

ORGANIZE FOR **INNOVATION**

RETHINKING HOW WE WORK

JIM WHITEHURST

Organize for Innovation

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Jim Whitehurst

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2 <https://dejavu-fonts.github.io/>

3 <https://github.com/RedHatOfficial/RedHatFont>

4 <https://www.libreoffice.org/>

Contents

Introduction	13
Part 1: Open Organizations	
Culture matters when encouraging innovative behaviors	19
Understanding the limits of hierarchies	23
Becoming a master of organizational jujutsu	26
Innovation requires new approaches to feedback and failure	29
How to keep a meritocracy in check	33
Try, learn, modify	37
Coming to grips with an unknowable world	40
The innovation delusion	44
Public sector innovation doesn't need technology—it needs culture change	49
Part 2: Open Leadership	
What it means to be an open leader	57
What the community has taught me about open organizations	63
Want to be a great leader? Assume positive intent	66
Why your people need to collide more, not less	70
Why aren't we more invested in our work?	74
Engage more and dictate less	78

Part 3: Open Culture

Appreciating the full power of open	84
Peanuts, paper towels, and other important considerations on community	89
How I discovered Linux's true power	92
What our families teach us about organizational life	95
Like open source software, a book is more than its content	98
Open education is more than open content	101

Appendix

The Open Organization Definition	109
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Learn More

About the author	118
Join the community	119

Introduction

Jim Whitehurst

If there's a common thread I continue to hear over and over again in my conversations with customers, partners, and leaders all over the globe, it's this: disruption is everywhere.

Everyone's talking about it—because no one can avoid it—and it's causing even the longest-running and most venerable businesses to radically rethink how they operate. Economic, cultural, and technological conditions are changing so rapidly that entire industries are getting upended at an unprecedented rate. Faced with that kind of change, organizations typically find themselves in one of two positions: They're either disrupting their industries—changing the rules of the game, solving new problems, realizing new sources of value—or they're being disrupted by nimbler, more innovative, digitally native competitors.

Many people call the forces driving these trends "digital transformation." We should remember that any kind of transformation ("digital" or otherwise) never involves technologies alone. It also involves the *people* that use those technologies and the *values* that infuse how they do it. In fact, the ability to stake out and maintain a robust strategic advantage today depends on much more than technological superiority. An organization's *culture*—the principles that inform what we do and why we do it, along with the ways of working that stem from them—is a key source of competitive advantage, and it's becoming more important every day. Organizations hoping to manage disruption—to disrupt rather than

be disrupted—will need to make sure they're building new *cultural* capabilities in addition to technical ones.

The challenge, however, is that most of our organizations are still operating according to principles from a bygone era. Conventional organizations born in industrial contexts tend to value ideals like compliance, predictability, and efficiency. And their devotion to those principles gets reflected everywhere—from the ways they set their goals, to the ways they train their leaders, to the ways they structure their organizational charts, to the ways they reward certain employee behaviors rather than others. They're *organized* for those values.

Unfortunately, those values aren't central to driving success today. Most of what those industrial-era organizations *did* or *produced* has been automated or commoditized, so the ability to make the same things faster or cheaper isn't as important as it once was. Today, what's far more important is what an organization and its people can do with the resources they have—what they enable and what they help others create or solve. That kind of capability requires a different sort of work altogether. Really, it requires rethinking the way we work—how we organize, what we value, what kinds of behaviors we encourage or discourage. And to do *that*, we need to fundamentally redesign our organizational structures and strategies. We need to organize for innovation.

In 2015, I wrote *The Open Organization*, a book about how Red Hat, the company where I was president and CEO, does this. We do it by leveraging the same principles that power the open source software communities all over the world that are generating new innovations at lightning speed. We've imbued those principles—such as transparency, meritocracy, community, collaboration, and sharing—into our organizational culture. We've also taken great care to foster them in our behaviors and decisions because we believe those principles are the foundation of an organization optimized for innovation.

The Open Organization was largely a descriptive book, not a management text (I'm neither a professor nor a theorist!). But since I've written the book, I've engaged in countless conversations with the community that emerged around the ideas in it. Those conversations have helped me see more clearly the technological, social, and economic tectonic plates that are shifting all around us—and changing the business landscape as a result.

And that's what this book is about. It collects some key lessons I've learned—not only about open organizations and open culture, but also about the ways we can lead more openly during times of uncertainty and flux. As you read the pages that follow, I hope you'll keep a few core questions in mind: What are the principles driving the way your organization operates? And are those principles the ones best suited to helping you solve the problems you're facing?

If not, then the first organization you'll need to disrupt may be your own.

June 2018

Part 1: Open Organizations

Culture matters when encouraging innovative behaviors

I regularly meet with customers and partners to discuss challenges they're facing, and I've noticed something recently: When they ask for advice, they typically spend five minutes talking to me about technology—and the remaining time asking me questions about organizational culture.

Many of these folks are realizing that a healthy and innovative organizational culture isn't a "nice to have" feature of their organizations; it's fundamental to success in our fast-moving world. People are realizing that organizational culture doesn't just boil down to the tools you use or the perks you offer. It's broader and more complicated than that.

Your organizational culture is actually the relationship between the *values* your organization espouses and the *behaviors* of the people who make it up. Understanding this relationship—and adequately investing in, monitoring, and nurturing it—is perhaps the single most important path to success today.

Defining culture

Organizational culture is the collection of values that give your organization its identity. It colors and affects everything you and your teams do. It's an unspoken and taken-for-granted set of rules determining what people in your organization think is "normal" or "natural," what is "acceptable" or "unacceptable," what is "good" and "bad"—and, by extension, what is "desirable" or "undesirable." If organizations are groups of people who've joined

together to accomplish something, then organizational *cultures* are the collective values that keep them bound together and moving in the same direction as they do.

But organizational culture is largely invisible. It only becomes clear as a set of *learned behaviors*. You can glimpse it in the words people use to describe themselves and their work while they're together, in the stories about their history that they tell one another over lunch, in the ways they set and manage priorities, in the decisions they make when faced with difficult choices, and so on. Without these behaviors, culture can't really perpetuate itself. And only through these behaviors can culture really become something we can analyze.

So you can see how the relationship between values and behaviors is reciprocal: People don't act without some sense of identity, purpose, or intent, and all of these are the product of organizational culture. But organizational culture is just vague and abstract without the actions that make it visible to us—and those actions are exactly what leaders need to watch if they're at all interested in improving their organizational cultures.

That's because the alignment between value and action will tell you if you're cultivating an organizational culture capable of weathering our current environment of constant disruption.

A return to culture

Thinking this way really does require a cognitive shift. Traditional management theory views culture as a variable we "solve for" when we're building our most productive environments. Hierarchies, after all, work best when people aren't preoccupied with issues like "mission" and "purpose." Hierarchies need workers that perform rote tasks quickly, expediently, and without variation.

But today, as professor John Kotter suggests in his book *Accelerate*, hierarchies don't move quickly enough to keep organizations responsive to rapidly-changing environments. They do several things well, but, as Kotter writes, innovation isn't one of

those things. Innovation isn't just another outcome of hierarchical machination. In fact, by definition, innovation is something that can't always be predicted or controlled—quite the opposite of what hierarchies are designed to achieve! So leaders everywhere are beginning to wonder how they can expect the best, most innovative behaviors from their employees *without having to prescribe everything they do*.

And the answer, they've found, is culture.

More specifically, they've discovered that workers today—highly-skilled and adept at using multiple channels for collecting data and analyzing problems independently—work best when they have a keen understanding of an organization's mission, purpose, and values, and then have the latitude to make what *they* determine are the best decisions in pursuit of success. Today's leaders can't expect to be able to prescribe every single behavior and decision. They have to ensure they've created an organizational *culture* in which people take action with the organization's values in mind, and leaders are reinforcing an organization's culture through their observable actions.

When action and values align, organizational culture works as a positive force, propelling an organization to greater innovations faster. When action and value are out of joint, the opposite happens: organizations flounder.

Here's an example. I recently attended a meeting of a company whose primary core value was safety. Safety trumps *everything* at this organization, and it forms the bedrock of just about every decision the company makes. When the meeting officially began, someone came into the room and explained to us, very matter-of-factly, the locations of all the emergency exits in our vicinity. "In the case of an emergency," this person said, "we'll evacuate along the following routes and we'll reconvene at this established location" (in this case, a park across the street).

No one batted an eye. Everyone found this method of initiating the meeting perfectly normal, natural, and valuable. In fact, if

the meeting *hadn't* begun this way, I suspect people would have noticed right away and said something immediately. This company wanted safety—a core cultural value—everywhere. So it built safety—a concrete set of observable and learned behaviors—everywhere.

Compare this to organizations I know everyone has seen at least once, where leadership claims to value something but does absolutely nothing to encourage or enhance it. Values only appear in behaviors, and behaviors depend on values. When associates join your organization, they'll immediately key into the values the actions of those around them seem to express. And they'll pick them up, live them, and perpetuate them.

That's why organizational culture is so important—not just today, but always. When value and action align, great things happen. When they don't, you're in trouble.

Understanding the limits of hierarchies

Sometimes, the fastest route to solving a problem isn't necessarily the best route. That's something I've learned while leading an open organization.

Top-down organizations can certainly excel at achieving efficiency—and if efficiency is your ultimate goal, then constructing a hierarchy is a valid way to go. Quite often, a command-and-control-style structure can produce the most accurate version of your vision, and quickly.

But don't expect anything a hierarchy does to pleasantly surprise you. Don't expect it to respond well to forces or events outside of your control. Don't expect it to flourish without your meticulous oversight.

In short, don't expect it to be agile. That's because agility requires an organizational capability to respond and react that top-down, proscribed systems simply cannot achieve. It requires an organization in which every "box" has the latitude and responsibility to react and adjust to a changing environment. That's not something central planning can accomplish. If that sounds messy and chaotic to you, then you're right. But the long term results will surprise you in many positive ways.

Think about a perennial garden in its early days. It looks similarly messy and chaotic. To reach its potential, it will require a good deal of nurturing. But the rewards of keeping a perennial garden can be wonderful. Each year, new colors greet you. New configurations, things you could never foresee or anticipate, sur-

prise you—all because you continued to invest in the activity sprouting there.

Sure, you could plant an annual garden. Doing that would actually take you less time. You could place plants exactly where you wanted them, arrange them in precise ways—control every aspect of the project, from start to finish. The garden might flourish for a bit, but its spectacle would only be temporary. You'd have to start all over again the following year, and the work of replanting everything would fall on you alone.

Leading an open organization—where hierarchy cedes much of its control to dynamic, networked structures—feels much more like maintaining a perennial garden. It involves working more on *conditions* (turning soil, locating those spots in need of watering) than it does on dictating direction. It means *creating the context* for things (things you might not have considered or even imagined) to occur.

And on top of that, tending to your networks is going to produce the best-performing results—every time. Because when you've entrusted your associates to grow and evolve their work in the ways they see fit, you're going to enjoy more robust and effective solutions. You'll also see speedier, more flexible ones. As I say in *The Open Organization*, networked structures more easily facilitate what US Air Force colonel John Boyd calls the "OODA loop"; they allow for quicker reactions to immediate, pressing situations. Hierarchies might let you make one-off decisions at a faster rate, but, ultimately, they're just not as responsive in the long term.

Take what is probably the oldest participative, open system—the United States' legal system—for example. Today, that system is incredibly subtle and nuanced; it's highly adaptable and constantly evolving. But building it required hundreds of years of painstaking work: maintenance, upkeep, and tiny iterations in response to local, contextual changes. The system is built on legal precedent after legal precedent, opinion after opinion, and has emerged organically. You could dictate a legal system from above—"hatch" one

fully-formed in a shorter amount of time—but it wouldn't be nearly as adept at addressing real-world complexity.

Or, to use another example (one much closer to Red Hat's core business): take the Linux kernel. Today, it stands as the very best solution to a growing number of technological problems, but it didn't spring from a single person's head overnight. *Decades* of work made it the flexible, superior solution it is today. Local improvements and impassioned debates between key stakeholders continue to refine it.

Yes, sometimes you'll need to achieve an objective with maximum efficiency. We occasionally do at Red Hat. Rather than activate the rich culture of our various networks to grow the best solution, we opt for streamlining and expediting one. But we're always aware of the sacrifices we make by doing so.

Because most often, the fastest solution isn't the best one. Bear that in mind the next time you start feeling frustrated by your network's slower pace of execution. When you're ready to reap what you've sewn, you'll be happy you did.

Becoming a master of organizational jujutsu

One of the most difficult questions I get about open organizations comes from readers working at large companies with deep, rich histories. "I understand how you grew your culture at Red Hat," they tell me, "and I understand how open source communities can function the way you describe, but I work in a place with an entirely different structure and culture. How do I begin to catalyze the kinds of change you're describing?"

Recently I confronted the question yet again, when a senior executive from a global industrial company met with me to talk about ways she might open her organization. "We're really trying to change our culture and become more agile," she told me, "but we're trying to do this in the face of hundreds of years of entrenched tradition." She was looking for a way to fight against that tradition.

And that's a common assumption: People think that mitigating the effects of hierarchy requires working *against* it. But that's not the case.

Instead, you've got to learn to work *with* it.

Think about jujutsu, the martial art that specializes in turning opponents' strengths to your advantage. Jujutsu experts excel at disarming opponents much stronger than they are because they learn to channel others' energies in beneficial directions. (Full disclosure: I don't practice jujutsu, but my executive coach does—and he's always more than happy to pass along its lessons to me.) Done

well, a timely jujutsu maneuver can flip a body's momentum against itself.

