



a **THE ADAPTABILITY
ADVANTAGE
HACKATHON**

The Role of IT as a Catalyst for Proactive Change

APRIL - OCTOBER 2012

A Collaborative Project by Gartner and the Management Innovation eXchange

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FOREWORD: THE ADAPTABILITY CHALLENGE



By **Mark McDonald**
Gartner Vice President and Fellow

Everyone who has ever held a position in the IT world has faced demands to be more adaptable, to build solutions that are more flexible, and to respond faster to the pressing priorities of the business.

That demand for adaptability rises from the fact that adaptability is becoming an essential competitive advantage in many organizations as they face compelling change and relentless competition. Thus the ultimate question for IT leaders is

How can my organization become more adaptable?

Techniques like agile development certainly help. But adaptability across the enterprise, adaptability driven by technology, driven by people like you, requires more than just working harder, having a tighter plan, and refining governance.

It is an extremely complex challenge, and we do not yet have perfect answers.

Which is why Gartner decided to team up with the Management Innovation eXchange on the Adaptability Advantage Hackathon. We wanted to understand from IT leaders around the world, including many from our Gartner Executive Members Program, what adaptability means to them. We wanted to explore:

- What are the practices and techniques that drive adaptability?
- What are the challenges to becoming more adaptable?
- What are the things IT leaders have done to drive adaptability that have worked in the real world?
- What are the practical yet radical new ideas for how technology can spur the entire enterprise into becoming more adaptable?

Over the past few months, we used the Adaptability Advantage Hackathon as an opportunity to bring together a group of senior IT leaders to rise to the challenge of attempting to answer these fundamental questions.

The hackathon culminated in eight innovative management hacks, collaboratively developed by members of our hackathon team. I hope you will find some of these hacks have the potential to increase the adaptability of your own organization. If so, please consider trying one or more of them or use them as inspiration for your own original management hacks.

Finally, in the spirit of the hackathon, if you have success implementing any of these hacks or develop new ones of your own, we'd love to hear about your experiences.

Email me at the address below. Or, if you are ready to share your ideas with the world, submit them as hacks on the Management Innovation eXchange at www.managementexchange.com.

A handwritten signature in black ink that reads "Mark McDonald".

MARK MCDONALD
MARK.MCDONALD@GARTNER.COM

OCTOBER 15, 2012

INTRODUCTION

We live in a world where new combinations of technology, competition, and communications are causing fundamental change in venerable institutions and hundred-year-old business models. The pace of change that we thought unsustainable even five years ago is constantly being accelerated, making the most important question for any organization: are we changing as fast as the world around us?

For most organizations, the answer would be no.

Adaptability is a fundamental challenge and a potential source of competitive advantage for every organization. That is why it is the focus of Gartner Executive Programs and the MIX's first joint management hackathon.

Technology has created change and is the path to adaptable solutions. Technology gives us new tools to imagine organizations that are large but not bureaucratic, that are focused but not myopic, that are specialized but not balkanized, that are efficient but not inflexible and, best of all, that are disciplined but not disempowering.

IT executives and their teams are uniquely positioned to "future proof" their enterprise. Their understanding of emerging technologies—whether those be Web 2.0, cloud computing, mobile services, social media, or big data analysis—can be leveraged not only to enable new business models, but more fundamentally to reinvent far more resilient management models.

WHAT IS A MANAGEMENT HACKATHON?

A management hackathon is a short, intense, coordinated effort to develop useful hacks (innovative ideas or solutions) that can be implemented by organizations to overcome barriers to progress and innovation.

This is the challenge behind the Adaptability Advantage Hackathon and one of the most pressing business issues of our time:

HOW DO WE BUILD ORGANIZATIONS THAT ARE TRULY ADAPTABLE AT THEIR CORE?

How do we build organizations that can always outrun change, capture more than their share of new opportunities, and are never caught off guard?

In April 2012, Gartner and the Management Innovation eXchange brought together over 250 IT leaders from around the world to explore how IT could help make organizations more adaptable as part of a management hackathon.

Over the next few months, this volunteer team collaborated via a series of short 1-2 week sprints, generating a shared definition of

adaptability, exploring the barriers standing in the way of adaptability, and offering up examples of organizations that had not adapted well.

The hackathon culminated in the creation of a series of original management hacks, developed collaboratively by participants, which addressed the key adaptability barriers we identified along the way.



