

In response to the many written questions posed during the webinar, the following answers have been prepared by the core team of the Learning Consortium: Steve Denning and Jay Goldstein. We are contacting Gary Hamel and will explore whether he wishes to add any additional comments.

Hacking management

1. What is the definition of hacking management?

Traditional management philosophy and practice has led to bureaucratic organizations not equipped to respond to the rapid transition into the Creative Economy, among other modern management challenges. Hacking management is a means to generate innovative ideas that illustrate how the principles and tools of the Web can be used to make our organizations more adaptable, innovative, inspiring, and accountable.

See also:

<http://www.managementexchange.com/>

www.hackmanagement.com

<http://www.garyhamel.com/>

2. What is your advice for an organization that first starts to use hacking management? What are the areas to be cautious of in implementing hacking management?

Hacking management is an emergent style of leadership with different characteristics such as transparency, mutuality, openness, and courage. So instituting change with the same command-and-control mindset that created the structure in the first place will likely result in discouragement and failure.

The change process

- 3. How do we address the unlearning of the daily habits of management (which are embedded in our management systems and which are often unconscious) that needs to happen to reinvent management? Reinvent with a conscious awareness and commitment to "stop doing" to make room for the "start doing"? Knowing we will stumble and fall along the way!**

Gary Hamel argues that innovation requires a systemic approach. We need to innovate innovation, as discussed here:

<http://www.forbes.com/sites/stevedenning/2012/12/04/gary-hamel-on-innovating-innovation/>

- 4. Would you begin hacking management top-to-bottom, from the middle, or bottom-up?**

Gary Hamel, agreeing with Einstein, said that "problems can't be solved with the same mindset that created them." Tackling such a complex problem as revising management theory and practice will require a social and crowdsourced approach, which may have elements of bottom-up. However, as a new paradigm, it would likely not fit into a traditional top-down, middle, or bottom-up model.

Some further pointers are here:

<http://www.forbes.com/sites/stevedenning/2012/12/04/gary-hamel-on-innovating-innovation/>

Change from below

5. **As a person who is responsible for managing risk/impact/communication of IT changes impacting both IT and the business, I find that the hardest thing to overcome in my organization is "ownership of knowledge," and not taking into consideration that all deliverables have inputs and outputs that impact someone other than you. Is there an easy way to get management to understand both sides without just taking into consideration their "internal part" of the organization?**

The short answer is no, there isn't any easy way. What you are describing are the symptoms of bureaucracy, in which each individual and unit is looking at the world from the perspective of the particular interests of themselves and their unit. Overcoming these counterproductive behaviors entails a different set of values—a set of issues that Gary has discussed here:

<http://www.forbes.com/sites/stevedenning/2012/04/06/gary-hamel-what-matters-now-values/>

Menlo Innovations is a member of the Learning Consortium and their founder, Richard Sheridan, has published a book called *Joy, Inc.* He specifically addresses how their new management environment has broken down "towers of knowledge" and the benefits that has provided.

6. **Are there any stats on folks that are too engaged, thereby disrupting the "cart" as a "management renegade"?**

Lack of employee engagement (only 13 percent in the Gallup poll cited in this webinar) is a key indicator of a bureaucracy in need of change. So if you have highly engaged folks, maybe you are already on the way to a new management paradigm.

At the same time, launching organizational experiments without the support of higher-level managers can be a risky proposition.

Some thoughts from Gary Hamel on the role of passion in the workplace are available here:

<http://www.forbes.com/sites/stevedenning/2012/04/03/gary-hamel-what-matters-now-the-centrality-of-passion/>

Further thoughts on how to change an organizational culture are available here:
<http://www.forbes.com/sites/stevedenning/2011/07/23/how-do-you-change-an-organizational-culture/>

- 7. Your team has been given authority to try Agile development (in full) but is still required to report status, document first, and provide estimates to other internal, bureaucracy-riddled teams. What's the most effective first step toward waking leadership up to the existing management model problems?**

Getting people to think about the world differently is not something that can generally be accomplished by reasoned argument. Leadership storytelling is one important option to explore:

<http://www.forbes.com/sites/stevedenning/2011/06/08/why-leadership-storytelling-is-important/>

Organizational size

8. Do you think an average company will get smaller in the future because of disadvantages created by bureaucracy in large corporations?

Small is one solution often proposed, and we see it can act as a means to reduce complexity and therefore bureaucracy. But scale is often advantageous for other reasons, so solutions for effective management at scale are still sought. There is also a lot of work being done in answering how to scale Agile; for example, see <http://t.co/IU5UnjncFY>.

There will be some high-value organizations with relatively few employees, such as WhatsApp. We will also see organizations with vast ecosystems with hundreds of thousands of participants, such as the App developer network at Apple. It is hard to say what the net result will be.