Strongly rooted, hierarchical structures demonstrate a good deal of momentum. They're difficult to counteract. But since writing *The Open Organization*, I've been thinking about ways leaders might actually use that momentum to spark change.

Proponents of the open organizational model are quick to note hierarchies' shortcomings: Hierarchies are resistant to change. They're often brittle. They don't cope well with outside forces. And they don't really foster collaboration, so they innovate slowly.

But consider their strengths: They're extremely effective at driving efficiency and, once in place, require relatively little upkeep. They make sites of organizational power and influence abundantly clear, and they offer obvious (if rather inflexible) routes for information to travel along organizational lines.

So how might you perform a bit of jujutsu on a hierarchy in order use those strengths to ultimately *dismantle* the hierarchy? How do you channel a hierarchy's energies to actually cultivate the conditions for openness?

I can think of two ways.

The first is something I attempted with my team at Delta Air Lines. We wanted to increase engagement—to more tightly connect associates to the organization's mission so they felt like they were playing an active and important role in furthering it (a crucial component of open organizations). So we initiated an ongoing survey of everyone in the company. It asked people to respond to the following statement: "I know the company's strategy, and I know what my department can do to make it successful." And by tracking the results by area, we made managers—and their managers' managers—responsible for their teams' responses. Hierarchies excel at driving specific metrics to further their own interests, so we leveraged Delta's hierarchy to point attention to the critical issue of engagement, and we utilized our bureaucracy's strengths to really

measure how effective everyone had become at generating that engagement around the company's mission. While we didn't take it quite this far at Delta, imagine what would happen if your response to that prompt determined the size of your manager's bonus?

Here's a second idea: Use hierarchies' strict and clearly-defined chains of command to increase your organization's overall responsiveness. Imagine a company-wide meeting at which you tell all associates: "We need and want your feedback, so you should feel free to email your manager and you should expect to receive a response, after a reasonable period of time, after doing so. And if you don't get one, email me." You've just committed managers to being more responsive to their employees; they'll know that if they don't respond, then their associates' questions are going to move straight up the hierarchy. I tried this once. As you'd expect, the volume of email I received on a daily basis initially increased—dramatically. But almost as quickly as it spiked, the number of incoming messages dwindled. Apparently, people grew tired of my stopping by their offices to ask them why they hadn't responded to the notes they were receiving.

In both cases, my team tried to take the strengths of a rule-following, order-taking, command-and-control system and use them to actually further the interests of the open organization.

Just call it a bit of organizational jujutsu.

Innovation requires new approaches to feedback and failure

"Organizational culture" is something plenty of people are puzzling over today, and with good reason. More and more leaders are realizing that the culture permeating and guiding their organizations will determine whether they succeed or fail.

The term "organizational culture" refers to an alignment between two forces inside an organization: values and behaviors. Aligning those forces productively is one of the most difficult and important tasks facing leaders today.

Customers and partners routinely tell me they want to create a "culture of innovation" in their organizations. By this, they usually mean that they want to create contexts where certain actions—those that generate new and unforeseen sources of value capable of fueling growth—are not only expected but also commonplace.

I certainly understand why. Today, a culture of innovation is a strong indicator of an organization's ability to weather the kinds of constant disruption nearly every industry seems to be experiencing. But creating one is easier said than done.

Here's how I'd recommend an organization approach that challenge.

A new method

One method for creating a culture of innovation involves focusing on how your organization treats both *feedback* and *failure*.

In innovative organizations, feedback is continual and frank—in other words, it's *open*. Dialogue about ideas associates raise must be ongoing, constructive, and, above all, honest.

To foster innovative environments, leaders must model the kinds of feedback behaviors they want to see in their teammates and associates. They need to be open to even the most difficult conversations.

Innovation is one product of creativity. Despite the way we tend to think about it on most days, creativity is very *difficult*; it's the product of intense collaboration and sharing. Actually, Ed Catmull and Amy Wallace discuss creativity this way in their book *Creativity, Inc.* Innovative teams and organizations, they say, must have some way to simply separate the wheat from the chaff—to simply call a bad idea a bad idea—and move forward. Creating a culture of respectful, frank disagreement is key to this. The opposite of this kind of culture is one where feedback is a rarity—or, worse, where it's only positive (as I wrote in *The Open Organization*, it's possible for organizations to be "terminally nice").

One of the things people receive feedback about is their failures. But cultures of innovation take a specific approach to failure: They celebrate it.

Without question, being innovative involves taking calculated risks. People in innovative organizations must feel like they can try something novel and unexpected without fear of intense, negative blowback—otherwise, they'll never attempt anything new.

Traditionally, we've treated failure as a sign of personal failing: Someone faced with a tough choice didn't make the "right" decisions, so we need to punish the behavior that led to a certain outcome.

But in cultures of innovation, where everyone is expected to experiment, how can anyone possibly know what the "right" and "wrong" decisions will be if the problem is so new that few people have any concrete experience with it?

Instead, I like to think about failure the way Jeff Bezos once described it in a letter to Amazon shareholders.⁵ He said:

Most large organizations embrace the idea of invention, but are not willing to suffer the string of failed experiments necessary to get there . . . Given a ten percent chance of a 100 times payoff, you should take that bet every time. But you're still going to be wrong nine times out of ten. We all know that if you swing for the fences, you're going to strike out a lot, but you're also going to hit some home runs.

The trick to making this approach to failure an organization's *default* approach is changing the way we think about evaluation.

Traditional management is management by objective. It examines *outcomes* to see if they've aligned with expectations someone set out *before* undertaking a task. If these don't align, then someone, somewhere, has failed—and that's a bad thing.

In innovative cultures, however, we need to balance that approach with one that actually rewards failure. Leaders must be able to encourage certain *motivations*, which are a key source of innovation. They're not as overt or quantifiable as outcomes, however, which is why traditional management theory struggles to account for them.

How can leaders assess people who might have failed, but who've demonstrated exciting new ideas and approaches along the way? And how can they encourage others to actually emulate those people?

If you can get there, you'll know you have a culture that rewards risk-taking.

5 <https://www.sec.gov/Archives/edgar/data/1018724/000119312516530910/d168744dex991.htm>

A focus on structure

This approach to creating a culture of innovation isn't a fool-proof and complete plan for changing the way your organization functions today. I don't think such a comprehensive plan actually exists (if it does, please let me know!).⁶

But I do believe that focusing on the organizational structures that govern approaches to feedback and failure is a promising way to begin—much better, anyway, than simply telling people to "be more innovative."

6 See "Culture matters when encouraging innovative behaviors" in this volume.

How to keep a meritocracy in check

Of all the concepts we associate with open organizations today, meritocracy might be the most complicated, complex, and controversial.

I remember vividly a conversation that illustrated this for me. Speaking with someone at a banking conference, I suggested that, in organizations wishing to foster cultures of innovation, the best ideas should always win—and that people with the longest history of concrete, successful contributions to an organization should be the ones to decide which ideas are indeed "best."

That didn't suit my discussion partner.

"No way!" he said. "That's wrong! Why do people who have been in the organization the longest—whose thinking might be most stale and outdated—get the authority to judge which ideas should be worth pursuing?"

It was a fair point. Creating an innovative culture in any organization means always having to balance the novelty of fresh ideas with the valuable wisdom the organization's leaders have accrued over time. That conversation really served to remind me that meritocracy isn't a straightforward solution to any and every problem (something we can just "drop in" to an organizational context and expect immediate, positive results). It's always a work in progress, and keeping an organization's meritocracy in check—routinely scrutinizing it to make sure it's functioning to produce the best results—is crucial.

But doing that is much more difficult when meritocracy remains something nebulous and abstract—a set of principles with

little focus on implementation. At Red Hat, we recognize this, and I want to share what we've learned about meritocracy, as well as the ways we're putting it into practice every day.

Not tenure

Meritocracy means many things to many people, but I tend to describe it as a concept that unites three basic notions (which I detail in Chapter 4 of *The Open Organization*):

THE BEST IDEAS SHOULD COME FROM ANYWHERE. Arbitrary lines on a chart and artificial silos shouldn't dictate how innovative ideas and solutions might (or might not) travel through an organization. Good ideas, no matter where they originate, should always find generous and interested ears.

THE BEST IDEAS SHOULD ALWAYS WIN. Debate over potential solutions, paths, or decisions should always be about *ideas*. This means making concerns about the quality of the ideas we're developing the utmost priority, and working hard to ensure a diversity of opinions and perspectives guides us while we develop them.

CONTRIBUTION MATTERS MORE THAN TITLE. As people in open source communities often say: "Code talks." What people actually do (what they contribute, what they bring to the table) matters more than what they say they can (or should) do, and it matters far more than whatever title they hold. While it's true that people with long histories of concrete, effective solutions tend to garner more power and authority in meritocracies, this principle always underscores the fact that power is something earned, and is always shifting based on what people continually produce for the good of the group. (As one Red Hatter, Tom Callaway, once put it to me: "Meritocracy isn't tenure." Tom visited my office a few months ago dressed as Linux mascot Tux the penguin, so he's clearly someone who has my attention.)⁷

7 <https://twitter.com/JWhitehurst/status/694226943944822785>

Meritocracy in practice

At Red Hat, we've worked hard to cultivate meritocratic thinking as part of our organizational culture. But, as former Red Hat Chief People Officer DeLisa Alexander said, we've very deliberately defined it as a leadership capability.⁸ That means we don't just pay the principles lip service and leave them be. Quite the opposite: We recognize that a meritocracy is only useful if the people composing it are actively dedicated to making it work. So we're always asking ourselves whether our working definitions of meritocracy are effective and productive—always actively refining the concepts as we put them to work—then concretizing the concepts into specific practices and behaviors we expect leaders at Red Hat to exhibit.

One result of our years of meritocratic experimentation is something we've made available to other organizations working to create the most innovative cultures: the Open Decision Framework.⁹ At its heart, the framework represents our ongoing effort to reflect on meritocratic principles, translate them into concrete practices, and analyze the outcomes we produce as a result. It outlines a multi-step process for collecting, researching, designing, testing, and launching decisions and initiatives in a transparent, collaborative, and customer-centric way. And it provides organizational leaders—whoever or wherever they are—a tool for gauging whether a meritocratic structure is really working to produce the best ideas.

In short, it's a step-by-step guide to being an effective open leader. And we've made it available for remixing and reuse by anyone.¹⁰ We're excited to see how others adapt, modify, and translate

8 <https://opensource.com/open-organization/16/6/presenting-framework-meritocracy>

9 <https://opensource.com/open-organization/16/6/introducing-open-decision-framework>

10 <https://github.com/opensourceway/open-decision-framework>

the framework to their own organizational environments and cultures.

I'm sure we'll learn even more about our own meritocracy when they do.

Try, learn, modify

Just about every day, new technological developments threaten to destabilize even the most intricate and best-laid business plans. Organizations often find themselves scrambling to adapt to new conditions, and that's created a shift in how they plan for the future.

According to a 2017 study by CompTIA, only 34% of companies are currently developing IT architecture plans that extend beyond 12 months. One reason for that shift away from a longer-term plan is that business contexts are changing so quickly that planning any further into the future is nearly impossible. "If your company is trying to set a plan that will last five to 10 years down the road," CIO.com writes, "forget it."¹¹

I've heard similar statements from countless customers and partners around the world. Technological innovations are occurring at an unprecedented pace.

The result is that long-term planning is dead. We need to be thinking differently about the way we run our organizations if we're going to succeed in this new world.

How planning died

As I wrote in *The Open Organization*, traditionally-run organizations are optimized for industrial economies. They embrace hierarchical structures and rigidly prescribed processes as they work to achieve positional competitive advantage. To be success-

11 <https://www.cio.com/article/3246027/enterprise-architecture/the-death-of-long-term-it-planning.html?upd=1515780110970>

ful, they have to define the strategic positions they want to achieve. Then they have to formulate and dictate plans for getting there, and execute on those plans in the most efficient ways possible—by coordinating activities and driving compliance.

Management's role is to optimize this process: *plan, prescribe, execute*. It consists of saying: Let's think of a competitively advantaged position; let's configure our organization to ultimately get there; and then let's drive execution by making sure all aspects of the organization comply. It's what I'll call "mechanical management," and it's a brilliant solution for a different time.

In today's volatile and uncertain world, our ability to predict and define strategic positions is diminishing—because the pace of change, the rate of introduction of new variables, is accelerating. Classic, long-term, strategic planning and execution isn't as effective as it used to be.

If long-term planning has become so difficult, then prescribing necessary behaviors is even *more* challenging. And measuring compliance against a plan is next to impossible.

All this dramatically affects the way people work. Unlike workers in the traditionally-run organizations of the past—who prided themselves on being able to act repetitively, with little variation and comfortable certainty—today's workers operate in contexts of abundant ambiguity. Their work requires greater creativity, intuition, and critical judgment—there is a greater demand to deviate from yesterday's "normal" and adjust to today's new conditions.

Working in this new way has become more critical to value creation. Our management systems must focus on building structures, systems, and processes that help create engaged, motivated workers—people who are enabled to innovate and act with speed and agility.

We need to come up with a different solution for optimizing organizations for a very different economic era, one that works from the *bottom up* rather than the *top down*. We need to replace

that old three-step formula for success—*plan, prescribe, execute*—with one much better suited to today's tumultuous climate: *try, learn, modify*.