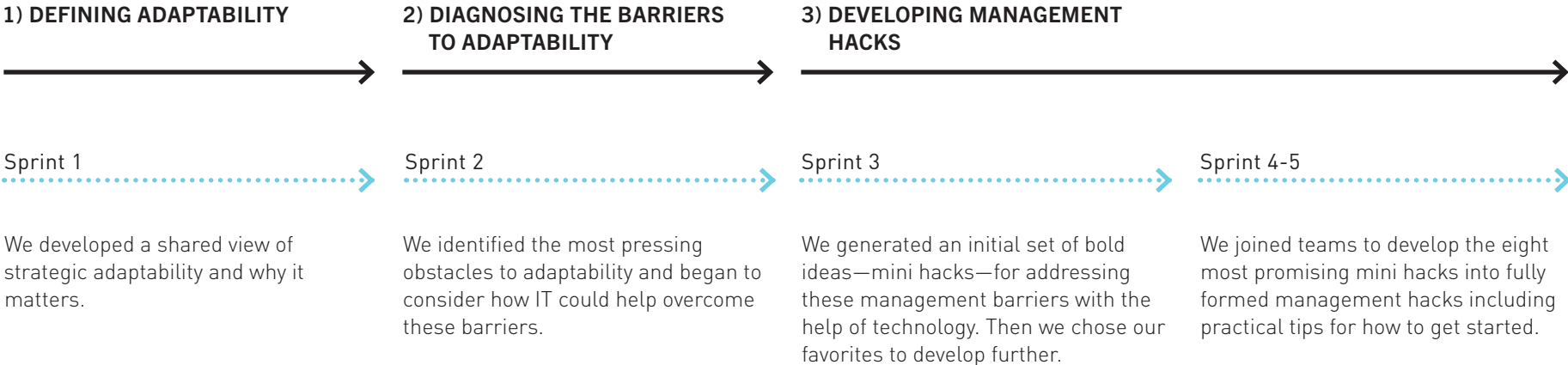
WHAT IS THE MANAGEMENT INNOVATION EXCHANGE?

The MIX is an open innovation project dedicated to mustering the daring and creativity of in-the-trenches innovators, progressive leaders, and adventuresome thinkers to reinvent management for a new age. The MIX is designed as a collaborative platform to surface bold ideas and instructive stories, to embolden and equip management innovators in every realm of endeavor, and to make collective progress on making our organizations fit for the future and fit for human beings.

Join the MIX:
www.managementexchange.com



THE HACKATHON PROCESS



BEHIND THE SCENES

During the hackathon, almost all work was completed asynchronously via a collaborative platform on the Management Innovation eXchange website. This platform allowed us to bring together a geographically distributed group of collaborators in

an online virtual community. Because contributors were located in different time zones around the world, this was the best way to ensure everyone had equal opportunity to participate. All work was organized into 1-3 week “sprints” with a specific end goal.

A **sprint** is a short 1-3 week project with a specific end goal.

DEFINING ADAPTABILITY



By Gary Hamel
Founder, Management Innovation eXchange

Most people have no trouble finding examples of companies that failed to mobilize around a major new opportunity, procrastinated when confronted with a wrenching discontinuity, or struggled to let go of a beloved but dying strategy.

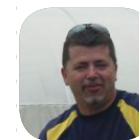
In most of the cases of strategic inertia like these, IT wasn't the primary culprit, but neither was it a powerful force for proactive change. While some aspects of IT infrastructure will always be hard to change, new social technologies give the IT function a lot of new tools with which to tackle the systemic causes of strategic inertia. These tools can help us to bring fresh voices into the strategy conversation; to rapidly collate weak signals from the environment; to mobilize the forces of change within our companies; to rapidly build communities around promising new ideas; and to reinvent tradition-encrusted management processes.

Strategic adaptability refers to a company's capacity to reconfigure its underlying business, by dramatically rethinking things like:

- **Its core mission**
- **Its primary value proposition**
- **The identity and nature of the end customer**
- **The method or channels of distribution**
- **Its revenue or pricing model**
- **The markets or industries in which it competes**
- **Its core competencies**
- **Its ecosystem of business partners**
- **The degree to which it is vertically or horizontally integrated**
- **The basic way it produces products and services**

And, most importantly, strategic adaptability refers to the ability to rethink these things in the absence of a performance crisis.

"Strategic adaptability is an organization's willingness to re-adapt or re-align itself continually in search of innovation and operational excellence. It is directly related and enabled, or hindered, by an organization's penchant for change."



