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Become an *Octopus* Organization

*How your
company can adapt to
a complex world.*



AUTHORS

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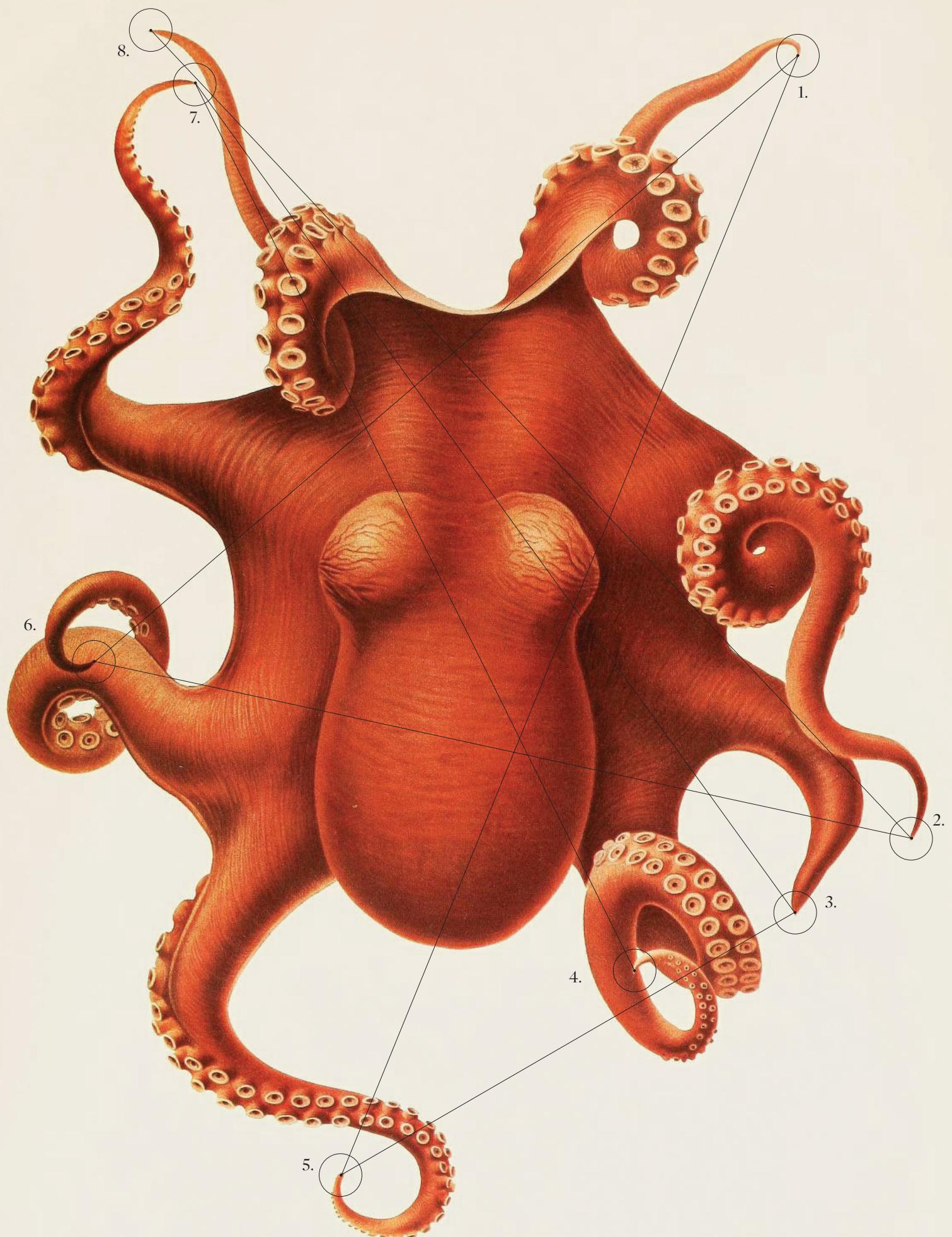
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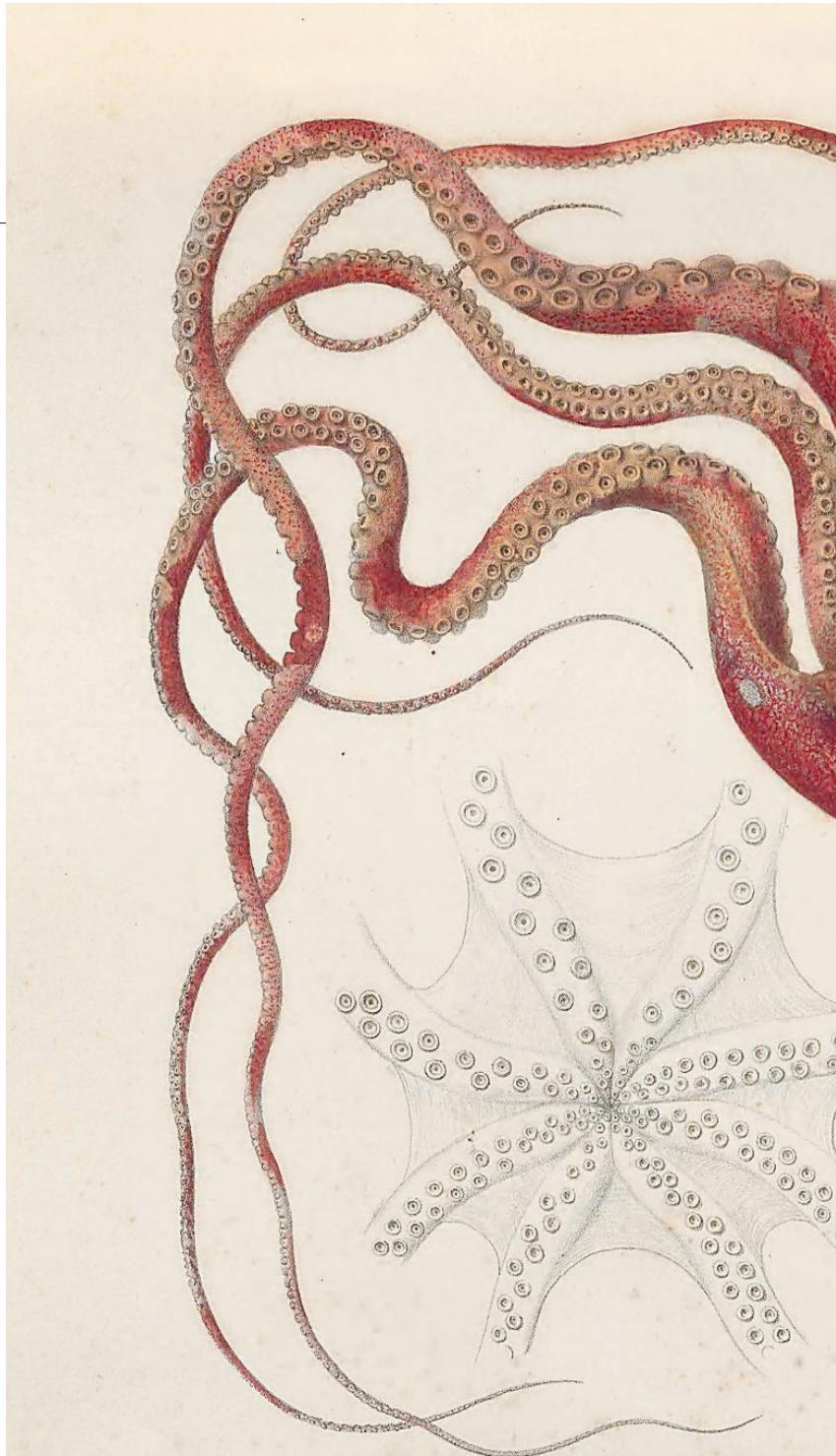
The