Try, learn, modify

Because conditions can change so rapidly and with so little warning—and because the steps we need to take next are no longer planned in advance—we need to cultivate environments that encourage creative trial and error, not unyielding allegiance to a five-year schedule. Here are just a few implications of beginning to work this way.

SHORTER PLANNING CYCLES (TRY). Rather than agonize over long-term strategic directions, managers need to be thinking of short-term experiments they can try quickly. They should be seeking ways to help their teams take calculated risks and leverage the data at their disposal to make best guesses about the most beneficial paths forward. They can do this by lowering overhead and giving teams the freedom to try new approaches quickly.

HIGHER TOLERANCE FOR FAILURE (LEARN). Greater frequency of experimentation means greater opportunity for failure. Creative and resilient organizations have a significantly higher tolerance for failure than traditional organizations do. Managers should treat failures as learning opportunities—moments to gather feedback on the tests their teams are running.

MORE ADAPTABLE STRUCTURES (MODIFY). An ability to easily modify organizational structures and strategic directions—and the *willingness* to do it when conditions necessitate—is the key to ensuring that organizations can evolve in line with rapidly changing environmental conditions. Managers can't be wedded to any *idea* any longer than that idea proves itself to be useful for accomplishing a short-term goal.

If long-term planning is dead, then long live shorter-term experimentation. Try, learn, and modify—that's the best path forward during uncertain times.

Coming to grips with an unknowable world

For the past two years at Red Hat Summit, I've argued that traditional planning is dead. The increasing speed of technological innovation, as well as the shift to more open styles of production and organization, are forcing everyone to rethink how we go about setting, executing on, and measuring performance against goals.

Those who've heard me talk about this have been sympathetic—but also skeptical. "I see your point," executives tell me, "but I still need to do *something* to prepare my organization for the future. And isn't that planning?"

Understandably, these folks are doing what great leaders *should* be doing: Not only helping their organizations respond to what they see going on around them, but also helping them anticipate invisible and unforeseen forces too. After all, one of W. Edwards Deming's "seven deadly diseases of management" is "management by use only of visible figures, with little or no consideration of figures that are unknown or unknowable."¹² Good leaders account for what they might *not* see as much as what they *do* see.

By suggesting that "planning is dead," I'm not saying that organizations shouldn't bother worrying about the future. What I *am* saying, however, is that organizations hoping to avoid being disrupted must change *how* they think about the future.

12 <https://deming.org/explore/seven-deadly-diseases>

And that phrase from Deming contains a key to understanding one way to do this.

Deming makes an important distinction between the "unknown" and the "unknowable." These two words might seem the same, but they aren't. The "unknown" is something in the future that we *don't yet know* but that *could eventually become known*. It's something that—if we did the research, gathered the data, worked hard enough and put our minds to it—we could understand, predict, account for, and eventually control. The "unknowable," on the other hand, is something that by its very nature *cannot be known*, regardless of how much energy we invest into trying to predict it. Despite all our efforts, we'll never be able to control for it.

Management theory in the 20th century considered the future in terms of unknowns.¹³ As a result, our techniques for organizational planning reflected an assumption that the future, while not yet known, was fairly predictable and unfolded much the same way it had previously. So planning involved identifying the targets we'd like to hit in, say, a year's time, outlining and assigning the best methods for hitting those targets, and driving behaviors necessary for achieving those goals (the formula was essentially "plan, prescribe, execute").¹⁴

This method of planning doesn't really require the *organization itself* to change—just work harder, smarter, and more efficiently in its current configuration to meet the demands of an unknown (yet eventually knowable) future. But this style of planning involves making lots of assumptions about the future that could very well turn out to be wrong. It also tends to treat technological innovation as a linear and predictable process, which it isn't. Today, conditions change so quickly that our conventional methods—customer surveys, simulations, etc.—are less and less

13 <https://hbr.org/1997/11/strategy-under-uncertainty>

14 See "try, learn, modify" in this volume.

helpful as we plan for the future. That's what I mean when I say "planning is dead."

Those methods are losing their power because today we're dealing more frequently with the *unknowable*—and no amount of work on our part will make the unknowable knowable. So leaders need to rethink how they help their organizations approach the future. We need to focus on making our *organizations* more nimble, responsive, and adaptable to uncertainties, rather than honing our tired and obsolete techniques for predicting and controlling the unknown.

Here's an example of what I mean. Think about how this might work at an airline. If you're setting a budget for the coming year, you'll need to make some assumptions about what the future holds for you and your industry. Some aspects of that future are *unknown* to you, but you can account and control for them using traditional methods of prediction and calculation. GDP growth might be one of these factors (it's a constant consideration for airlines). GDP fluctuates relatively little, so we can effectively outline a range for those potential fluctuations and plan our budgets accordingly.

But other factors affecting the budgeting process are simply *unknowable*. We can't outline a range of the probable impacts they'll have because we just *can't* know what those might be. Airlines might consider fuel prices to be one of these factors. Fuel prices can vary widely from month to month (even week to week), and their fluctuations depend on a complicated jumble of interrelated forces, including forces we don't even know exist yet like breakthroughs in refinery technology or a sudden geopolitical event. Predicting them with any useful accuracy is impossible.

So rather than waste precious time and energy trying to make predictions about something that is simply unknowable, the airline could instead focus on *making itself* ready for *potential* disruptions to fuel supplies, should they occur. It could focus on making itself more flexible and responsive (for example, by upgrad-

ing its ability to scale up or scale down quickly based on fuel costs, or to pivot quickly in its aircraft leasing plans) so it's prepared for a greater number of unknowable contingencies.

Most organizations are obsessively focused on turning the unknown into the known when they should be focused on improving their ability to respond to the fundamentally unknowable.

This tendency makes sense. Evidence suggests that the human brain is so averse to uncertainty that it will do everything in its power to explain it away. But the more we recognize the unknowable for what it truly is, the more we'll focus our planning and development efforts on making ourselves change-ready—and the better off we'll be.

The innovation delusion

If traditional planning is dead,¹⁵ then why do so many organizations still invest in planning techniques optimized for the Industrial Revolution?

One reason might be that we trick ourselves into thinking innovation is the kind of thing we can accomplish with a structured, linear process. When we do this, I think we're confusing our *stories* about innovation with the *process* of innovation itself—and the two are very different.

The *process* of innovation is chaotic and unpredictable. It doesn't operate according to clean, regimented timelines. It's filled with iterative phases, sudden changes in direction, various starts and stops, dead ends, (hopefully productive) failures, and unknowable variables. It's messy.

But the stories we tell ourselves about innovation, including the books and articles we read about great inventions and the tales we tell each other about our successes in the workplace, tidy that process up. Think about how many social media posts you've seen that feature nothing but the "high points."

That's the nature of good storytelling. It takes a naturally scattered collection of moments and puts them neatly into a beginning, middle, and end. It smoothes out all the rough patches and makes a result seem inevitable from the start, despite whatever moments of uncertainty, panic, even despair we experienced along the way.

15 See "Coming to grips with an unknowable world" in this volume.

We shouldn't confuse messy process with simplified story. When we do, we might mistakenly assume we can approach innovation challenges with the same practices we bring to neat and linear processes. In other words, we apply a set of management techniques appropriate for one set of activities (for more rote, mechanical, and prescriptive tasks) to a set of activities they aren't really suited for (more creative, non-linear work requiring autonomy and experimentation).

An innovation story

Here's one of my favorite examples of how this idea in action.

In the 1970s, the British motorcycle industry was desperately trying to figure out why its U.S. market share was plummeting while Honda's was skyrocketing. The company hired my former employer, the Boston Consulting Group, to help them figure out what was going wrong. BCG gathered some historical data, reviewed a two-decade sequence of events, and developed a neat, linear story explaining Honda's success.

Honda, BCG concluded, had executed an ingenious strategy: enter the U.S. market with smaller motorcycles it could sell at lower cost, use the economies of scale it had developed in the Japanese market to set low prices and grow a market, then further leverage those economies of scale to grow their share in the States as demand grew.¹⁶ By all accounts, Honda had done it brilliantly, playing to its strengths while thoroughly and accurately assessing the new, target U.S. consumer. It had outsmarted, outflanked, and outperformed competitors with a well-executed plan.

It *sounded* great. But the reality was much less straightforward.

16 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/235319/0532.pdf

Yes, Honda *did* want to enter the U.S. motorcycle market. It initially attempted to copy its competitors there, building the larger bikes Americans seemed to favor. But bikes like that weren't one of Honda's strengths, and their versions had reliability issues.¹⁷ To make matters worse, their models didn't look much different than other offerings already in the market, so they weren't standing out. Suffice it to say, sales were not booming.

But in a happy coincidence, Honda's Japanese representatives visiting the States had brought their own motorcycles with them. Those bikes were different than the ones the company was attempting to sell to the American market. They were smaller, zippier, less bulky, more efficient, and generally less expensive. Sears took notice, contacted the reps, and the companies struck a deal that let Sears carry this new motorcycle—called the "Super Cub"—in its American stores.

And the rest, as they say, is history. The Super Cub would go on to become the best-selling motorized vehicle of all time,¹⁸ and Honda continues to produce it today.

In hindsight, the events that brought the Super Cub to the U.S. seem logical, almost boring. But Honda owed its success less to an ingenious master plan and much more to serendipity and happenstance than most people care to admit.

Open (and messy) innovation

Organizations (and especially leaders) like to think that success is always planned—that they've become masters of chaos and can almost predict the future. But they're often making those assessments with the benefit of hindsight, telling the stories of their haphazard journey in a way that organizes the chaos, essentially

17 <http://www.howardyu.org/the-revolutionary-approach-honda-took-to-rise-above-competition/>

18 <https://autoweek.com/article/motorcycles/first-ride-honda-super-cub-c125-abs-all-new-and-still-super-cute>

reflecting on a period of uncertainty and saying "we meant to do that."

But as I said, we shouldn't assume those stories are mirror reflections of the innovation process itself and build future initiatives or experiments on that mistaken assumption.

Imagine another motorcycle manufacturer looking to replicate Honda's success with the Super Cub by following BCG's narrative to the letter. Because the *story* of Honda's success seems so logical and linear, the new company might assume it could use similar processes and get the same results: plan objectives, prescribe behaviors, and execute against knowable outcomes. But we know that Honda didn't really win its market with that kind of "plan, prescribe, execute" mentality. It won through flexibility and a bit of blind luck—something more like "try, learn, modify."¹⁹

When we're able to appreciate and accept that the innovation process is messy, we allow ourselves to think differently about approaching innovation in our organizations. We can begin building the kinds of open and agile organizations capable of *responding to innovation as it happens* instead of over-investing resources into pre-formed plans that try to *force* innovation into a linear timeline.

I saw this kind of approach several years ago, when Red Hat released a new version of a product that included a major technology update. Version 5.4 of Red Hat Enterprise Linux was the first to include full support for a technology called the Kernel-based Virtual Machine (or "KVM").²⁰ For us it was a significant innovation that promised to deliver immense value not only to customers and partners, but also to open source software communities.

The technology was evolving quickly. Luckily, because we're an open organization, we were adaptable enough to respond to

19 See "Try, learn, modify" in this volume.

20 https://access.redhat.com/documentation/en-us/red_hat_enterprise_linux/5/html/5.4_release_notes/index

that innovation as it was happening and help our customers and partners take advantage of it. It was too important, and the competitive landscape too volatile, to justify withholding just so we could "save" it for a milestone moment like version 6.0.

When you go back and review the archived release notes for Red Hat Enterprise Linux, you'll see that it doesn't "read" like a typical software innovation tale.²¹ A game-changing development pops up at an unpredicted and unremarkable moment (version 5.4), rather than a pre-planned blockbuster milestone (version 6.0). In hindsight, we now know that KVM *was* the kind of "big bang" advancement that could have warranted a milestone release name like "6.0." But that's just not how the innovation process unfolded.

Don't get me wrong, organizations still need to maintain operational excellence and perform execution-oriented tasks well. But different kinds of challenges require different kinds of approaches, and we need to get better at building flexible organizations just as capable of responding to the unforeseen or unknowable.²²

An organization great at planning (and executing against that plan) will quite likely get the results it planned for. But when success depends on things we *don't* or *can't* predict, is getting exactly what you've planned for good enough?

21 https://access.redhat.com/documentation/en-us/red_hat_enterprise_linux/5/html/5.0_release_notes/index

22 See "Coming to grips with an unknowable world" in this volume.

Public sector innovation doesn't need technology—it needs culture change

The pace of technological change has never been faster. Call this condition whatever you'd like—"digital disruption," the "Fourth Industrial Revolution," or any of the other trendy monikers coined in recent years. The truth is that the speed of innovation today makes planning for the long term incredibly difficult.

It's true not only in the private sector but in the public sector as well. Like everyone, government organizations are struggling to chart paths forward in the face of a faster-moving and increasingly ambiguous future. According to a 2018 report from the Congressional Research Service, federal government IT budgets are growing, but so are the costs of maintaining older systems.²³ That leaves precious little budget available for new and innovative initiatives. When course-changing disruption becomes a persistent possibility, organizations are left asking: Why spend millions of dollars on long-term R&D initiatives for results that may be irrelevant or obsolete before they're even finalized?

Part of the problem may be that technology alone won't address the issues we're facing. The only way governmental organizations—or any organizations, for that matter—will continue to thrive amid continual, innovative disruptions will be to fundamentally rethink how they operate.