Dave Heffernan
Corporate Chief
Information Officer,
Government of the
Northwest Territories,
Canada

All too often, by the time an issue gets big enough to attract the CEO's attention, whether an opportunity or a threat, it's too late to do anything but react. Thus the vast majority of corporate "change" programs are "catch-up" programs.

But it shouldn't require a financial crisis, swinging lay-offs, a clean sweep of the executive suite, and a crippled share price to realign a company's strategy. Change needs to happen a whole lot faster and a whole lot cheaper than it does now.

To put it simply, strategic adaptability is an attempt to maximize the following ratio:

$$\text{STRATEGIC ADAPTABILITY} = \frac{\text{FREQUENCY AND AMPLITUDE OF STRATEGIC CHANGE}}{\text{TIME, TREASURE, AND TRAUMA REQUIRED TO PRODUCE THAT CHANGE}}$$

As the pace of change accelerates, so must the pace of strategic renewal. Indeed, one of the most important questions for any enterprise today is this:

Are we changing as fast as the world around us?

ALL TOO OFTEN, THE ANSWER IS NO.



"Strategic adaptability is how effectively you can acknowledge that which you don't yet know. Companies that recognize trending technologies and can find effective ways to put them to work are the ones I would recognize as adaptable."



Dan Kelly
Director of MIS,
Nemschoff Chairs /
Herman Miller



DIAGNOSING THE BARRIERS TO ADAPTABILITY

Everyone knows that bureaucracies are inertial and that human beings can be tempted to take refuge in denial. But what is it, really, that frustrates proactive change? Why does entropy so often win? Why does the “party of the future” so often lose? If we’re going to build organizations that are truly adaptable, we need to know who (or what) we’re fighting.

To build organizations that are more adaptable, we must better understand what keeps them from being adaptable today. What are the root problems that make our organizations less adaptable than they could be, more inertial than resilient?

In other words, what are the barriers to adaptability?

OUR HACKATHON TEAM EXPLORED THESE BARRIERS TO ADAPTABILITY, AND THE FOLLOWING FOUR BARRIERS EMERGED AS THE MOST CRITICAL:

1.
**TOO MANY BIG BETS,
NOT ENOUGH LITTLE
ONES**

2.
**A MONOPOLY ON CAPITAL
ALLOCATION**

3.
**CENTRALIZED
DECISION MAKING**

4.
**MONOLITHIC
STRUCTURES**

1. TOO MANY BIG BETS, NOT ENOUGH LITTLE ONES

Adaptability depends on experimentation—whether in nature or in the venture capital business. Without a lot of exciting new options, managers will inevitably opt for more of the same. That’s why renewal depends on a company’s ability to generate and test hundreds of new strategic options.

There’s a power law here: Out of 1,000 crazy ideas, only 100 will merit a small-scale experiment. Of those, only 10 will be worth serious investment, and out of that bundle, only one or two will have the power to transform a business or spawn a new one.

A company can’t explore a lot of new options if it costs millions of dollars (or even thousands) to test each one. Problem is, big companies aren’t very good at quick-and-dirty. But it takes more than an electronic suggestion box or idea wiki to encourage experimentation. Every manager at every level needs to be held accountable for generating and managing a robust portfolio of experiments—around every component of the business model.

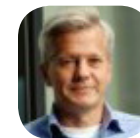
WHAT WOULD BE DIFFERENT IN AN ORGANIZATION THAT HAS OVERCOME THIS BARRIER?

- It operates with some “slack,” making it easy to create the time and space for people to experiment.
- There are high levels of talent mobility, where individuals have a say in choosing which commitments they will make.
- Investment evaluation is on a risk-adjusted basis, reflecting that the level of proof can be lower for small bets.
- Risk assessment takes place at a portfolio level, not individual investment or project level.
- There is rapid iteration of experiments, with continuous test/learn cycles.



EXAMPLE CORPORATE ERP SYSTEMS

“IT has made some very large bets in corporate-wide ERP systems and standardized locked-down infrastructure. The background for these decisions has nearly always been to reduce cost. Often there has been a lot of innovative thinking invested in the implementation of these systems, but when they are in place they effectively lock down the company. Being innovative with an incumbent ERP system is very challenging because every change takes time and incurs high cost.”