metaphor for business organizations has long been the machine. Like machines, most companies are designed to create efficient, predictable outcomes; minimize risk; and eliminate variation. For decades this model—built on standardization, specialization, and control—helped companies create and deliver products with unfailing efficiency. And in some cases, it still does.

But the world has changed since this model was perfected. In talking to and working with CEOs and senior executives at hundreds of companies, we came to realize that the typical corporation is rather like the Tin Man in *The Wizard of Oz*. He was a rigid and clumsy character, slow to move and react. He could take instructions but showed little initiative. Too often, we find organizations today in the same state Dorothy found him in—rusted solid, waiting for an outside fix of oil just to get moving again.

These companies, which we call “Tin Man Orgs,” were optimized for an era of mass production, adherence to process, and top-down planning. They struggle to cope with a complex world in which success depends on adapting and discovering—on building genuine, trust-based relationships with customers, employees, and their broader environment. Work today is less transactional and more relational. Customers have more choice, and so do employees. People don’t want to be managed; they want to be inspired. They don’t want to be told; they want to be heard.

What strikes us when we work with customers and leaders in Tin Man Orgs is that many know how they operate is holding them back. In response they have sought an escape through transformations, large-scale initiatives aimed at





IDEA IN BRIEF

THE PROBLEM

Companies struggle to cope with a complex world in which success comes from adapting and discovering. Despite trillions in investments over the past 20 years, just 12% of their transformation efforts show sustainable performance gains.

WHY IT HAPPENS

Most companies are designed to deliver efficient, predictable outcomes and eliminate variation. That model works in a world focused on mass production, but companies must evolve as the world does.

THE SOLUTION

Companies must transition to a new paradigm: the Octopus Organization, inspired by the remarkably adaptive, curious, and intelligent sea dweller.



modernizing operations, embracing digital technologies, and cultivating agility. But despite the trillions companies have invested in these initiatives over the past two decades, the results are underwhelming: Just 12% of transformations create sustainable performance gains, even after three years.