23 https://www.everycrsreport.com/files/20180608_R44843_3bd5ab7590c0daa998a1ad0f341dfee7aaaf8bc7.pdf

First and foremost, that means questioning the principles that drive those organizations, which are still optimized for industrial-era economies. These organizations tend to favor hierarchical structures as a means of driving large-scale efficiencies. For them, planning is a rather simple and straightforward matter of identifying a strategic position in a market or a capability they need to develop, formulating plans to achieve those things, dictating the steps required to get there, and ensuring everyone in the organization complies with those decisions.

Doing more of this—just somehow "better" and "faster"—isn't the way forward. The hierarchies and bureaucracies so commonly in use today were best suited for their context, and while they were an elegant and effective solution for their time, today the context has shifted. Traditional planning techniques only work in situations where variables are clear and the future (at least somewhat) is predictable. That's just not the case in most industries today, where work demands creativity, adaptability, and agility in an environment overflowing with ambiguity.

Instead, we should be organizing for innovation. Now, let me state up front: This doesn't necessarily mean overhauling every aspect of our organizations—gutting them and starting again (as if that degree of change were so easy!). More often, it means starting in a small defined way, perhaps on a project-level basis, questioning received wisdom and tradition.

What's most important is infusing our organizations with some new guiding principles, ones that might seem alien at first. The organizations best able to weather disruption are *open* organizations, those that embrace principles like transparency, collaboration, meritocracy, and sharing as foundational values. These organizations are able to act with greater agility, to derive knowledge from passionate global communities, to benefit from more engaged employees and stakeholders, and to innovate more frequently because they're built on values more conducive to *adapting* to the future rather than *controlling* it.

In short, they've focused not on refining outdated methods of planning for futures that never come to pass, but on building organizational cultures that help them remain constantly change-ready.

Of course, the cultures of our government organizations won't change until their *leaders* change. They'll need to recognize that culture is an *output* of the behaviors they champion and model, not an *input* they can simply decide to drive across an organizational chart. So they'll need to change how they act. They'll need to get comfortable creating places where constructive conflict is the norm, where people question even the most long-standing traditions, where bottom-up decisions carry real weight, and where failure that produces useful knowledge is a cause for praise, not punishment.

Most significantly, however, leaders will need to come to grips with letting go. They'll need to leave behind their impressions of the leader as an all-knowing coordinator who architects a brilliant plan and masterminds its execution. Instead, they'll need to function as catalysts for constant change, agitators who bring the right people together at the right moments to solve the right problems. In other words, they'll need to be *open* to changing themselves before they work on changing their organizations.

Nevertheless, becoming more open certainly isn't easy, even if it is necessary. But don't get me wrong: By suggesting that organizations adopt open principles and methods, I'm not saying they need to begin sharing everything they have with anyone who's interested. Red Hat, the company where I was president and CEO, is an enterprise software company with an open source development model. We share the source code for our software products because that's the best way to tap the wisdom of a diverse and distributed developer community. It also helps us understand the magnitude of oncoming innovations and enhance security. But not every organization (certainly not every government agency) is in a position to operate that way.

What I'm talking about is taking an open approach to organizational design and leadership—to letting open principles guide *how* an organization does what it does, even if only internally. Efforts to open up our organizations don't need to be focused on the *product* we ship (whether that be software or something else entirely) but on changing *how we deliver* those products with greater speed, responsiveness to constantly changing environments, and care and attentiveness to the people who benefit from what we do.

An open approach to leadership and innovation can apply to all types of organizations, including governmental ones. Public-sector organizations share many of the challenges and pressures that private sector ones do—including maintaining the kind of agile, responsive, and digitally-enabled organizations people have come to expect in their rapidly changing everyday lives. But they already benefit from a mandate for transparency and an abundance of civic-minded, community-focused enthusiasm, so they, too, could open themselves to a more inclusive future. They also collaborate frequently with external partners, like contractors. At the moment, those collaborative relationships aren't as agile as they could be, because the current system incentivizes large, complex, and highly specialized tenders. If government leaders were to open themselves up, they might cause interesting ripple effects that would impact contractors and their teams.

This is already happening at a grassroots level, where passionate advocates for a more open way of working are driving changes across their departments. For example, the City of San Rafael, located in Marin County, California, recently undertook some major culture-renovation initiatives aimed at helping the city government "learn how to make government work better by sharing what we make, learn, and improve," as the city's director of digital service and open government said in a recent presentation I watched.²⁴ The city has relaunched its intranet—something avail-

24 <https://www.youtube.com/watch?v=MSRXyCS7fIA>

able only to internal employees—as a public-facing utility anyone (employee or not) can access and review. This has not only increased transparency and accountability but also aided recruitment (a pressing issue for government agencies at all levels today), as prospective employees can take an unobstructed look at how the San Rafael team operates. These are just a few ways that governments could (as the U.S. Digital Service puts it, and as we like to say at Red Hat) "default to open."²⁵

Incremental advancements toward openness go a long way to fostering an environment where people aren't afraid to voice their opinions and instead feel empowered to be creative and suggest new ideas, which is an environment primed for innovation. "Going open" isn't an all-or-nothing gambit, and it never works by fiat or decree. It's about identifying the areas where open attitudes and behaviors can make the most significant impacts in particular agencies and empowering decision-makers to implement open policies where *they see fit*.

Operating openly is an option available to any organization. But in a world where opening up seems to be the only way to avoid disruption, it's a choice that's becoming harder not to make.

25 <https://playbook.cio.gov/#play13>

Part 2: Open Leadership

What it means to be an open leader

Being an open leader means creating the context others need to do their best work.

That's a relatively short sentence, but for anyone wishing to lead a group in the 21st century, its implications are enormous. And if you're hoping to be one of those people—if you're hoping to have a career leading an open organization—then you must not only understand what it means, but also recognize ways you can put it into practice, so you can build a culture that creates a strategic, competitive advantage for your organization.

Context shapes culture

Culture is something management gurus are increasingly taking more seriously. "Culture eats strategy for breakfast," I've heard people say.²⁶ But I'm not sure that all of those folks truly understand *why* this is the case.

Despite depictions in popular media, a great company culture isn't simply the result of workplace perks and ping pong tables. Culture is the result of sufficient *context*—a shared set of values, a shared purpose, and shared meanings.

Being a leader in an open organization, then, means making connections: It involves doing the work of linking people both to each other and to some larger, shared picture. It's helping people understand how they can contribute to a collective effort in meaningful ways.

26 <http://techcrunch.com/2014/04/12/culture-eats-strategy-for-breakfast/>

As a leader, you create context when you help everyone in the organization understand its whole mission: the vision, the values—all the elements that define your very reason for existing. An open leader also helps people recognize the vast sum of interactions taking place that make an organization what it is—the aims, goals, and passions that push individuals to work together.

So when we talk about "creating context," we're really talking about bringing these two facets of organizational life together in exciting and productive ways. An open leader aligns passion with purpose, action with vision. And that creates a culture where people feel inspired, motivated, and empowered to do their very best work.

Shaping that culture begins with an emphasis on sharing.

Learn to share

In conventional organizations, "knowledge is power." But in open organizations, that well-worn adage can be a destructive and downright disastrous guiding principle.

Some leaders believe that extending trust and operating transparently will somehow diminish their power. In reality, however, leaders should be sharing as much as they can with their organizations. Sharing information is how leaders begin to build the context that people in an organization need to forge connections between their passions and the organization's mission. Open leaders are honest about the problems they face, the worries they carry, and the limits they possess—because, in the end, the problems leaders face are the problems everyone faces. *Shared knowledge is power.*

The problems leaders hear about from customers—the things that keep them up at night—that's the information we need to share with our entire organization. Because when we provide that context and share those problems, we inspire and empower people to help us overcome them. In *The Open Organization*, for instance, I describe how sharing my priority of making Red Hat more cus-

tomers-focused—and thereby inviting others to help me achieve it—generated unique, creative, and valuable insights from people across the organization.

I've met people who believe "sharing more" actually means "delegating more." But that's not necessarily the case. In the traditional sense, "delegation" involves sharing responsibility for implementing a solution the leader has already dreamed up and settled on. What I'm talking about is different: sharing the work of *actually developing* those solutions, so associates have genuine influence over both the course their work will take and the purpose it will serve.

If this sounds hard, that's because it is. At Red Hat, we put a lot of effort behind hiring for and developing these kinds of leadership capabilities. We take the time to explain them to people, to coach people on what it takes to connect, to be transparent, and to extend trust.

We even talk about what overuse and underuse of these capabilities looks like. For example, we've found that it's important to explain that transparency isn't an excuse for rude behavior, nor does it mean you disclose confidential information about associates or our business. Trust doesn't mean you give people assignments without any direction or context, or that you fail to verify that work they've completed.

Develop your EQ

In an open organization, leaders must be sensitive to nuances—knowing how to share and how to invite collaboration in ways that keep an organization from dissolving into chaos. A leader's mandate to help people do their best work involves not just an understanding of leadership capabilities like connection, trust, and transparency, but also a certain familiarity with—and sensitivity to—the feelings, emotions, and passions of the people that leader is trying to help.

In *The Open Organization*, for example, I discuss the need for leaders to share half-baked ideas with their organizations, to bring plans or concepts to the table before they're fully developed, in order to receive productive feedback sooner. The best leaders can pinpoint precisely when to present a half-baked idea—not so early as to distract people with an idea that may not play out, but not so late as to preclude any opportunity for productive discussion.

Spotting those opportune moments—really sensing them—requires leaders to be in tune with their organizations' emotional atmospheres.

Think about it this way: Great leaders give people enough structure to know they're marching up the right hill, but those leaders don't want to prescribe a single road north, because they need the people making the journey to feel empowered to control that journey. This way, they don't exhaust themselves trying to climb over a massive rock in their way, and instead devise a smarter method for getting around it.

The trick for leaders is providing enough clarity of purpose—enough context—that people are able to help an organization accomplish its goals, but not so much that they're impeded from exercising their creativity and initiative in the process.

Information overload doesn't create context. Distraction doesn't create context. Strong emotional intelligence helps leaders avoid both.

Be a catalyst, not a commander

Deciding to share (and determining how to share) drives open leaders to an important conclusion: a group is always going to produce a better solution than an individual.

Leaders of conventional organizations are commanders. They dictate and prescribe both means and ends, then monitor people to make sure they use the former to achieve the latter.

Leaders of open organizations are catalysts.

Chemistry tells us that a catalyst is an agent that, when added to a mixture, sparks a productive change. This is precisely the role leaders play in open organizations. They create context that invites people into relationships with new (even surprising) results. And they do this because they believe, truly and deeply, that the groups they help form will develop better solutions than the leader could alone.

I won't deny it: Being a leader means constantly being tempted to step in, to force decisions, to *command*. Commanders generally consider collaborative dialogue a grueling waste of time ("I just need to tell people what to do," they say). Sure, they may go so far as to hold meetings about, invite comments on, and ask for feedback regarding their ideas. But in the end, those are empty gestures, because they've already decided that they know what's best.

Catalysts, on the other hand, believe that if they get the right conversations going—if they spark the right kinds of collaboration—then their organizations will realize better results. Leaders can only become catalysts when they let go of the assumption that, categorically, they know best.

Without a doubt, being a catalyst is actually more difficult than being a commander. Since open organizations tend to be meritocracies, in which reputation and a long history of concrete contributions trump job titles as markers of organizational power and influence, leaders must be constantly balancing the skills, personalities, and cultural capital they see in their colleagues. Far from dictating, they need to master the art of making appropriate connections—producing the proper combinations—that ignite the most influential innovations.

Yet being a catalyst is also more rewarding than being a commander. Parents, consider this: Did you feel more proud when you graduated from college, or when your kids graduated from college? If you're like me, the answer is: your kids. Catalysts

experience that same sense of pride parents do when they watch those they've helped succeed.

A checklist

So here's a checklist for those hoping to make a career leading an open organization. Being an open leader requires:

- **WILLINGNESS** to extend trust and share information
- **APPRECIATION** for transparency and collaboration whenever possible
- **SENSITIVITY** to the moods, emotions, and passions of the people that make up an organization
- **KNOWLEDGE** of not only what to share, but how to share it
- **BELIEF** that groups will consistently outperform individuals working in isolation
- **TRUST** in those groups to drive necessary change

Master all this, and you're well on your way to creating the most important thing a leader can provide: the context for people to do their best work.

What the community has taught me about open organizations

When I was pitching *The Open Organization*, publishers always asked me the same question: "Is this a book about management or leadership?"

And my answer was always the same: "*The Open Organization* is a book about management." After all, it's about the ways Red Hat, the open organization I lead, uses a networked organizational model (one we adopt from the open source world) to make decisions and coordinate, and those are management issues.

But as the book took shape, its eventual publisher, Harvard Business Review Press, insisted otherwise. "So much of this book is about leadership," people at the press told me. "It talks about things you're asking leaders to recognize and do to motivate associates."

So I took a step back and really thought about what they were suggesting. And that prompted me to reflect on the nature of the question at the heart of the matter: "Is this book about management or about leadership?"

It's the "or" that struck me—the assumption that management and leadership are in fact two isolated, separate domains. I struggled to understand how their division had become so deeply entrenched, because it seemed to me that open organizations in particular don't embrace this distinction.