The role of managers

9. What is in it for managers? Where are they going end up if they support this, or what is the exit path for them?

We find the question is: How can a manager survive without making changes to address the new challenges of the creative economy? Traditionally managed companies have underperformed for 30 years, looking at data such as the return on invested capital. The entering members into the billion-dollar start-up club are from companies managed in the new paradigm:
<http://www.wsj.com/articles/meet-the-hottest-tech-startups-1424308076>

So we are talking about the future of management. If managers want to be part of that future, they have an interest evolving along with the workplace.

It is also plausible that management in the new workplace for those who master the new skills will be much more personally satisfying than being a glorified bureaucrat.

Leadership at the top

- 10. How critical for success is the support of the CEO/Pope? Without it, is it really possible for the tail to wag the dog?**

Deep organizational change will require support from the top, the middle, and the bottom of the organization. However, change inevitably starts in small experiments, which can grow.

- 11. I'm pretty sure that I'm the only person (among 9,500 employees) in my company who is listening and believing in this, and I'm 6 layers down from the CEO. What can I do today to help this bubble up?**

Advocates for change can bring influence from any level. One means of leading with influence is effective use of narrative. Steve Denning was able to spark transformation at the World Bank many layers down from the CEO and has written extensively on the subject of such influence. We suggest you refer to his books, such as *The Secret Language of Leadership*.

Gary Hamel also has some suggestions in *What Matters Now*, as discussed here:

<http://www.forbes.com/sites/stevedenning/2012/12/04/gary-hamel-on-innovating-innovation/>

The role of values

- 12. How important do you see personal moral responsibility for the success of this new paradigm? For example, if you make people's paychecks dependent on peer-to-peer reviews, you open up the door for more jealousy, which each individual must personally suppress in order for the whole model not to unravel.**
- 13. How do you get CEOs and shareholders to change their mindset about control, i.e., believing human beings can be trusted?**
- 14. Making organizations human is a systemic issue, a gender issue. How do we share leadership with social systems?**
- 15. Servant leadership is a different model that addresses these issues. It's been around since 1970, but it runs into lots of resistance. How can we get management to embrace it?**

16. Is it possible to hack management without previous work on the organization's core values and purpose (at the highest inspirational level), in order to get a new management model consistent to where it wants to go?

In all these questions, we are dealing with values and how to persuade people to adopt different values. This was the opening theme of his book: *What Matters Now*, which Gary discussed here:

<http://www.forbes.com/sites/stevedenning/2012/04/06/gary-hamel-what-matters-now-values/>

Getting people to think about the world differently is not something that can generally be accomplished by reasoned argument. Leadership storytelling is one important option to explore: <http://www.forbes.com/sites/stevedenning/2011/06/08/why-leadership-storytelling-is-important/>

Agile methods such as Scrum make explicit five core values: focus, openness, commitment, respect, and courage: <https://www.scrumalliance.org/why-scrum/core-scrum-values-roles>. Once a group has made an explicit commitment to Agile functioning, Agile coaches have discovered means to facilitate the group in making the difficult transition to adopting these values. Exercises such as making behavior visible (post-it notes on the wall), noting specific, factual behaviors that support *or* do not support each of the five values, has been found to be one powerful way to encourage change over time.

The war against bureaucracy

- 17. How do you keep the systematization of innovation achievement fresh, to avoid it from eventually getting weighed down by bureaucratic qualities?**

It can always happen, but new management methods such as Agile and Scrum are more defended from returning to bureaucratic qualities by focusing on client delight, which requires continuous experimentation and discovery. Even using simple measures such as Net Promoter Scores can help keep focus on what is in the interest of the client and not the bureaucracy.

Gary Hamel has discussed these issues here:

<http://www.forbes.com/sites/stevedenning/2012/04/05/gary-hamel-what-matters-now-institutionalizing-innovation/>

Success stories

- 18. Have you seen any successful management model changes in highly regulated, bureaucratic industries such as the financial industry? Can you discuss client-driven business, such as the financial business, and the approach to deal with it?**

Some of the most innovative new management companies are in the financial sector. The largest hedge fund, Bridgewater Associates, is run with many elements considered to be consistent with a new management paradigm.

Gary has touched on these issues here:

<http://www.forbes.com/sites/stevedenning/2012/04/05/gary-hamel-what-matters-now-institutionalizing-innovation/>

- 19. Can you identify an organization that has gone through such a dramatic change?**

The most obvious and dramatic example is Apple, which was practically bankrupt in 1997. In 15 years, it grew to be the company with the largest market capitalization, while practicing many, if not all, aspects of the new management paradigm.

20. What level of management do you think is the most important for migration to the new style of management?

Gary Hamel has offered some thoughts on these issues here:

<http://www.forbes.com/sites/stevedenning/2012/12/04/gary-hamel-on-innovating-innovation/>

Innovating innovation

21. We can say "standardization," or adhering to norms, goes against inventive behavior. But the issue is the cost reduction that can be achieved by standardization. Any thoughts?

A. Gary has touched on these issues here:

<http://www.forbes.com/sites/stevedenning/2012/04/05/gary-hamel-what-matters-now-institutionalizing-innovation/>

22. I liked "resources are no replacement for resourcefulness," which to me links to engagement. Is that a place to start as well? Like Telus?