In this article we call for a fundamentally different paradigm: the Octopus Organization, inspired by the remarkably adaptive, curious, and intelligent sea dweller. That animal, whose arms can think and act independently yet work in perfect concert, offers a model for building companies that can thrive in complexity and embrace continuous change. Octopus Orgs tap the intelligence of their people, integrating a range of efforts naturally and gracefully. They sense subtle signals, learning and shifting course at speed to navigate uncertainty.

What's Different About Octopus Orgs?

The need for the Octopus Org arises from a fundamental mismatch: Most companies are built for a complicated world, but the one they now inhabit is irrevocably complex. Understanding the distinction between these two states is crucial to grasping why traditional organizational models are faltering and why the Octopus Org offers a more viable path forward.

As systems theory informs us, a complicated world is one of blueprints and recipes. Think of a jet engine: It has thousands of parts and requires immense expertise to assemble, but its processes are knowable, repeatable, and produce a predictable result. If a part breaks, you find the root cause and fix it. This is the world the Tin Man Org was designed for, an environment where a company's strategy can be optimized through analysis, specialization, and control, with no inherent uncertainty.

A complex world, however, is more like the ocean, the home of the octopus—where a small shift in the current can create unpredictable effects miles away. The shifts and unpredictability make it difficult to navigate; you can only sense, respond, and learn from the flow. This is the world the Octopus Org is designed for, an environment where success comes not from rigid control but from distributed intelligence, continuous learning, and adaptation.

To get a sense of what this looks like in a business setting, think of how most companies structure strategy meetings.

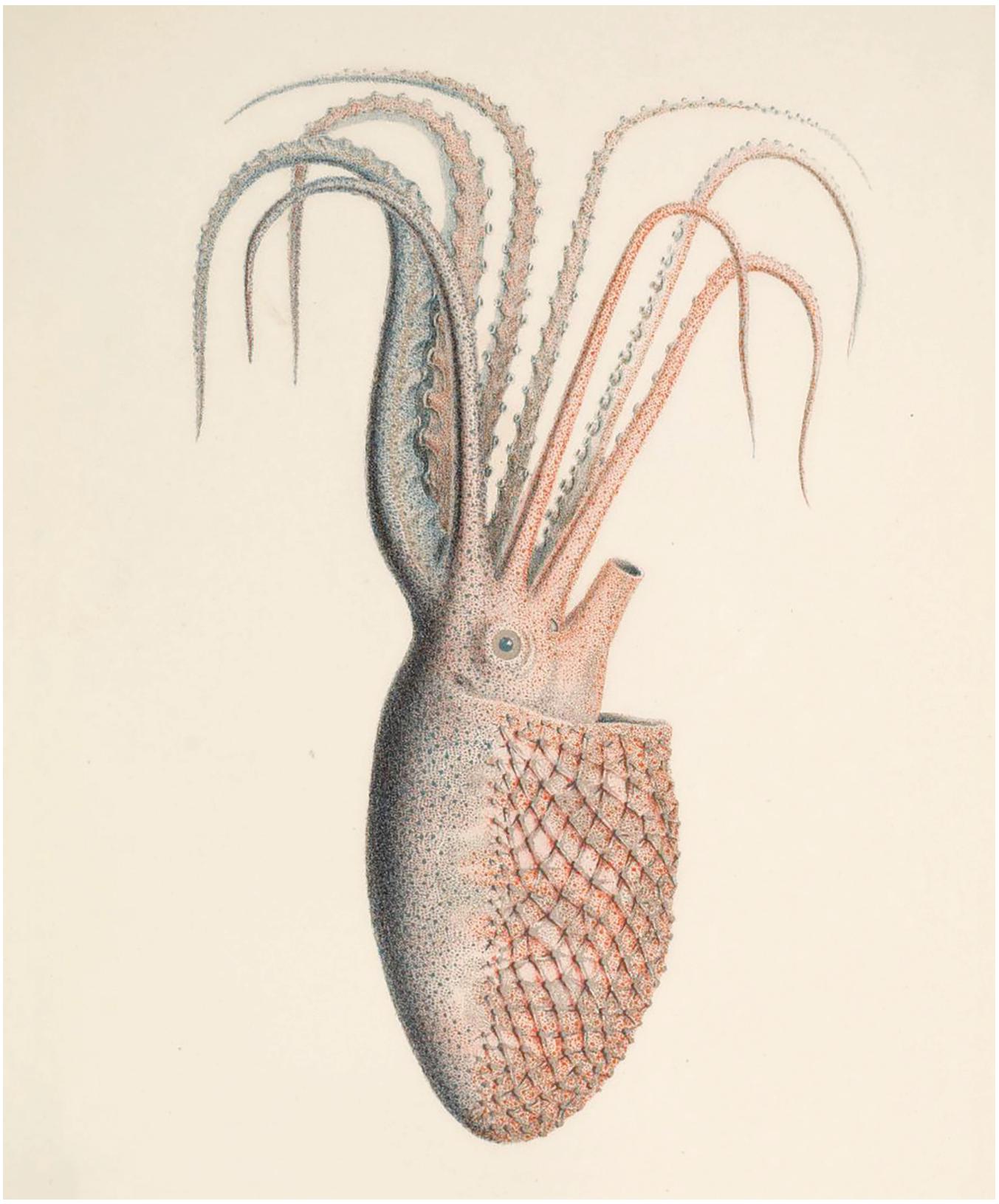
The very design of the typical meeting room—dominated by a large screen for presentations, often with no whiteboard in sight—signals that it is a space for the consumption of information, not the creation of ideas. Speakers adhere to a set agenda, deliver carefully prepared slides, and stick to their allotted time. Questions are reserved for the end and are often perfunctory or performative. The information flow is tightly controlled and consistently structured.