The key to the conundrum, I realized, is emotion. As I argue in *The Open Organization*, classic management theories try to pretend that emotions don't exist in organizational contexts. It's one of

the assumptions they make in order to justify their models of the way the world works. In order to better understand management as the "science" of distributing decision rights, developing control functions, budgeting, capital planning, and other detached, disinterested activities like these, management theories "abstract away" humanity. They presume people are entirely rational and that hierarchies always function the way they're supposed to. (Incidentally, they do this because they owe much of their thinking to work in classical economics, which performs the same simplifying maneuver: assume people are rational, that they have perfect information, and that markets are in equilibrium—and only then can you "make the math work"!)

We're beginning to learn that these assumptions are seriously misguided. New research in behavioral economics is constantly teaching us how patently false they are. They may have been necessary at a certain point in time—for example, when management dealt mostly with uneducated workers performing relatively rote tasks, when work environments were essentially static, and when information was scarce rather than abundant—but they no longer apply. Our age requires a new management paradigm, one that taps the passion and intelligence of a workforce motivated by something other than a paycheck.

I believe the open organization is that model. But a management model based on something other than the assumption that all people are like Star Trek's Spock is practically unheard of today. Talking about ways to tap and mobilize people's emotions, how to get people to act in ways that transcend themselves, and how to understand what motivates them to arrive at the decisions they do—all that is the province of "leadership" studies, not "management." We've always known these practices exist. We've just cleaved them from management "science" and relegated them to their own territory: the "hard" science of management over here, and the "soft" skills of leadership over there. And there they've stayed for decades.

But when you think about management and leadership, you immediately realize that they're both essentially attempting to understand the same thing: How can we get people to work together, in a coordinated fashion? They shouldn't be separate. Truthfully, they *aren't* separate. They only seem separate because we've thought about them this way for years.

So is the book about management *or* leadership? I'd argue it's about *both* management *and* leadership: two arts of coordinating people's efforts, finally reunited.

Conversations with managers, leaders, and readers in the open organization community have taught me this important lesson. And those conversations almost inevitably raise the following question: *What's next?* How can we begin putting open organizational practices in place? Where will open thinking eventually lead us?

The truth is that I don't know. But I do know this: We can look to open source communities to show us the way.

Open source communities demonstrate participatory organizational principles in their purest form. Red Hat has been incredibly lucky to work with so many of these communities—which are essentially fertile and fascinating petri dishes of experimentation with cutting-edge management and leadership ideas. We learn from them every day.

And we'll continue looking to them for guidance on our journey, because they represent our greatest hope for making workplaces more inclusive, more meritocratic, and more humane. These communities are constantly innovating by questioning tradition, and that's precisely what any organization must do if it wants to remain viable today. I've begun questioning the "traditional" distinction between management and leadership—but this entire volume is evidence that people everywhere are overturning deeply-held beliefs in search of fresh insights and new directions.

Want to be a great leader? Assume positive intent

Open source communities are some of the most passionate organizations I've ever seen. Their members care deeply about the work they do (often voluntarily), and that passion drives incredible innovations. That's no small feat, because open source communities are often collaborating in the face of geographic, cultural, and technological barriers that can lead to unfortunate misunderstandings.

And yet open source communities are also extraordinarily resilient. Some of them have found clever ways to refocus their energies and eliminate sources of conflict.

I really like one in particular: "Always assume positive intent." It's something I occasionally hear community members say to each other when passions are running high.

Here's what it means to me.

Motivation and action

Motivations are invisible. Actions, on the other hand, are very visible. The way we connect the two is important.

When people collaborate—when they invest in a project together and all want it to succeed—they're constantly observing and reacting to the actions they see from others. But they're making assumptions about what they can't see: the reasoning behind those actions, the motivations or intentions.

People that have worked together for long periods of time have developed a deep understanding of one another's personali-

ties, habits, and approaches to challenges. They "get" one another. That means they've learned to make positive connections between what they observe co-workers doing (the visible) and what they assume those co-workers are thinking when they're doing it (the invisible).

In open organizations, where people are constantly reaching across teams (even beyond organizational boundaries) to link with folks they may be meeting for the first time, making productive connections between action and motivation is critical. I've learned that the best way to create those productive relationships is to assume the best in what I can't see—that is, to assume people are acting with positive intent.

This means assuming, from the start, that people are:

- trying to help you—not trying to undercut or deceive you
- trying to make a project better for everyone—not to bend it toward their own priorities or vision
- doing the best they can with the data, resources, and perspective they have, to make the most sound choices they can—not acting without consideration, or even with malice

This strategy has worked well for me.

Shifting assumptions

For example, a few months ago I held a town hall meeting with all Red Hat associates. We were on the cusp of a new calendar year, we had plenty of ambitious goals in front of us, and I wanted to get a sense for what people were thinking and feeling before the holidays.

So I scheduled the meeting. Immediately, the emails poured in.

"What's the big announcement?" people asked me. "Can you brief me on the big news in advance?" said others. "How should I prepare my teams for what you're going to say?" others wondered.

I quickly realized that these people were making some drastic assumptions about my motivations for calling the meeting.

So I needed to follow my own advice and ask myself: Why would people act this way? By assuming positive intent on their part, I was able to realize that they were simply trying to do what all good open leaders do: gather appropriate data ahead of big decisions so they could set some context for their teammates before I surprised them with something.

But I had no big announcement to share. When people realized this, they were better able to make positive inferences about my intentions too. (By the way, the town hall was great. Thousands of associates attended and I was able to answer more than a dozen of the pointed and thoughtful questions they asked. I learned a lot.)

Fostering positivity

Open leaders need to create environments where assuming positive intent is a "default" mode of thinking for everyone. It leads to more productive teamwork, a more open working environment, and outcomes that are more satisfying to more associates. I'll be the first to admit that it's not easy to do. But I do have a few tips for leaders hoping to foster this kind of attitude.

CREATE A CULTURE IN WHICH COMMON GOALS ARE OBVIOUS AND TRANSPARENT. Record them publicly, track them, and circle back to them repeatedly. This way, everyone will know that their teammates know the group's collective mission and are more likely to assume they're working with the same intentions.

MODEL THE BEHAVIOR YOU WANT TO SEE. Assume positive intent on behalf of your leadership teams and associates. At Red Hat, our People team has developed some great strategies for making this kind of thinking the norm.²⁷

27 See both <https://opensource.com/open-organization/17/1/force-for-good-community> and <https://opensource.com/business/15/5/5-ways-promote-inclusive-environment>

PRACTICE PATIENCE. Before jumping to conclusions about people's intentions, stop and ask yourself about their frames of reference. Do they share the same context you do? And do you understand everything they do? Sometimes, others simply don't see what you see: Something that's a big deal to you might not be to someone else. Take the time to initiate a conversation and align your priorities.

I'm certainly not suggesting that everyone, everywhere, in every organization always acts with positive intent. Sometimes they don't! But I've found it's best to trust people.²⁸ Let them prove their negative intentions to you, rather than assuming the worst.

28 See both <https://opensource.com/open-organization/15/7/trust-endgame-open-organizations> and <https://opensource.com/open-organization/16/10/building-organizational-trust>

Why your people need to collide more, not less

Any organization is fundamentally a pattern of interactions between people. The nature of those interactions—their quality, their frequency, their outcomes—is the most important product an organization can create. Perhaps counter-intuitively, recognizing this fact has never been more important than it is today—a time when digital technologies are reshaping not only *how* we work but also *what* we do when we come together.

And yet many organizational leaders treat those interactions between people as obstacles or hindrances to avoid or eliminate, rather than as the powerful sources of innovation they really are.

That's why we're observing that some of the most successful organizations today are those capable of shifting the way they think about the value of the interactions in the workplace. And to do that, they've radically altered their approach to management and leadership.

Moving beyond mechanical management

Simply put, traditionally managed organizations treat unanticipated interactions between stakeholders as potentially destructive forces—and therefore as costs to be mitigated.

This view has a long, storied history in the field of economics. But it's perhaps nowhere more clear than in the early writing of Nobel Prize-winning economist Ronald Coase. In 1937, Coase published "The Nature of the Firm," an essay about the reasons

people organized into firms to work on large-scale projects²⁹—rather than tackle those projects alone. Coase argued that when the cost of coordinating workers together *inside* a firm is less than that of similar market transactions *outside*, people will tend to organize so they can reap the benefits of lower operating costs.

But at some point, Coase's theory goes, the work of coordinating interactions between so many people inside the firm actually outweighs the benefits of having an organization in the first place. The complexity of those interactions becomes too difficult to handle. Management, then, should serve the function of decreasing this complexity. Its primary goal is coordination, eliminating the costs associated with messy interpersonal interactions that could slow the firm and reduce its efficiency. As one Fortune 100 CEO recently told me, "Failures happen most often around organizational handoffs."

This makes sense to people practicing what I've called "mechanical management," where managing people is the act of keeping them focused on specific, repeatable, specialized tasks. Here, management's key function is optimizing coordination costs—ensuring that every specialized component of the finely-tuned organizational machine doesn't impinge on the others and slow them down. Managers work to avoid failures by coordinating different functions across the organization (accounts payable, research and development, engineering, human resources, sales, and so on) to get them to operate toward a common goal. And managers create value by controlling information flows, intervening only when functions become misaligned.

Today, when so many of these traditionally well-defined tasks have become automated, value creation is much more a result of novel *innovation* and *problem solving*—not finding new ways to drive efficiency from repeatable processes. But numerous studies

29 <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0335.1937.tb00002.x/full>

demonstrate that innovative, problem-solving activity occurs much more regularly when people work in cross-functional teams—*not* as isolated individuals or groups constrained by single-functional silos. This kind of activity can lead to what some call "accidental integration": the serendipitous innovation that occurs when old elements combine in new and unforeseen ways.

That's why working collaboratively has now become a necessity that managers need to foster, not eliminate.

From coordination to collaboration

Reframing the value of the firm—from something that coordinated individual transactions to something that produces novel innovations—means rethinking the value of the relations at the core of our organizations. And that begins with reimagining the task of management, which is no longer concerned primarily with *minimizing coordination costs* but *maximizing cooperation opportunities*.

Too few of our tried-and-true management practices have this goal. If they're seeking greater innovation, managers need to encourage *more* interactions between people in different functional areas, not fewer. A cross-functional team may not be as *efficient* as one composed of people with the same skill sets. But a cross-functional team is more likely to be the one connecting points between elements in your organization that no one had ever thought to connect (the one more likely, in other words, to achieve accidental integration).

I have three suggestions for leaders interested in making this shift:

First, *define organizations around processes, not functions*. We've seen this strategy work in enterprise IT, for example, in the case of DevOps, where teams emerge around end goals (like a mobile application or a website), not singular functions (like developing, testing, and production). In DevOps environments, the same team that writes the code is responsible for maintaining it

once it's in production. (We've found that when the same people who write the code are the ones woken up when it fails at 3 a.m., we get better code.)

Second, *define work around the optimal organization rather than the organization around the work*. Amazon is a good example of this strategy. Teams usually stick to the "Two Pizza Rule" when establishing optimal conditions for collaboration. In other words, Amazon leaders have determined that the best-sized team for maximum innovation is about 10 people, or a group they can feed with two pizzas. If the problem gets bigger than that two-pizza team can handle, they split the problem into two simpler problems, dividing the work between multiple teams rather than adding more people to the single team.

And third, to foster creative behavior and really get people cooperating with one another, do whatever you can to *cultivate a culture of honest and direct feedback*. Be straightforward and, as I wrote in *The Open Organization*, let the sparks fly; have frank conversations and let the best ideas win.

Let it go

I realize that asking managers to significantly shift the way they think about their roles can lead to fear and skepticism. Some managers define their performance (and their very identities) by the control they exert over information and people. But the more you dictate the specific ways your organization should do something, the more static and brittle that activity becomes. Agility requires letting go—giving up a certain degree of control.

Front-line managers will see their roles morph from *dictating and monitoring* to *enabling and supporting*. Instead of setting individual-oriented goals, they'll need to set group-oriented goals. Instead of developing individual incentives, they'll need to consider group-oriented incentives.

Because ultimately, their goal should be to create the context in which their teams can do their best work.

Why aren't we more invested in our work?

Understanding employee engagement is difficult—and so is defining engagement in the first place. Many smart people offer different definitions of "engagement,"³⁰ but most seem to agree that it refers to the emotional connection people feel to their work.

And it's becoming one of the most frequently cited challenges for organizations around the world. Statistics about employee engagement tell a sobering story. For example, a Gallup study³¹ found that only 15% of employees globally feel engaged at work (in the U.S. and Canada, that number is 31%—not much better).

As the nature of work changes, the factors keeping people *invested in* and *motivated by* that work are changing, too. What's clear is that our conventional strategies for cultivating engagement may no longer work. We need to rethink our approach.

New motivators

When traditional management systems (what I've called "mechanical management") were developed, most people's work could be precisely specified. It was rote and routine. So management focused primarily on dictating actions—defining organizational

30 <https://www.forbes.com/sites/forbescoachescouncil/2018/02/21/if-engagement-is-a-problem-why-cant-we-define-it/#5f919750416b>

31 <http://news.gallup.com/reports/220313/state-global-workplace-2017.aspx>

functions and making sure all those functions fit together in a seamless and efficient whole. In other words, it was managers' job to ensure people were following prescribed behaviors.

Organizational reward systems reinforced this. The best employees—those that performed their prescribed tasks most efficiently and with fewest deviations—received raises, bonuses, or promotions aimed at getting them to keep doing what they were doing (maybe even work a little harder at it). Rewards like those compensated for the relatively unfulfilling nature of the work itself; they seemed to acknowledge the fact that it wasn't much of a reward on its own. They were *extrinsic* motivators.