Borge Teigland
VP Global IT/CIO,
Norske Skogindustrier ASA



2. A MONOPOLY ON CAPITAL ALLOCATION

In most companies, there's only one place an employee can go to get funding for an unconventional idea: up the chain of command. If the project doesn't dovetail with the boss's priorities, it doesn't get funded. This scarcity of funding sources puts a huge damper on innovation and adaptability.

Businesses fail when they over-invest in *what is* at the expense of *what could be*, and the lack of a vibrant market for new ideas is often the culprit. Within Silicon Valley, there are thousands of angel investors and hundreds of venture capital firms that vie with one another to find and fund promising new ideas. Indeed, it's not unusual for a would-be entrepreneur to get turned down a dozen times before he or she finds a willing investor.

Over the years, Silicon Valley has demonstrated a remarkable degree of resilience, but imagine what would have happened if there had been only one venture capital firm, run by, let's say, Gordon Moore, one of Intel's co-founders. Most likely, a whole lot of disruptive innovation (Google, Salesforce.com, Red Hat, Facebook, Dropbox, etc.) would never have been funded. Silicon Valley would have stayed focused on silicon, rather than on everything that came after the semiconductor revolution.

Sadly, the resource allocation process in most large companies is more like the old Soviet Union than Silicon Valley. There's no *band of angels*, and a single *nyet* can kill a project dead.

WHAT WOULD BE DIFFERENT IN AN ORGANIZATION THAT HAS OVERCOME THIS BARRIER?

- Allocation decisions are based less on individual wisdom and authority and more on collective intelligence.
- There are multiple sources of capital.
- Resources like capital and talent are allocated through market-based systems, where users for capital and talent have to compete openly.
- The organization manages a broad portfolio of strategic options.
- Resources are controlled by the enterprise, not by individual owners.



EXAMPLE STRATEGIC PLANNING EXERCISES

"Maybe the strategic plan isn't and shouldn't be the sacred text that we use to determine where to apply capital. I'm not completely convinced that the strategic plan is all that meaningful. I think one of the reasons we must reinvent the enterprise is that strategic plans are stale, potentially detached from what's happening in our respective environments. The capital allocation process should be envisioned as a way to redefine how strategic plans are built."



Paul Green, Jr.
The Self-Management
Institute, The Morning
Star Company



3. CENTRALIZED DECISION MAKING

In most organizations, senior executives dominate the strategic planning process and have a disproportionate share of influence over key decisions. Problem is, when you concentrate the responsibility for setting strategy and direction at the top of the company, you give a small group of long-serving leaders the right to veto change—and they often will, since most of their emotional equity is invested in the past. Nostalgic CEOs will often resist the need to revisit decisions they made years earlier, or will cling to a beloved business model long after it's lost its competitive vitality.

Empirically, we know that deep change is usually precipitated by a crisis, or a long period of under-performance, and that it usually takes a change in leadership to set a company on a new course. In other words, strategic realignments are infrequent, belated, and convulsive—just as they are in totalitarian states, and for the same reason: too much power vested in the “party of the past.”

In a world of accelerating change, we can no longer tolerate top-down organizational models in which the gating factor on the pace of change is the willingness of a few senior executives to write off their own depreciating intellectual capital.

WHAT WOULD BE DIFFERENT IN AN ORGANIZATION THAT HAS OVERCOME THIS BARRIER?

- It has a “cellular” organizational structure made up of small-scale business units with less than 300 people per unit.
- Cross-business-unit relationships (joint initiatives to exploit synergies, shared markets, and customers) are products of mutual negotiation, not top-down mandates.
- P&L responsibilities are pushed as low as possible—P&L ownership is not diluted by excessive corporate allocations.
- Unit boundaries are permeable and flexible, with most work undertaken by reconfigurable product teams. .



EXAMPLE SHORT-TERM CEO THINKING

“Behind the centralization of power, there is also the inevitable short-term interest from CEOs to make quick profits and show the company in a better financial position when they leave. This objective prevents the CEO from thinking about the future of the company beyond a sequence of quarters. It seems that this lack of long-term interest is a major impediment to strategic agility.”



**Thierry Kuperman
Le Bihan,**
Executive Partner,
Gartner



4. MONOLITHIC STRUCTURES

Big things aren't nimble. That's why there aren't any 200-pound gymnasts or jumbo-sized fighter jets. It's why the biggest creatures that ever walked this planet disappeared 60 million years ago, and why the smallest, bacteria, are still here—all 5 million million trillion of them.