In the Octopus Org, by comparison, meetings have clearly defined outcomes but not always a fixed agenda. Leaders encourage people to surface ideas rapidly and ask provocative questions. You'll often find a diverse group from across the company—frontline workers and executives, new and tenured voices—gathered around a whiteboard. Contributors build on and challenge one another's arguments. Conversation flows, tangents are explored, and unexpected connections emerge.

You can also spot the differences when you visit call centers. At a Tin Man call center, reps stick to scripts and decision trees dictated by an algorithm. The agent is a process executor held to metrics that reward the volume of resolutions. Over at the Octopus call center, meanwhile, agents own the customer's problem. They actively listen, empathize, and tailor solutions to the individual, with a discretionary budget to ensure a good outcome. There's a sense of human-centered problem solving, of genuine connection. This feeling of ownership ignites a dissatisfaction with the status quo—an innate desire not just to solve the immediate problem but to hunt down its root cause. Octopus agents become innovators on behalf of customers, eliminating friction, automating away recurring issues, and building intelligent agents to handle entire categories of repeat problems—in other words, improving the organization itself.

And look at how Tin Man Orgs treat innovation as a department, creating innovation labs that are physically and culturally isolated. Teams develop ideas in isolation and then hand them off (along with all the integration and real-world challenges they haven't accounted for) to "the business" for implementation. Octopus Orgs, in contrast, understand that innovation is a distributed capability, the daily, obsessive work of meeting customer needs in ever better ways. They create mechanisms for invention everywhere, entrusting small, decentralized teams with end-to-end ownership of customer problems. This ensures the people closest to the customer are the ones who experiment, learn, and build what's coming next.

Ultimately, all of these Octopus Org behaviors—from how they hold meetings to how they run call centers—orbit around a single, nonnegotiable question: "Does this create more value for our customers?" Asking it relentlessly causes a chain reaction. The obsessive focus drives





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ABOUT THE ART

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employee engagement because people can see a direct link between what they do and the impact they have on customers, which in turn fuels the innovation and resilience needed to thrive. The rewards are cultural, profound, and measurable. Research shows that customer-obsessed companies not only are more than three times as likely to lead their industries in revenue growth but also achieve profitability premiums of around 23% over their Tin Man peers.

Get Your Head in the Right Place

When we explain the Octopus Org to leaders, they often ask for the framework, the playbook, the step-by-step plan. But those are Tin Man questions. An organization doesn't become an Octopus in a linear, tidy fashion. Lasting change comes from shifting how people see the world and behave. Like building a strong marriage or family, it's a messy, emergent process, not one realized by following a blueprint. It requires a fundamental shift in mindset, guided by three principles:

Make changes with people, not to them. Tap into the collective intelligence, experience, and motivation of the people closest to key business challenges. If your people aren't identifying what's holding them back or suggesting solutions and experimenting to achieve them, then you're not evolving into an Octopus Org.

Entwine learning and impact. Embed experiments into your daily work rather than running them separately. But note that the goal isn't merely to change; it's to improve by discovering what truly works. Not every experiment will yield the expected impact, but it always needs to yield learning. Change that isn't linked to value and deep learning is not useful. For example, if you attempt to overhaul meetings by cutting their length, are you making better decisions and finding better ways to have constructive conflict? Or are you just creating shorter, less effective meetings?

Do less to achieve more. Resist the urge to solve problems by adding another program or process. Look for where you can take things away—a process, a gatekeeper function, a dependency, an unproductive practice. Start small, at the business unit or team level. As new solutions take hold, let a frequent taste of progress engage people and build momentum for the long term. We worked with one organization that banned PowerPoint presentations in strategy meetings

for six months. Removing a tool that often obscured meaning forced leaders to speak with greater clarity. Focusing on smaller changes in shorter increments creates more opportunities for impact—and the more frequently people experience progress, the more likely they are to be and stay engaged.

These kinds of shifts won't happen all at once. Especially in large organizations, there will often be Octopus-like parts and Tin Man parts coexisting. But you can find things to improve almost anywhere in the company. Here's how to spot them.

