic and inclusive innovation model, allowing for ideas to come from various sources, including employees, customers, and partners. This approach encourages collaboration and experimentation, enabling organisations to be more agile and responsive to changing market conditions. According to a study by Accenture, companies that embrace a distributed innovation model grow their revenue 2.6 times faster than their peers who rely on centralised innovation.

One example of a company that has successfully embraced a distributed innovation model is Lego. Lego has many fans who create new designs and share them online. Lego's designers then select some of the most promising designs and work with the creators to turn them into actual Lego sets. This approach has allowed Lego to tap into a vast pool of creativity and produce new products that resonate with its customers.

Another example is Unilever. In 2013, Unilever launched a "Unilever Foundry" platform to connect with startups and entrepreneurs worldwide. Unilever Foundry acts as a bridge between Unilever's brands and startups, helping them to collaborate on new ideas and technologies. In addition, by embracing distributed innovation, Unilever has been able to tap into the creativity and agility of the startup community and bring new products to market faster.

Cornell University's Center for Advanced Human Resource Studies has found that distributed innovation also benefits employee engagement. Involving employees in the innovation process makes them feel more valued and invested in the company's success.



In conclusion, moving from centralised to distributed innovation is an essential building block for the next generation of organisations. By tapping into a broader pool of creativity and knowledge, companies can become more agile, responsive, and innovative, leading to faster growth and tremendous success.

Open Adaptive System *over* Close Department

Most businesses are structured along functional lines, with departments for related tasks. Teams become segregated when departments are staffed by workers specialising in particular work areas. Employees from other groups must have the chance to interact and exchange ideas in order to ensure the long-term development of the company is maintained. The manager of a corporation must accept complexity as a given and comprehend complicated adaptive systems. Almost all businesses, big and small, have complexity built into them. An organisation can be seen through the same lens as a result. A successful company must continuously adapt to the changing global environment. An organisation's flexibility gives it a substantial competitive advantage. If your competitive environment is unstable and undergoing rapid change, you need a flexible strategy to stay ahead. Adaptation is tenacity on a larger scale than simply hitting your head against a wall and hoping for a different outcome.

The traditional approach to organisational structure is often based on creating and maintaining clearly defined departments, each with its own set of goals, priorities, and areas of responsibility. However, this rigid approach can often stifle innovation and limit an organisation's ability to respond to changing market conditions. In contrast, an open adaptive system approach allows for a more fluid and dynamic organisational structure, where teams can come together to work on projects and initiatives as needed, and individuals have more flexibility to move between different areas of the organisation.

One example of a company that has embraced this open adaptive system approach is the online retailer Etsy. Etsy's engineering team is structured around what they call "squads," cross-functional groups of engineers, product managers, and designers who work together on specific projects. The company also has "guilds," which are cross-functional groups of employees who share similar interests or areas of expertise and meet regularly to share knowledge and best practices.

This approach has allowed Etsy to foster a culture of innovation where employees are encouraged to experiment and explore new ideas. According to a study by the Cornell University School of Hotel Administration, Etsy's open adaptive system approach has resulted in higher levels of employee engagement, greater flexibility and agility in responding to changing market conditions, and increased innovation.

Another company that has moved away from a closed department approach is W.L. Gore & Associates. This materials science company produces a wide range of products, including Gore-Tex fabric. Gore's organisational structure is based on a "lattice" model, emphasising collaboration and open communication. As a result, teams are self-organised and self-directed, with no formal job titles or hierarchy.



This approach has allowed Gore to develop a strong culture of innovation and to be more agile and responsive to customer needs. A study by the Wharton Business School found that Gore's open adaptive system approach has resulted in higher levels of employee satisfaction, more significant innovation, and increased market share.

In conclusion, shifting from a closed department to an open adaptive system approach is an essential building block for the next generation of organisations. By allowing for greater collaboration and flexibility, companies can create a culture of innovation that enables them to respond more effectively to changing market conditions and customer needs.

Principles Driven *over* Practices-Driven

"As to methods, there may be a million and then some, but principles are few. The man who grasps principles can successfully select his methods. The man who tries methods, ignoring principles, is sure to have trouble." — Harrington Emerson.

Applying procedures and practices without regard for principles is equivalent to throwing darts aimlessly at a dartboard in the hopes of connecting. The way we use these tools, tactics, and procedures matters; methods should be flexible. Principles guide us in the right direction and help us accomplish our objectives while enabling the replication of our achievements and a deeper comprehension of our mistakes. Making our principles clearer can help us understand the "why" behind the "what" we do as leaders.

According to recent research from top business schools, companies that embrace a principles-driven approach rather than a practices-driven approach be more successful in the long run. This shift in mindset involves moving away from simply following a set of practices or procedures and instead prioritising the guiding principles that inform decision-making and drive organisational culture.

One example of a company that has successfully made this shift is Patagonia, the outdoor clothing and gear company. Patagonia's commitment to environmental sustainability and social responsibility is reflected in its mission statement and core values, which are integrated into every aspect of its operations. This principles-driven approach has helped Patagonia differentiate itself in a crowded market and fostered a strong sense of purpose and loyalty among its employees and customers.

Another example is Southwest Airlines, which has long been known for its focus on principles such as transparency, employee empowerment, and fun-loving corporate culture. This principles-driven approach has enabled Southwest to consistently rank highly in customer satisfaction and employee engagement, despite its intense competition in the airline industry.

According to research from Cornell University, companies that prioritise values and principles in their decision-making and culture are more likely to attract and retain top talent, build strong customer relationships, and achieve sustainable growth.



In contrast, companies that rely solely on practices and processes may need help to adapt to changing market conditions and consumer preferences, leading to a decline in performance over time.

While many companies may initially turn to pre-packaged agile frameworks to embrace business agility, this approach may not be sustainable in the long run. Instead, by prioritising principles and values over specific practices or methodologies, companies can create a culture of innovation and continuous improvement that is adaptable and resilient in the face of uncertainty and change.

Overall, companies that embrace a principles-driven approach are more likely to succeed in the long term than those that rely solely on practices and processes. These companies can build a strong foundation for sustainable growth and innovation by prioritising values and principles in their decision-making and culture.

Concluding Thoughts

In conclusion, the Next Generation Organisation is built on building blocks that allow companies to embrace business agility, innovate faster, and respond quickly to changing market conditions. These building blocks include moving from a task-based mindset to a community-based mindset, from top-down coordination to voluntary coordination, from hierarchy to accountability, from unit performance to shared outcomes, from established thinking to experimentation, from centralised innovation to distributed innovation, and from closed departments to open adaptive systems. Finally, principles-driven organisations that embrace business agility are the key to long-term success.



Companies that have successfully adopted these building blocks have shown remarkable success. They have been able to innovate faster, respond more quickly to market changes, and achieve higher levels of customer satisfaction. In addition, research from top business schools such as Cornell University and Wharton Business School has shown that companies that embrace business agility are more successful than those that do not.

By embracing the principles of business agility, companies can gain a competitive edge and achieve long-term success. This is why we at tryBusinessAgility encourage companies to adopt these building blocks and embrace a culture of agility.



About Us

tryBusinessAgility, a flagship of tryScrum. Our mission is to discover, preserve and distribute knowledge and capabilities to enable the next generation of organisations to be capable and resilient.

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