But as the Gallup study underscores, much has changed. Today, many jobs require initiative, judgment, and creativity more than efficiency and an ability to enact prescribed plans. That's changing our understanding of productivity, too. With routine work, the difference between an organization's most productive worker and the rest of the workforce might be between 5% and 10%. But with work that emphasizes innovation over efficiency, the most productive worker can be 10 times—even 100 times—more valuable than the average employee.

Current research suggests that extrinsic rewards (like bonuses or promotions) are great at motivating people to perform routine tasks—but are actually counterproductive when we use them to motivate creative problem-solving or innovation. That means that the value of *intrinsic* motivation is rising, which is why cultivating employee engagement is such an important topic right now.

Don't get me wrong: I'm not suggesting that people no longer want to be paid for their work. But a paycheck alone is no longer enough to maintain engagement. As work becomes more difficult to specify and observe, managers have to ensure excellent performance via methods other than prescription, observation, and inspection. Micromanaging complex work is impossible.

Re-engaging

It's important to recognize that engagement is not the same as morale. It's much deeper (and more complicated) than that. Yet traditional management practices focus almost exclusively on morale—which you could define as keeping people content with the precisely prescribed work specified for them.

Engagement is an indicator of something that runs much deeper: your organizational culture.³² So to begin addressing engagement issues, you'll need to focus on both the principles your organization stresses and the routine practices you enact to reinforce those principles. It starts with the much more demanding problem of people's *intrinsic* motivations to remain invested in their work. You might begin in one of the following ways.

CONNECT TO A MISSION AND PURPOSE. As I explained in *The Open Organization* (and as Simon Sinek has also argued) innovative, engaged organizations always foreground why they exist, why they continue to do what they do. Even more importantly, they make sure everyone in the organization understands that purpose—and specifically *how* their work is connected to it. When people understand the ways their work impacts not only the organization but also the wider world beyond it, they're more likely to feel more motivated by that work (because they can more easily see the difference they're making). Red Hat, for example, is a mission-driven company; Red Hatters are passionate about the fact that working on open source projects alongside open source communities impacts the world in an extremely positive way. That intense passion sets the foundation for powerful engagement.

RECONSIDER YOUR VIEW OF FAILURE. People are less likely to engage deeply with their work when they feel like they can't take be creative and attempt to innovate. So alter your approach to feedback and failure to ensure people feel safe taking risks. One

32 <https://www.forbes.com/sites/forbescoachescouncil/2018/02/21/if-engagement-is-a-problem-why-cant-we-define-it/#62c24a2a416b>

problem with applying traditional performance management measurements to creative tasks is that innovative behavior requires some latitude for experimentation and uncertainty. And to be clear: Most experiments will fail. But we learn from them—and that learning, in itself, is a type of success—so help your teams develop a finer-grained language for describing "success" and "failure." People who aren't perpetually fearful of being disciplined if they make a "bad call" will be more motivated to solve customer issues in new, creative ways—and they'll feel more engaged as a result.

CULTIVATE A SENSE OF OWNERSHIP. Employees who feel like they have a real, personal stake in the success or failure of a project are going to funnel more energy into that project. We see this kind of passionate commitment at work all the time in open source communities, where collaborators work intensely on technologies not because of the monetary compensation they receive for their work—quite often, there isn't any—but because they have a personal investment in the destiny of something they helped create. As more organizations adopt these open source technologies, leaders are experiencing the power of this kind of engagement. "I'm letting my developers contribute to open source," some have told me, "not because I care at all about open source, and not because I think I necessarily want them to do it (as a matter of fact, I had to argue with legal about it). But I can't hire talent if I don't let them contribute." People want to work on—and feel personally responsible for—something bigger than themselves. Handing over control of key projects can be scary for conventional managers, but by doing so they'll begin building more engaged teams.

These three tips alone won't be enough to fix an organization's culturally rooted engagement issues, but they're a way to begin the difficult task of making people more satisfied, more invested, and more motivated at work.

Engage more and dictate less

"Says easy, does hard." That's a Southern expression I've really grown to appreciate. Change of any kind—either personal or organizational—can be easy to conceptualize in the abstract. But making that change, actually doing the work of changing, is much more difficult.

I received an unexpected reminder of this recently during an annual meet-up with a group of friends from business school. One of the friends arrived looking dramatically more in shape than the last time we'd played together, and everyone in our group was astounded. "How did you do it?" we all asked him. "What's the secret?"

Being a man of few words, my friend just shrugged and said: "Eat less. Exercise more."

Eat less. Exercise more. What a brilliantly simple formula. You'll likely read plenty of dieting advice, but, in the end, you can reduce most of it just to those four words. As far as explanations go, it's about as straightforward and uncomplicated as anything could be. Says easy.

So why do so many people struggle to maintain their weight loss efforts?

Because *understanding* what needs to change is only part of the *process* of change. The next part, actually *implementing and sustaining* change, often involves breaking deeply ingrained habits, making difficult decisions, facing painful truths, and reflecting on goals and commitments. Does hard.

For every diet book on shelves right now, there's a book about organizational innovation and leadership change sitting just one aisle over. Those books promise to reveal hidden keys to organizational agility and associate engagement. In the end, however, their messages are also reducible to a fairly predictable formula: *Engage more, dictate less.*

Many forward-thinking pundits and management experts seem to agree that innovation today requires leaders willing to give up some control, push decision-making power to the people working more closely on customer problems, and spark an intrinsic sense of purpose to guide success (rather than attempt to drive performance through edicts and top-down commands).

So why aren't more people doing *that*?

Understanding *intellectually* the principles of organizational culture change and leadership transformation can be pretty easy. But enacting them *practically* is an entirely different story.

I think that's true for two reasons.

First, any kind of change requires breaking habits, and habits can get so ingrained that they become a kind of "default" setting that blinds us to other ways of working. I'm thinking of the CEOs who gather their direct reports in a room and unilaterally demand they start thinking and acting more inclusively and collaboratively, failing to realize that *they* need to start working this way first. Issuing a command to "be more collaborative" is a bit of an oxymoron, but this is the way most leaders have always solved problems, so why should they think differently? (It's sort of like browsing workout plans while sipping that extra large, sugared coffee drink many of us buy every morning, which, let's be honest, is more like a milkshake than anything else.) Habits can lure us into a comfortable state of paralysis if we aren't careful.

Second, organizational culture change almost always necessitates short-term discomfort in the service of long-term gain. Much like dieting, it requires resisting the all-too-powerful temptation of instant gratification. Becoming a more open, inclusive, and

meritocratic leader requires hard work that, let's face it, might not always seem appealing. Listening to ideas from across the organization, hearing that our plans might not be as great as we once thought, having our minds changed (and changed again)—it's all *difficult* and *tiring* work. So we delay it. Faced with a list of ten priorities we need to accomplish quickly, we convince ourselves that we simply can't extend the effort to be more open right now. We fall back on command-and-control leadership techniques to drive change quickly (the managerial equivalent of flopping back on the couch and having one more piece of cake "just this once"). We tell ourselves we'll be more open *next time*. And then, when next time comes, we do the same things.

I'm not suggesting that reading books on organizational innovation—like reading diet books—isn't helpful. Every day, we learn more about the way organizations function, about what works and what doesn't, and about how our once-incontrovertible assumptions are actually incorrect. Intellectual developments in fields like behavioral economics help us make better informed decisions about how to construct and run organizations, just as new research in human physiology helps us draft better diet and exercise plans.

But then we need to appreciate the complexity those fields offer us, avoid overly simplified explanations of what's ailing us, and get started on the path to change with honesty and conviction.

So if you want to be healthier, eat less and exercise more. If you want your organization to be more agile, dictate less and engage more. But remember: Neither diet fads nor innovation fads will be enough to help us become lighter.

Part 3: Open Culture

Appreciating the full power of open

In 2015, open source had a blockbuster year. As *Wired*³³ put it, 2015 was the year open source software "went nuclear." More people than ever seem to realize the power of open—not just as a programming methodology, but as a better way to accomplish just about anything.

Of course, as the term "open" gains popularity, its meaning shifts. Sometimes, it shifts so much that we risk overlooking precisely what's making it incredibly important today. If you want to help your organization leverage the power of open, it may be helpful if everyone understands and appreciates what makes the open source way so special.

In my mind, something is open when it emphasizes in equal measure the qualities of sharing, collaboration, and transparency.

Share and share alike

Sharing something (like a line of software code, your favorite recipe, or an idea) is a prerequisite for making it open. A group of people working together will always produce a better result than any one person working in isolation. To work together, groups must share their ideas, insights, suggestions, and failures.

While this may sound obvious, it's also very difficult to do, especially in an economic and cultural climate that tends to promote individual ownership and celebrate singular creators.³⁴ People tend to fear that sharing will somehow diminish their own

33 <http://www.wired.com/2015/12/2015-the-year-that-open-source-software-went-nuclear/>

power or authority. "Why should I share," they think, "when I could benefit from controlling access to something valuable?"

Maybe they guard their recipes and only share finished dishes. Maybe they license their software restrictively or keep its source code secret. Whatever the means, people seem reluctant to share, and they worry they'll lose something by doing so.

Open source communities have taught us that this just isn't true. Sharing something often increases its value, because sharing allows more and more smart, creative people to get their hands on it. The value actually increases as you remove restrictions to sharing—if you share as much as you can with as many people as you can. That means sharing your instructions, your recipe, your source code, and opening it up to everyone, not limiting access to certain persons, groups, or "fields of endeavor," as the Open Source Initiative puts it.³⁵

But as important as sharing is, sharing alone is not enough to make something open. I've watched some people claim they're sharing simply by giving an already-finished product away for free. You sometimes see this with various open education initiatives, where content creators share courses by making them available for public consumption online. While this certainly is a nice gesture, these initiatives don't necessarily encourage or even allow others to reuse, modify, or share the materials in turn.

That's why, when it comes to being open, sharing and collaboration go hand in hand.

Collaborate to innovate

Openness is a surefire path to better and faster innovation. But innovation, by definition, involves change. Innovation occurs only when people feel a certain freedom to manipulate, experi-

34 <https://hbr.org/2016/04/its-time-to-bury-the-idea-of-the-lone-genius-innovator>

35 <https://opensource.org/osd>

ment, and tinker. Something is open not only if it's shared or available, but also when it's collaborative or manipulable.

At its core, collaboration involves joint work. It's undertaking something together with the understanding that working this way will produce superior results. Collaboration also implies a certain attitude toward failure—"openness" to it, you might say. When we collaborate, we open not only our products to continual revision and refinement, but also ourselves to feedback and critique. Open source communities' ability to rapidly prototype, for example, wouldn't be possible without this spirit of collaborative openness.

When you share without collaborating, you're missing something important. It's the intent and mindset behind an act of sharing that fosters openness. Think about it this way: Are you sharing something just because you want other people to accept, embrace, or adopt it in its final form? Or are you sharing it because you're inviting them to work on it with you? To remix it? To modify, adapt, repurpose, or grow it? The content might be open in the sense that it's freely shared or distributed. But we've all seen examples where a creator's attitude is clearly closed to the possibility of others using that content as the basis for further innovation.

I call this an "attitude" specifically to point out that openness is more than a licensing issue. It's a cultural issue, something that can be rooted in an individual's mindset and an organization's DNA. People can try to make something open by sharing it widely—yet, at the same time, they can be reluctant to allow others to modify, adapt, or build on what they're sharing. They aren't "open" to that.

Yet even combining sharing and collaboration still doesn't fully capture the power of open. Transparency is essential, too.

Transparent thinking

Something is transparent when anyone can view its inner workings. In the software world, transparency is at work when people publish the source code³⁶ for their programs so others can

36 <https://opensource.com/resources/what-open-source>

see exactly how those programs operate, then learn from them and scrutinize them for insecurities or inefficiencies. But transparency is obviously crucial outside the domain of software, too.

The open government movement,³⁷ for example, emphasizes transparency of decision-making practices, the idea that everyone should be aware of the processes by which something important gets implemented or altered. So something is open if it's transparent (if everyone can see how it works, how it's put together, and how it came to be the way it is).

For this reason especially, transparency is closely related to accountability. When something is transparent, anyone can tell who's responsible for it. At Red Hat, we care deeply about accountability. In fact, it's one of our core values. Quite simply, transparency helps keep people honest. It ensures that people in an organization own their decisions and actions. And it's integral to openness, because without it people don't have the knowledge they need to make the impact they're trying to make, or they're not able to fully contribute to the best of their abilities.

It's important to realize, though, that transparency doesn't guarantee much on its own. People can be utterly transparent about decisions or ideas even while they're forcing them on others. They can make their rationale clear without any inclination that they're open to changing their minds about it.

Likewise, leaders can claim to value transparency—and even act on those claims—without feeling any obligation to let it affect them. In *The Open Organization*, I critique the "suggestion box" approach to transparency, where leaders invite others to openly (that is, transparently) submit their comments, questions, and suggestions about ways an organization can improve. I understand and appreciate the spirit of the gesture, but nothing about it guarantees leaders will actually read, let alone act on, those suggestions.

37 <https://opensource.com/resources/open-government>

Necessary, but not sufficient

While each of these qualities is important, none in isolation is adequate for completely encapsulating the power of open. You must consider them all collectively, as a unit. Essentially, we might say that all are *necessary* for openness, but none, by itself, is *sufficient* to create openness.

When you promote transparency in the absence of collaboration or sharing, you get a suggestion box. People are clear on what you're doing, but they aren't invited to participate in shaping what you're doing (so it's less valuable to everyone).