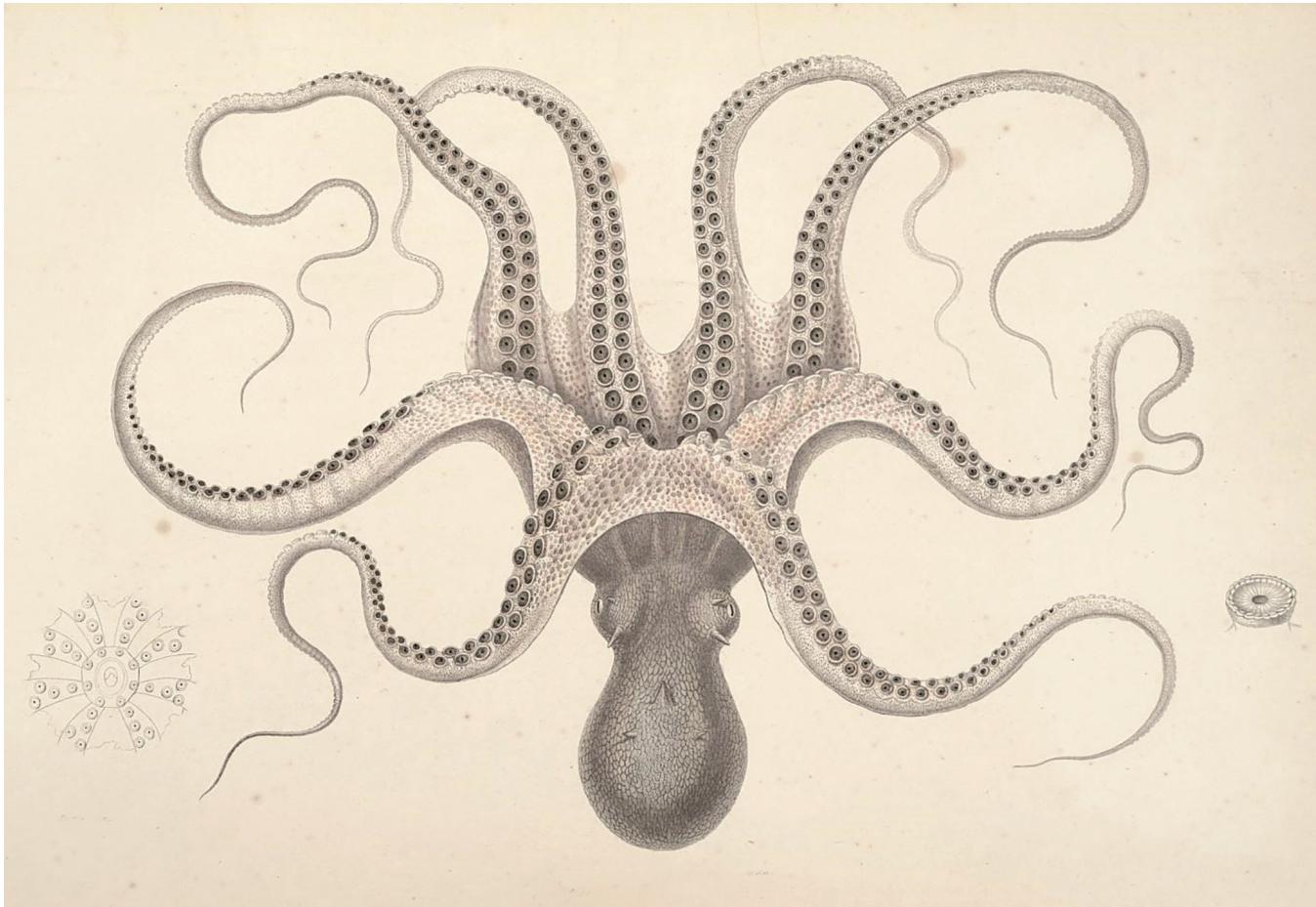
Identify and Change Antipatterns

The journey to becoming a more adaptable organization begins with identifying what's holding you back. In our careers leading large-scale change—working directly with executives and frontline teams, driving major initiatives, and rearchitecting systems of work—we've seen most companies are not stuck because of unique problems. Most make the same, predictable mistakes again and again.

We call them *antipatterns*: conditioned, formulaic responses to complex challenges that, despite good intentions and surface-level appeal, consistently make things worse. While countless antipatterns exist, the most damaging ones we've encountered fall into three broad categories:

Behaviors that compromise clarity. Leaders often overestimate the degree to which people share an understanding of what the organization is there to do, and how. At most companies, mission statements are vague, generic, and handed down from on high, while strategies and goals are abstract, like "Increase EBITDA by 50% by 202X." Information is jealously hoarded in silos, and messages get diluted as they pass through layers of management. The result, inevitably, is missing context about what to solve for and how to make decisions.