Dan Pontefract has discussed the transition at Telus in his book *Flat Army*, which is discussed here: <http://www.forbes.com/sites/stevedenning/2013/06/20/how-to-lead-a-flat-army/>

23. The pressure of constant innovation and change is not for all. Most of us would rather not be subject to constant change and hence hide behind bureaucracy. How do we then avoid bureaucracy? Human nature probably likes bureaucracy and prefers certainty, even though inefficient.

We live in a world of constant, rapid change. As individuals, we may prefer a calmer and more stable environment, and some may indeed find it. However, the higher-value jobs and organizations will increasingly be those that are adapted to the world of constant, rapid change. Individuals and organizations will have to choose.

The debate has been going on for a while on human capacity for change in the face of rapid social and technological change, even by the same authors. Consider Alvin Toffler's 1970 best seller *Future Shock*, which arose out of his observation of psychological stress from "too much change in too short a period of time." In his 1980 book *Third Wave*, he suggests that such change may indeed be beneficial.

Management change in academia

24. What about academic institutions stuck in a 15th-century model, bureaucratizing the smart, young, and Agile and turning them into bureaucrats?

Many agree that business schools are not adapting yet -- even some insiders such as Harvard Professor Rakesh Khurana:

<http://www.forbes.com/sites/stevedenning/2013/02/26/whats-wrong-with-todays-business-schools/>.

Or this talk by Ken Robinson, which has been viewed more than 13 million times: <https://youtu.be/zDZFcDGpL4U>.

And efforts to reform schools with new Agile methods and mindsets have begun, such as at <http://www.agileclassrooms.com/>.

Particular management models: holacracy

25. What is your take on Tony Hsieh and Zappo's structural changes? Are holacracies otherwise bureaucracies?

There is ongoing debate on this question. Holacracy has many aspects that are new-management oriented, especially with its horizontal structures. At the same time, it is very detailed and instituted top-down, so it has characteristics of traditional management. Most would say it is one model of the new paradigm.

Some thoughts on these issues are available here:

<http://www.forbes.com/sites/stevedenning/2015/05/23/is-holacracy-succeeding-at-zappos/>

Broader political issues

- 26. Does the system itself, global capitalism, inherently allow organizations to avoid fundamental change? If yes, how much longer do you expect the system to provide this accommodation?**

These are large issues. Gary Hamel discussed some aspects in his answer to the first question after his talk. In general, he does not argue that the external factors on organizations are the main constraint to transformation. The main disease is an ideology of bureaucracy and control.

- 27. Are there lessons to be learned from working arrangements and behavior in Japanese and South Korean enterprises?**

There are of course many lessons to be learned from cultures all around the world. Scrum Alliance[®], as a global organization, is dedicated to drawing on all sources. In its origins, Agile and Scrum grew out of the Toyota Production System in Japan. The successes of Samsung also offer pertinent lessons to other organizations.

- 28. Seems to me Gary is fundamentally suggesting a political and social movement driving in the direction of democracy and away from totalitarianism (which, by the way, I'm totally in favor of). If Gary would agree (even partly), I suggest he also must address the question of ownership of the enterprise and participation in sharing the wealth created by all employees and outside stakeholders. The bureaucratic model that Gary describes is further anchored and reinforced by the capital markets and the insider game between executive and investors.**

Indeed, there are strong incentives for extracting rents by top management. Share buyback programs are particularly onerous, and recently a group of Silicon Valley leaders came together to call for bold reforms. Steve Denning recently wrote about this here:

<http://www.forbes.com/sites/stevedenning/2015/06/07/a-open-letter-from-silicon-valley-calls-for-bold-organizational-reform/>

29. Without addressing democratic ownership, decision making, and risk taking, all the other ideas approach nothing more than sophisticated methods to manipulate employees. Would love to hear response to this dimension.

It is true that management today is rife with fake values and blatant efforts to manipulate employees through rah-rah initiatives to build so-called "teams" and so on. The fact that so few people are engaged in their work, and even fewer passionate about it, is a clear indicator of how widespread these practices are.

Gary has often remarked on the irony that democratic values, which have triumphed in the political sphere, have not done so in the sphere of management. These considerations lie behind the mission of Scrum Alliance to "Transform the World of Work[®]" and Gary Hamel's commitment to "hack management."

30. Coming from a conflict-ridden country, Pakistan, I find that governance, i.e., country management, is at the root of our problems. What suggestions would you have from a management point of view that could be used to reform governance/country management?

The difficulties that we have discussed above of changing an organization are dwarfed by the challenge of changing the governance of a whole country. But as in organizational change, the key thing is to be pragmatic and realistic, looking for opportunities to begin to contribute to a needed change effort that may take many decades, even generations, to succeed.

People who look at change systemically often observe that widespread change begins with the individual willing to change themselves, and then work with a small group of people to begin the wider change. Consider the encouragement attributed to Margaret Meade: *Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.*