Sharing without transparency or collaboration is possible, too. Think of a situation where people work on software projects in secret, then "throw them over the wall"³⁸ to an unsuspecting community that's completely unprepared to receive them. Not much value there, either.

And collaboration without sharing or transparency occurs when leaders invite others to work on part of a project while withholding key information about that project (maybe even the reasons they're working on the project in the first place).

I don't consider any of these situations to be truly open—and I'm honestly not sure they create the most value for anyone involved.

Open is more than a simple synonym for sharing, collaboration, and transparency. Open encompasses the power of all three forces working together in tandem.

Combined with our mindset and our actions, it yields extraordinary results.

38 <http://www.netlingo.com/word/throw-it-over-the-wall.php>

Peanuts, paper towels, and other important considerations on community

The most powerful aspects of an organization's culture live in the smallest individual gestures—sometimes no bigger than a peanut.

Not long ago, as I was sitting in the Dallas airport waiting for a delayed flight, I watched another passenger munch on some peanuts. Their shells fell all over the floor and, after a few minutes, the passenger kicked them into the aisle, presumably for the airport cleaning staff to collect later.

I hadn't given those peanuts shells much thought until a recent internal Red Hat event, when someone asked me about my pet peeves. I started thinking about the way I notice paper towels on the floors in Red Hat bathrooms. Whenever I see them, I pick them up and put them in the trash.

I'll admit: it's a tiny gesture. But the longer I work at Red Hat, the more I realize just how great an impact those seemingly inconsequential moments can have on a community.

I've always done my best to put others before myself (my mother was a nurse, and I think I inherited that attitude from her). But working at Red Hat has made me care even more about the importance of community. Community is critical not only to our business but also to how we operate as an open organization.³⁹

39 <https://www.redhat.com/en/about/development-model>

In a well-functioning open organization, you'll often see people doing things simply because they benefit the organization itself—even if those actions don't immediately benefit the individual. People tend to prioritize the well-being of the group over the agendas of the few.

At the same time, you'll also encounter people working to keep that spirit in place (I'm thinking of the Red Hatters who take pictures of vehicles occupying more than one parking space in our company lot and post them to the all-building mailing list). Maybe they're extra conscientious about ending their meetings on time, so others waiting for the room can get started right away. Maybe they refill the printer paper even if they haven't used the last sheet. Maybe they schedule an early-morning call so their colleagues overseas don't need to stay up late. Regardless, in an open organization, you'll hear "let me help with that" much more than you'll hear "that's not my responsibility."

For these folks, a paper towel is more than a paper towel. It's a tangible representation of someone's investment in the organization.

That sense of reciprocity at the heart of a community-focused organization—the idea that I might do something because it strengthens the critical social bonds that keep our group from falling apart—is important. We can't underestimate the power of that kind of social cohesion, not only in our organizations but in our societies more broadly.

In fact, writer and historian Paul Collier attributes the United States' growth and success after World War II to it. "The escape from the Depression by means of the Second World War had been far more than an inadvertent stimulus package," he writes in *The Future of Capitalism*. "Its legacy was to turn each nation into a gigantic community, a society with a strong sense of shared iden-

tity, obligation and reciprocity."⁴⁰ Collier goes on to assess the current state of that shared identity and sense of reciprocity in today's seemingly fragmented political landscape.

He also explains how leadership practices also shifted during this time, especially in organizations:

Gradually, many organizations learned that it was more effective to soften hierarchy, creating interdependent roles that had a clear sense of purpose, and giving people the autonomy and responsibility to perform them. The change from hierarchy run through power, to interdependence run through purpose, implies a corresponding change in leadership. Instead of being the commander-in-chief, the leader became the communicator-in-chief. Carrots and sticks evolved into narratives.

I love this passage, because it describes how my own thinking about leadership has changed since I joined Red Hat. Being a "communicator-in-chief" is now the most important job a leader can have. That means creating a sense of common purpose, shared values, and what Collier calls "mutual obligation" among people empowered with the context and resources they need to do their best work.⁴¹

We tell stories through actions, not just words. Open leaders should take opportunities to reinforce the kinds of communal, reciprocity-generating behaviors they want to see in other people.

It's why I always pick up the paper towels.

40 <https://www.harpercollins.com/9780062748652/the-future-of-capitalism/>

41 See "What it means to be an open leader" in this volume.

How I discovered Linux's true power

My Linux story begins like that of so many others—with an old computer and a desire to tinker.

It was the late 1990s when I read an article about a UNIX-like operating system, "Linux," I could download and install for free. When I was a computer science major in college, my classmates and I regularly used Solaris to learn computing with UNIX. But we never had complete control over that technology. I remember we couldn't explore it the way we would have liked.

This thing called "Linux" promised something different, a kind of openness and flexibility that seemed like the perfect prescription for my ailing laptop at the time. So I took the plunge, installed Slackware, and began using Linux.

That use and familiarity with Linux would prove incredibly valuable when I was treasurer at Delta Air Lines. Beyond my role, I was genuinely interested in how people flew, why they flew, why they made the connections they made, why they chose nonstop flights over other options, and how much they tended to pay for nonstop flights as opposed to others. I decided to review a year's worth of Delta's network data to gain some insight into passenger psychology. (A quick aside: Many people aren't aware that airlines must record data from every 10th ticket they sell—the U.S. Department of Transportation makes this data available to the public as a free download.)

But I encountered a problem: the data set I wanted to analyze was larger than 4GB, and back then Windows computers couldn't handle files of that size. So, I moved all my data to a Linux

machine where I could work with it the way I wanted. Linux enabled work that would have been impossible on other platforms. It allowed me to glean insights I would never have been able to otherwise. It helped me provide value to the company (and that saw me promoted to chief operating officer).

Not only did Linux free my data, it also helped me advance my career.

And yet even when I joined Red Hat in 2007, I continued to underestimate Linux's true power. I still considered "software freedom" principally a matter of price; I thought, as others have put it, that the "free" in "free software" meant "free as in beer" (in other words, that the value of free software was its extremely low cost for users). Eight years later, working at Red Hat has radically altered my perspective on multiple ideas (including the most effective way to run a company!),⁴² and my views on software freedom are not least among these.

Only after spending time at Red Hat did I begin to truly understand the meaning of "free software"—that software should be "free as in speech," that it should be something we share, something on which we openly collaborate as we make the world a better place. At Red Hat, I quickly realized I was leading a company driven by something other than the profit motive. Like so many people attracted to Linux, I came for the technology, but stayed for the philosophy.

In my years at Red Hat, I've witnessed firsthand the kind of excitement Linux can generate. At an event in Brazil, for example, the Brazilian president wanted to meet with me to express his interest in open source technologies and principles. The same thing happened during a trip to Poland, when the Polish prime minister learned of my visit and asked to meet with me to discuss Linux. Something about the open source movement unites people across all kinds of boundaries, including political and geographic ones.

42 <https://opensource.com/resources/what-open-organization>

In the technology world today, Linux has become the platform around which innovative people are building the next generation of computing. People are building the most exciting applications, languages, and frameworks to run on Linux. It's the default platform for burgeoning technological ecosystems around problems like big data, mobile, and analytics. Without Linux, all this activity simply wouldn't exist.

As I sit and write this, I can glance around the room and spot five notebook computers all running different Linux distributions. And the computer I have in front of me is running Fedora 22. They'll all come in handy as I pursue my next Linux-related goal: acquiring my Red Hat Certified Systems Administrator certificate.

I guess you could say I'm still tinkering.

What our families teach us about organizational life

In October 2015 I appeared on the 100th episode of The Dave and Gunnar Show,⁴³ an independent podcast about open source and open government issues hosted by two members of Red Hat's public sector team. We spoke at length about *The Open Organization* (one of my all-time favorite topics!), and the interview gave me a chance to address an important question.

That question actually came from Paul Smith, Red Hat's VP of Public Sector (you might recognize him as the guy who recently photobombed me⁴⁴ at a book signing), who asked:

How can you apply the open organization principles to your family life?

This wasn't the first time someone had posed this question to me. In fact, I'd been mulling it over for quite some time. The truth is, people who succeed in leading open organizations embrace open principles in multiple aspects of their lives—not just in the workplace.

Emotions matter

When we're with our families, we recognize that emotions matter—and we express them. We laugh. We cry.⁴⁵ We have impas-

43 <https://dgshow.org/2015/10/100-a-president-and-ceo-we-like/>

44 <https://twitter.com/pjsmithii/status/614207083785883648>

45 <http://money.cnn.com/2015/06/09/pf/crying-at-work/>

sioned debates. We're frank with one another, because we recognize that our deep relationships will outlast any single interaction (even a turbulent one). And we recognize that the people in our lives aren't entirely rational; they're motivated by more than their left-brain impulses. But we tend to check our emotional selves at the door when we enter the workplace.

Why?

Emotions are a sign that we're deeply invested in what we're doing. Good leaders know how to read and gauge them (as I say in *The Open Organization*, outstanding emotional intelligence is pivotal today). Emotions are indicators of employee passion, something open organizations must harness if they're going to be successful today. Family life forces us to confront, embrace, and channel emotions. Life in an organization should do the same.

Engagement in the home

Trust me: I'm speaking from experience when I say that participating in a family requires cultivating engagement. Families tend to work best when everyone has sufficient context for understanding the group's goals (not to mention the resources the group has for *achieving* those goals).

In fact, family goal setting should be a collaborative effort. I'm not sure too many families sit down at the beginning of a new year and have frank discussions about their goals for the coming months. But more should. After all, families tend to recognize the importance of having everyone on the same page, working in the same direction. Questions like "What charities will we support this year?" or "Where will we vacation this summer?" are too often questions that individuals try to answer themselves when they should be bringing these to the group for a more robust discussion.

Inclusive family decisions

When goal setting becomes collaborative, it immediately becomes inclusive: Family members suddenly have a stake in family

decisions, and they feel tied to the outcomes of those decisions. They embrace the group's objectives, and they work to help achieve them.

Imagine the difference. You might come to a decision privately, then communicate that finalized decision to your family in the hope that they'll accept it, understand it, and help enact it. But have you ever taken this approach with your kids? It doesn't end well (actually, it typically ends with confusion and hurt feelings). But you might also consider involving family members in decisions from the start, gathering feedback and adjusting your expectations accordingly. In the end, family members will not only better understand the implications of big decisions, they'll also feel more invested in the process of carrying them out. My experience at Red Hat has taught me this, because the company works with so many passionate open source communities, and issuing orders to a group is simply not as effective as drawing that group into a dialogue.

So in response to Paul, I'd say: You might be asking the wrong question.

The real question is not about how principles of open organizations can apply to life with a family. It's about what our family relationships can teach us about creating more open, inclusive, participatory, and humane workplaces.

Like open source software, a book is more than its content

Since launching the *The Open Organization*, I've received questions about why we chose to distribute the book via a traditional publisher. Some have wondered why we didn't release the book with a Creative Commons license so people could remix, redistribute, and even translate the book as they wanted. Others wondered why we didn't crowdfund it so its audience could be more tied to its success. Several have asked why we didn't simply release the book online as a free download.

Instead, we chose to partner with Harvard Business Review (HBR) Press. In many ways, HBR does for books what Red Hat does for open source software; it collaborates with creators and adds value to the products of these collaborations. Like any piece of open source software (such as Red Hat Enterprise Linux, for example), a book is far more than the content it contains. Like a software application, a book is a project with multiple stakeholders. It involves an agent that works to put the book on publishers' radars. It involves an editorial team that reviews manuscripts and suggests improvements. And it involves a marketing team that decides how best to develop and target potential audiences.

HBR brought to this project an outstanding record of success in selecting, editing, publishing, and promoting business books. What's more, while we were writing *The Open Organization*, HBR editors provided invaluable knowledge of our target audience, and helped us organize and outline the book in ways business-savvy readers would appreciate.

HBR also provided something else: the trust of its readers, who expect it to deliver something valuable (the same way our customers expect Red Hat to deliver valuable, tested solutions). We knew that by enlisting such a respected partner, we'd benefit not only from HBR's resources and expertise, but also from the HBR's strong reputation.

Like Red Hat, professional presses incur expenses when they do their work. They therefore require a revenue model that will make their businesses sustainable. In the case of HBR, this model involves selling material licensed via traditional copyright terms. HBR taught us that retail outlets are the primary drivers of demand for business books like *The Open Organization*, and those outlets (with their valuable consumer-facing shelf space) require a physical book to sell. They typically don't want to invest in showcasing a book that someone can download for free.

In the end, we decided that pursuing a traditional book publishing model would best help us achieve our objectives: distributing *The Open Organization* as widely as possible, and growing the community of leaders with whom we hope it resonates. Incidentally, growing that community also requires effort and resources. HBR has invested heavily in the book's success by promoting it at industry events and securing table space at major retail outlets. We've matched those contributions with our own community-building efforts, particularly the launch of a special section of OpenSource.com where conversations about the book's ideas can take place.

In addition, it's important to recognize that Red Hat will not profit from the book. While we'll use some of the book's revenue to cover the costs we incurred writing it, once we cover those costs, we'll be donating all remaining proceeds to the Electronic Frontier Foundation—a nonprofit organization defending civil liberties in the digital world.

Running an organization means locating opportunities to work with all kinds of partners on the road to success. Publishing a book about an open organization is no different.

Open education is more than open content

The famous playwright George Bernard Shaw once said: "If you have an apple and I have an apple and we exchange apples, then you and I will still each have one apple. But if you have an idea and I have an idea and we exchange these ideas, then each of us will have two ideas."