Behaviors that undermine ownership. Leaders love to say things like "People are our greatest asset," but in Tin Man Orgs humans are treated as (and even called) resources and capital, which makes employees feel like small cogs in large machines. They are forbidden or discouraged from doing much without permission; risk is eliminated through compliance. Managers micromanage, assuming that people need to be prodded for productivity. Failure creates more fear of



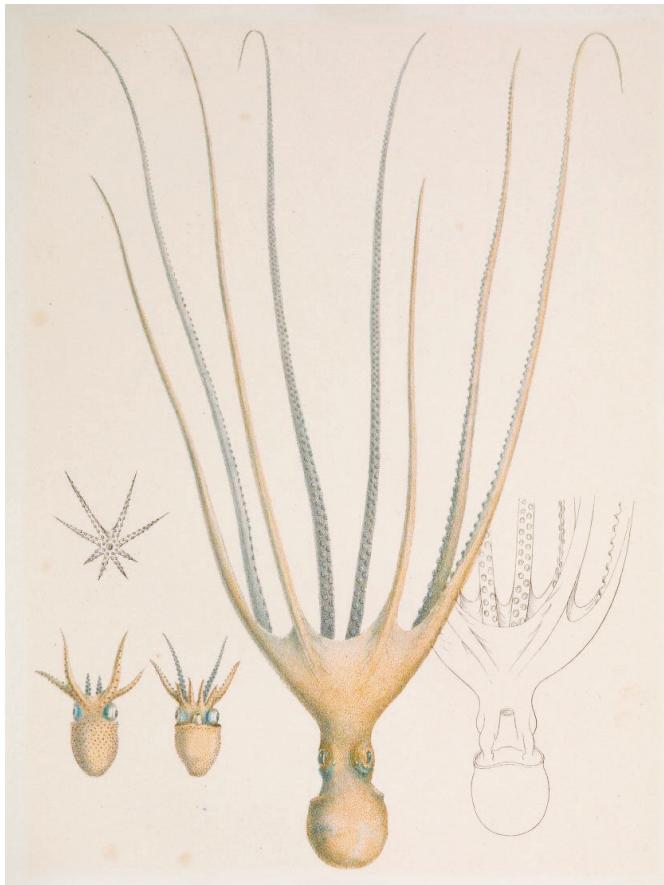
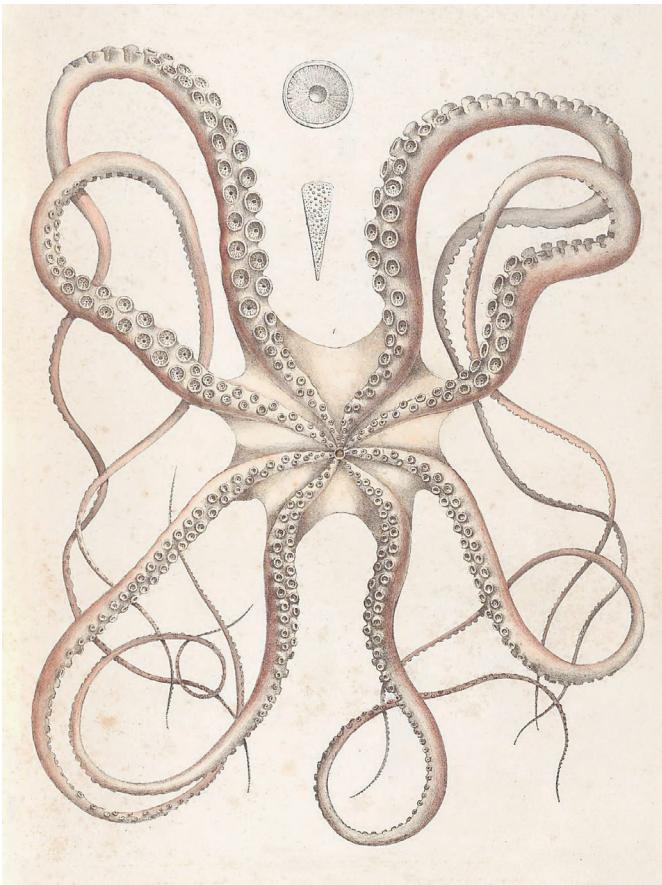
ownership. Inevitably, people disengage. But being cogs is not our inherent state. A large body of research shows that humans evolve from infancy to proactively engage and own. It's intuitive—just think of toddlers' innate interest in and desire to gain mastery of their inner and outer worlds. They explore, manipulate, and understand—to own ("Mine!"). Research puts the cost of suppressing this human drive at a whopping \$8.9 trillion annually in lost productivity.

Behaviors that stifle curiosity. Without curiosity, organizations calcify, optimizing what they already know while becoming blind to emerging threats and opportunities. In an Octopus Org, curiosity is the essential engine of adaptation, driving deep customer empathy and exploration of what's possible. Executives may claim they're seeking curious and creative thinkers, but they clearly aren't: One study found that while 73% of executives recognized curiosity and imagination as critical, only 9% of employees felt their leaders supported those traits, such as by encouraging them to be curious and to explore new ideas. The gap between what organizations preach and what they do (that is, rewarding

predictability) is only going to widen as artificial intelligence proliferates, removing routines and demanding more nuanced, creative problem solving from humans.