I love that quote, and in May 2016 I shared it with a room full of educators, administrators, and open source advocates at New York University during the Open Summit, an open conversation about education.⁴⁶ I believe it reveals something critical about the future of education and the positive role openness can play in the future, if we embrace it.

As I shared in *The Open Organization*, the nature of organizations is changing, because the nature of how we organize to create value is changing. Educational organizations are realizing this more than most, because their stock-in-trade isn't something primarily physical (like apples). It's ideas. And ideas are becoming more plentiful, not less.

How we prepare people for life in these new organizations—where an ability to innovate and produce the new is much more important than an ability to work efficiently and reproduce the same—has to change just as significantly. We need to use the power of open to rethink education.

46 <https://opensource.org/node/832>

Unfortunately, much of what I read about "open" in education applies to the sharing of educational content: the materials educators use to teach students, from lesson plans to activities to syllabi to entire curricula. While sharing content is certainly valuable, I think we can do more to make education more open.

To me, what makes openness such a compelling path forward for education has less to do with specific licensing decisions and more to do with the attitude we adopt toward educational practices altogether. It's the way we both imagine and work to build value around educational experiences (the "downstream" benefit of being open, as open source developers might say). More specifically, thinking openly changes how we *create*, *interact in*, and *sustain* educational organizations.

Creation beyond control

By default, most traditional educational organizations aren't inclined toward sharing. Just look at the ways many activities central to them—like tenure, publication, and advancement—tend to emphasize solo authors, thinkers, and inventors. In the context of higher education, we like to imagine scholars and scientists toiling away in isolation, dreaming up big ideas and releasing them to the world in brilliant form.

But we tend to forget a critical piece of the scene: The ever-present "Works Cited" or "References" pages that list every idea and innovation a scholar builds on when creating something new. Instead, educational organizations' cultural norms push against open exchange and collaboration and reward individual careers built on singular efforts—even though this isn't how innovation occurs.

And that's more evident today than it ever has been. Take big data, for example. In this exciting new field, every major innovation has been open sourced and shared, and what's been possible has been because of developers' desire for transparency and collaboration.

Thinking of ideas as possessions individual people create and control is a relatively new historical development, of course. In the context of the industrial era, people wanted informational goods to function more like physical goods, so they invented things like copyright and patent law to make ideas work more like apples. And those inventions influence not only how we think about our creations and their value, but also how we build them.

When open education advocates focus too narrowly on content distribution, they can miss the act of *content creation*—and then risk missing ways we might change the pace and quality of the work we're doing together. Quite simply, co-creation allows better, richer, more diverse solutions and insights. It also allows us to succeed or fail faster, so we can accelerate the pace of innovation necessary today. Reforming our criteria for valuable educational contributions might help us begin rewarding an open approach to creation rather than discouraging it.

Interaction beyond prescription

When openness *does* become a default attitude, people's interactions change dramatically. Today we're enjoying the fruits of some of the largest distributed groups we've ever seen: organizations of creators and innovators spread across the entire globe. Each of them has something to teach us about the way we relate to and communicate with one another.

This is no less true for educators. But educational organizations (like public schools, to name just one kind) are still rooted strongly in certain values that emerged during an era of industrialization—where the purpose of education was preparing people to perform rote tasks repeatedly in closed organizations with little contextual perspective.

And yet, as we're seeing, the organizations that graduates join when they leave school (especially in the global West) are less and less industrial—and even the ones that are industrial are reinventing themselves for largely post-industrial activities. These

organizations demand new models of both cooperation and leadership: new ways of working together, new standards for effective interaction, and new rules for distributing authority.

In the meritocracies that so frequently form inside open organizations, formal titles mean less than reputation with regard to power relationships. Leading an increasingly educated and savvy workforce involves creating context for great work rather than prescribing and specifying every detail in order to mitigate deviation. Directing is less important than catalyzing. What might happen to classrooms if we began teaching this way?

We need to think seriously about how we're educating tomorrow's organizational participants and leaders, because—for now, at least—we're emphasizing modes of interaction that are just outdated.

Sustainability beyond transmission

Thinking about educational organizations as catalysts raises one other interesting point: What happens to these organizations in an age of abundance?

This is a particularly hot topic among folks in higher education, who are beginning to realize that imagining universities as machines for the transmission of information is no longer working. Under traditional models, schools market themselves as places with the best educational "content" for students. But today—a time when we're celebrating much easier access to information—these organizations no longer have a monopoly on ideas. Many are even putting their courses online and making them available at little or no monetary cost to students. The "content" is losing its place as a key value generator.

That's prompting educational organizations to face a kind of existential crisis—one that raises difficult questions. When abundance is the default, what happens to an organization that depends on scarcity? How does its purpose change? And what happens to

the revenue-generating mechanisms that allow it to persist, thrive, and grow?

These aren't easy questions, by any stretch. But they're exactly the ones that challenge us in the open source software business, where our ongoing task is to create business models around abundance.

Red Hat's product, for example, isn't software. The software is open source, easily accessible to others, and licensed to promote sharing. Development is community-oriented. The "content," in other words, is free and abundant.

Red Hat adds value to the open source ecosystem by leveraging abundance to create more and better abundance. We support people using the software. We contribute to communities creating new, more advanced versions of the software. We patch and secure the software. We sift through the abundance, make sense of it, and help other people leverage it effectively. That's our product (and we're very good at making it!).

As they ponder their place, role, and function in an age of relative abundance, educational organizations must find new ways to generate value from that abundance. The longer we conceive of education as an enterprise focused solely on "content," the longer we're going to miss opportunities to help those integral organizations survive.

Reimagining education today might begin with a few simple questions:

- What value do educational organizations provide?
- What is their product?
- What role can they play today?

Answers to these simple but difficult questions will differ for everyone involved. But in an age of abundance, the educational organizations that survive will be those most focused on what they can add, what they can catalyze—and how they can best harness the power of openness to change the ways they create, interact, and sustain themselves.

Appendix

The Open Organization Definition

The Open Organization Ambassadors

Preamble

Openness is becoming increasingly central to the ways groups and teams of all sizes are working together to achieve shared goals. And today, the most forward-thinking organizations—whatever their missions—are embracing openness as a necessary orientation toward success. They've seen that openness can lead to:

- **GREATER AGILITY**, as members are more capable of working toward goals in unison and with shared vision;
- **FASTER INNOVATION**, as ideas from both inside and outside the organization receive more equitable consideration and rapid experimentation, and;
- **INCREASED ENGAGEMENT**, as members clearly see connections between their particular activities and an organization's overarching values, mission, and spirit.

But openness is fluid. Openness is multifaceted. Openness is contested.

While every organization is different—and therefore every example of an open organization is unique—we believe these five characteristics serve as the basic conditions for openness in most contexts:

- Transparency
- Inclusivity

- Adaptability
- Collaboration
- Community

Characteristics of an open organization

Open organizations take many shapes. Their sizes, compositions, and missions vary. But the following five characteristics are the hallmarks of any open organization.

In practice, every open organization likely exemplifies each one of these characteristics differently, and to a greater or lesser extent. Moreover, some organizations that don't consider themselves open organizations might nevertheless embrace a few of them. But truly open organizations embody them all—and they connect them in powerful and productive ways.

That fact makes explaining any one of the characteristics difficult without reference to the others.

Transparency

In open organizations, transparency reigns. As much as possible (and advisable) under applicable laws, open organizations work to make their data and other materials easily accessible to both internal and external participants; they are open for any member to review them when necessary (see also *inclusivity*). Decisions are transparent to the extent that everyone affected by them understands the processes and arguments that led to them; they are open to assessment (see also *collaboration*). Work is transparent to the extent that anyone can monitor and assess a project's progress throughout its development; it is open to observation and potential revision if necessary (see also *adaptability*). In open organizations, transparency looks like:

- Everyone working on a project or initiative has access to all pertinent materials by default.
- People willingly disclose their work, invite participation on projects before those projects are complete

and/or "final," and respond positively to request for additional details.

- People affected by decisions can access and review the processes and arguments that lead to those decisions, and they can comment on and respond to them.
- Leaders encourage others to tell stories about both their failures and their successes without fear of repercussion; associates are forthcoming about both.
- People value both success and failures for the lessons they provide.
- Goals are public and explicit, and people working on projects clearly indicate roles and responsibilities to enhance accountability.

Inclusivity

Open organizations are inclusive. They not only welcome diverse points of view but also implement specific mechanisms for inviting multiple perspectives into dialog wherever and whenever possible. Interested parties and newcomers can begin assisting the organization without seeking express permission from each of its stakeholders (see also *collaboration*). Rules and protocols for participation are clear (see also *transparency*) and operate according to vetted and common standards. In open organizations, inclusivity looks like:

- Technical channels and social norms for encouraging diverse points of view are well-established and obvious.
- Protocols and procedures for participation are clear, widely available, and acknowledged, allowing for constructive inclusion of diverse perspectives.
- The organization features multiple channels and/or methods for receiving feedback in order to accommodate people's preferences.

- Leaders regularly assess and respond to feedback they receive, and cultivate a culture that encourages frequent dialog regarding this feedback.
- Leaders are conscious of voices not present in dialog and actively seek to include or incorporate them.
- People feel a duty to voice opinions on issues relevant to their work or about which they are passionate.
- People work transparently and share materials via common standards and/or agreed-upon platforms that do not prevent others from accessing or modifying them.

Adaptability

Open organizations are flexible and resilient organizations. Organizational policies and technical apparatuses ensure that both positive and negative feedback loops have a genuine and material effect on organizational operation; participants can control and potentially alter the conditions under which they work. They report frequently and thoroughly on the outcomes of their endeavors (see also *transparency*) and suggest adjustments to collective action based on assessments of these outcomes. In this way, open organizations are fundamentally oriented toward continuous engagement and learning. In open organizations, adaptability looks like:

- Feedback mechanisms are accessible both to members of the organization and to outside members, who can offer suggestions.
- Feedback mechanisms allow and encourage peers to assist one another without managerial oversight, if necessary.
- Leaders work to ensure that feedback loops genuinely and materially impact the ways people in the organization operate.

- Processes for collective problem solving, collaborative decision making, and continuous learning are in place, and the organization rewards both personal and team learning to reinforce a growth mindset.
- People tend to understand the context for the changes they're making or experiencing.
- People are not afraid to make mistakes, yet projects and teams are comfortable adapting their pre-existing work to project-specific contexts in order to avoid repeated failures.

Collaboration

Work in an open organization involves multiple parties by default. Participants believe that joint work produces better (more effective, more sustainable) outcomes, and specifically seek to involve others in their efforts (see also *inclusivity*). Products of work in open organizations afford additional enhancement and revision, even by those not affiliated with the organization (see also *adaptability*). In open organizations, collaboration looks like:

- People tend to believe that working together produces better results.
- People tend to begin work collaboratively, rather than "add collaboration" after they've each completed individual components of work.
- People tend to engage partners outside their immediate teams when undertaking new projects.
- Work produced collaboratively is easily available internally for others to build upon.
- Work produced collaboratively is available externally for creators outside the organization to use in potentially unforeseen ways.
- People can discover, provide feedback on, and join work in progress easily—and are welcomed to do so.

Community

Open organizations are communal. Shared values and purpose guide participation in open organizations, and these values—more so than arbitrary geographical locations or hierarchical positions—help determine the organization's boundaries and conditions of participation. Core values are clear, but also subject to continual revision and critique, and are instrumental in defining conditions for an organization's success or failure (see also *adaptability*). In open organizations, community looks like:

- Shared values and principles that inform decision-making and assessment processes are clear and obvious to members.
- People feel equipped and empowered to make meaningful contributions to collaborative work.
- Leaders mentor others and demonstrate strong accountability to the group by modeling shared values and principles.
- People have a common language and work together to ensure that ideas do not get "lost in translation," and they are comfortable sharing their knowledge and stories to further the group's work.

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github.com/open-organization/open-org-definition

Learn More

About the author

Jim Whitehurst is the President of IBM. He is responsible for the IBM Cloud and Cognitive Software organization, and Corporate Strategy. Whitehurst is an advocate for open principles as a catalyst for business innovation. With a background in business development, finance and global operations, he has proven expertise helping companies flourish—even in the most challenging environments.

Prior to IBM, Whitehurst served as the President and CEO of Red Hat, the world's leading provider of open source enterprise software solutions.

In 2015, Whitehurst published a book with Harvard Business Review Press entitled *The Open Organization: Igniting Passion and Performance*, showing how open principles of management can help organizations navigate and succeed in a fast-paced, connected era.

Join the community

Learn more about the ways open principles are changing how we work, manage, and lead. Get started at:

theopenorganization.org



What principles ground your organization's culture and drive its operations? And are those principles the ones best suited to solving the problems you're facing?

In *Organize for Innovation*, Jim Whitehurst (President, IBM, and former President and CEO, Red Hat) poses these questions as he reflects on the technological, social, and economic forces impacting the ways we work. Arguing that solving contemporary business problems requires new organizational principles, models, and dynamics, Whitehurst explains how leaders everywhere can begin rethinking how they utilize data, approach failure, structure teams, and set goals—in short, how they can become more innovative.

Organize for Innovation complements Whitehurst's widely read management book, *The Open Organization* (Harvard Business Review Press), collecting writing on organizational culture, organizational design, and organizational leadership today—all part of an ongoing conversation about the challenges we face in transformative, fast-moving, and uncertain times.



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