The good news is that antipatterns are easy to spot if you know where to look. Listen for the unspoken feedback in meetings—the shrugs and eye rolls. Talk to new hires who still question "the way things are done," and ask departing employees why they're really leaving. These conversations, along with recurring frustrations that turn up in surveys and help desk tickets, will point you to the issues that matter most.

Once you've identified a few antipatterns, see which one generates the most energy and where ownership naturally gravitates. This could be the person most passionate about solving the problem. Or consider empowering a respected skeptic to tackle it; as Jessica Hall, chief product officer of the global food delivery giant Just Eat Takeaway, told us, converting a long-tenured critic into a champion can be a powerful catalyst for real change. Then adopt a classic learning loop, as follows:



Hypothesize. Define a hypothesis and an experiment about an expected impact or learning. Failure can't be feared. Proving a hypothesis wrong—and in doing so, learning—is just as valuable as proving it right. The intent here is to let people close to the work and to the customer figure out what changes are likely to succeed, and to keep doing so. Drawing on the insights of the renowned environmental scientist and educator Donella Meadows, we group potential interventions into a hierarchy:

→ **Adjusting parameters.** These are quick, inexpensive tweaks to settings and thresholds within your existing processes that don't change the underlying system. At one supermarket company, for example, the number of approvers for expenses was reduced from 11 to two. Such tweaks generally have an immediately visible, if limited, impact on a company's performance.

→ **Tuning the system's engine.** These changes require more time and effort but have a bigger payoff. They may reshape how the system behaves by adjusting its feedback loops. The changes could include strengthening balancing loops that self-correct problems (like having customer

complaints trigger a root-cause analysis) or amplifying reinforcing loops where success breeds more success (like creating a recognition program that inspires higher performance). They may also adjust how information flows. For example, a software company created a live, unfiltered feed of customer support tickets and social media complaints, displaying it on a large monitor in the main engineering bay. Previously, this information was summarized in monthly reports. Making the feed visible had a powerful effect: Engineers, now viscerally connected to customer pain, began proactively addressing issues that had been deprioritized.

→ **Rewriting the organization's DNA.** These are the most transformative interventions. They include changing the rules of the system (for example, shifting from bureaucratic approvals to principle-based decisions); resetting goals (by, say, optimizing for customer lifetime value instead of quarterly profit); and the most powerful lever of all: shifting the mental model from which the system arises (moving from a core belief in command and control to one of agency and trust, for example). These changes are inexpensive to introduce but can take time for people to internalize,

requiring intensive communication and reinforcement through new incentives.

Experiment. Having formulated a hypothesis and selected your levers, the next step is to test the new method through an experiment. In our experience, experiments take one of three basic forms:

→ **Stopping something.** True to our principles, an Octopus experiment is often about not doing something anymore. For example, when he was the CEO of Netflix, Reed Hastings eliminated the company's formal vacation policy and tracking system. The experiment was to replace a bureaucratic obstacle with a simple principle of adult behavior: "Act in Netflix's best interests." This approach removed a source of administrative friction and demonstrated a profound level of trust in employees' ability to manage their time and responsibilities.

→ **Deviating from an existing process.** At Google, the job interview process had ballooned, with the number of interviewers growing over time. The company changed the process by requiring executive approval for any candidate to face more than four interviews, inserting productive friction that forced teams to be more decisive. At Starbucks, Howard Behar, former president of the North American business, moved the company away from writing prescriptive manuals for baristas. Instead managers started explaining to people what was expected of them and why, giving them agency and ownership to decide how best to serve customers.

→ **Piloting a new practice, process, or tool.** A good example comes from Coca-Cola. To meet fixed launch dates for events such as the Olympics and the World Cup, former CIO Miriam McLemore had to reinvent the company's traditional approval processes, where skeptical gatekeepers' default response to new ideas was "no." She shifted the system of governance to a guardrail mindset where former gatekeepers provided safe boundaries within which teams could innovate to deliver outcomes. This transformed the dynamic from adversarial to collaborative, shifting the fundamental question from a tentative "Can we get this approved?" to a powerful "How will we get this done together?"

Timescales on experiments will vary. Cutting the duration of a daily meeting from 30 minutes to 25, or putting a "jargon jar" (like a swear jar, but for business jargon) in a team's work area, can be tested over the course of a week. Moving from annual to dynamic budgeting, by contrast, will take time to set up. Fundamental changes may need more than a year to deliver visible effects on culture and performance. New practices often feel awkward initially but can evolve into cherished routines over time. A colleague of ours, for instance, introduced "raising a light" moments in our team meetings to share good news. What began with some hesitation has since blossomed into a custom the group looks forward to eagerly.



In general, your first experiments should be as small as possible, making the potential downside feel less scary. And as with a good lab experiment, have a fire extinguisher handy in case things get out of control. This might be a budget to manage unexpected costs, a backup team to step in without judgment and help, or even a prewritten "we're trying something here" memo to send out if things go sideways.

Reflect and reframe. Following an experiment, you may be tempted to jump to one of two conclusions: "It worked! Make all meetings 25 minutes!" or "It failed! Let's not try that ever again!" Octopus Orgs resist that urge. Just because shorter meetings may help the finance team doesn't mean they won't throttle the product group.

That is why Octopus Orgs engage in double-loop learning—a practice of analyzing not just the result but the underlying assumptions and mental models that shaped the experiment in the first place. What didn't happen that you expected to? What unexpected side effects did you see? What does that teach you about how the organization really works? By drilling down past the surface-level results, teams uncover the systemic issues, assumptions, and mental models that are often the real barriers to progress.

The U.S. Army's after-action review (AAR) is a master class in institutionalizing double-loop learning. If a training mission fails—say, a platoon is ambushed on the main road to a village—the easy, single-loop conclusion is to blame the lieutenant for choosing an obvious route. The AAR's blameless process, however, forces a deeper inquiry. Instead of just asking what happened, the facilitator pushes further: "Lieutenant, you knew that road was a risk. Why did it seem like the best option at the time?" The answer might reveal that the drone intelligence was flawed or that the orders overemphasized speed. The team then moves beyond correcting a tactical error to questioning its core assumptions about intelligence and strategy, improving the very system that guides its actions.

Once you've found and tested your solution to an antipattern, you'll be ready for the next challenge.

Help the Behavior Spread

After a few successful experiments, the immediate leadership impulse is to ask, "So, how do we scale this?" The



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question, however well-intentioned, betrays a Tin Man view. Scaling is typically shorthand for a top-down mandate to implement a uniform process organization-wide. But doing so strips away local ownership and separates the original learning from the future doing, treating those who weren't in the experiment as mere order-takers. Scaling assumes that what works here will work everywhere.

Octopus Orgs don't default to scaling. They adopt a mindset of what entrepreneur Aaron Dignan calls "spreading": creating the conditions for ideas and practices to flow organically, pulled from team to team based on need and local context. A successful practice (or the removal of one) inspires curiosity in another group, which then adapts the idea to fit its unique challenges.

Take the case of Stephen Brozovich, who was a web developer working on Amazon's landing page 20 years ago, when web technology was not nearly as streamlined as it is now. Editors would send him product and promotional images weekly for posting. At the time, Stephen could upload them only using an arcane command-line interface that required memorizing image names, complex file paths, and other information. There was no way to search the images visually. He got tired of wasting his time by reuploading images that were already on the server, so he taught himself to code just enough to build a program that enabled visual searching.

The program worked so well that soon all Amazon web developers and designers and several other groups were using it too. Eventually someone created an international version. There was no mandate or promotion of the tool. It was pulled through the organization because it worked. That's spreading in action.

Revise Your Leadership Model

For leaders, embracing the Octopus Org approach is less about learning a new set of skills and more about unlearning a career's worth of habits. In the Octopus model, a leader's primary job is to work on the system, not in it. They become system architects, obsessed with improving the environment that enables others to excel. Instead of directing every task, they default to trusting others to execute and focus on removing bureaucratic friction, clarifying purpose, cultivating psychological safety, and making sure the ownership for

outcomes is clear. This mindset is grounded in humility—in the understanding that they are temporary caretakers of something valuable that will outlast them, which is what allows them to unlock the potential in others.

This shift manifests most clearly in how leaders communicate. They replace commanding with questioning, making learning their primary role. You see it in the way they listen— redirecting their mental energy away from forming a reply and toward fully understanding what the other person is saying. They dedicate a disproportionate amount of their time to refining and repeating the "why" of the topic at hand, knowing that providing this strategic context is the ultimate act of enablement. They understand that creating the conditions for success—and driving changes of mindset and behavior patterns—is a far more effective and sustainable way to lead than trying to be the source of that success.

IF YOU SEE a real octopus in the wild, one of the first things you'll notice are its huge, inquisitive eyes, often looking into the distance. At the same time, its tentacles are experiencing, exploring, and manipulating its surroundings. If it needs to, the octopus will change its color or texture, or reshape itself based on what it learns about the immediate environment and what's on the horizon. The animal's intelligence and fluidity are beautiful and inspiring.

Becoming an Octopus Org will allow you to look across the business landscape while you adapt—agile and flowing—to what's happening right now in your company and environment. As we support organizations in their Octopus journeys, we find time and again that the challenges they face are known and the answers are in reach—if they just create clarity, provide ownership, and foster curiosity. With a little practice, your company, too, can achieve the same beautiful existence as our eight-armed friend. □

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JANA WERNER and **PHIL LE-BRUN** are executives in residence at Amazon Web Services, where they advise Fortune 500 executive teams on designing adaptive, customer-centric organizations. They are the authors of the forthcoming book *The Octopus Organization: A Guide to Thriving in a World of Continuous Transformation* (Harvard Business Review Press), from which this article is adapted.

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