In a company comprised of a few, very large organizational units, there is often a lack of intellectual diversity—since people within the same unit tend to share the same underlying business assumptions. Big units also tend to have more management layers, which means new ideas have a longer gauntlet to run. In addition, elephantine organizations tend to undermine personal accountability. An employee who's one of thousands, rather than one of a few, is unlikely to feel a personal sense of responsibility for helping the organization to adapt and change (surely, that's someone else's job).

Most executives overweight the advantages of scale and underweight the advantages of flexibility—hence the enduring and often perverse managerial preference for combining small units into big ones—a preference that all too often turns nimble acrobats into muscle-bound giants.

WHAT WOULD BE DIFFERENT IN AN ORGANIZATION THAT HAS OVERCOME THIS BARRIER?

- Detailed, real-time performance information is freely available at the front lines.
- Front-line employees have meaningful authority over key business drivers like pricing and staffing.
- Skills and competencies are distributed and front-line individuals have the capabilities to make real-time tradeoffs.
- Control is through self management and peer review, not through top-down supervision.
- Vested interests cannot dominate strategy discussions; there is no monopoly on direction setting.



EXAMPLE: SCALE VS. BIGNESS

"I think scale is fast becoming a fallacious argument for bigness. Scale was a way to overcome transaction costs—those costs of finding, procuring, organizing, and delivering resources so they could be used to create new economic value. Technology has been whittling away at these transaction costs over time, such that the actual transaction costs are probably now outweighed by the opportunity costs of lost flexibility."



Jim Stikeleather
Executive Strategist,
Innovation,
Dell Services



DEVELOPING MANAGEMENT HACKS

One of the primary objectives of the hackathon was to jointly develop a number of management hacks.

So what is a management hack?

A management hack is a bold new idea for changing the way an organization is managed (e.g., the way it sets direction, allocates resources, evaluates people, measures and manages performance). Management hacks seek to create radical-yet-practical fixes to overcome key barriers like those identified on the previous pages.

OUR HACKATHON TEAM COLLABORATIVELY DEVELOPED EIGHT MANAGEMENT HACKS TO ADDRESS THE FOUR KEY BARRIERS WE IDENTIFIED.

FREE INNOVATION ZONES	WHO LET THE SKUNKS OUT?	SOCIAL NETWORKED DECISION MAKING	DECENTRALIZING THE CAPITAL ALLOCATION PROCESS
OPERATING UNIT PEER REVIEWS	A CHANCE FOR CHANGE: RINGFENCE A TRANSFORMATION TEAM	SPARKING ADAPTABILITY THROUGH SYSTEMATIC LEADERSHIP ROTATIONS	INNOVATION MARKETPLACE

FREE INNOVATION ZONES

Barrier Addressed:

Too many big bets, not enough little ones

Full Hack on the MIX:

<http://www.managementexchange.com/hack/free-innovation-zones>



By Borge Teigland

VP Global IT/CIO, Norske Skogindustrier ASA

Co-Authored by Margaret Lam
and Dimonekene Ditutala

This hack draws its inspiration from the way some places (e.g. Hong Kong or Shenzhen province in China) have been designated Free Economic Zones in order to spur commerce.

For an organization, one key step on the path to becoming truly adaptable is to define some business capabilities where more freedom is needed to be able to innovate more easily. These areas should be defined as “free economic zones” with separate funding and special rules.

There are four key characteristics of free innovation zones:

- **Freedom of Environment** — designed to operate separately and independently from the existing corporate environment.
- **Freedom of Funds** — direct investments and incentives, provided in stages when an idea advances to maturing stages, and increased applicability (applying to solve problems in real-life cases).
- **Freedom of Procedures** — simplification of procedures, in pursuit of objectives, free entrance, small committed resources, and infrastructure support.
- **Freedom of Architecture and Standards** — not limited to using existing platforms, technologies, and architectures standardized across the rest of the organization.

Just as with Free Economic Zones in countries, this approach is not right for every part of the organization. This approach should be limited to some business areas to focus the innovative energy where it makes most strategic sense for the company.

Three Tips For How to Get Started

Tip #1: Identify business capabilities needed for future growth and define a Free Innovation Zone around one or more of these areas.

Tip #2: Ensure seed funding for a few initiatives.

Tip #3: Invite people to submit ideas for innovation with little formality.

WHO LET THE SKUNKS OUT?

Barrier Addressed:
Monolithic structures

Full Hack on the MIX:
<http://www.managementexchange.com/hack/who-let-skunks-out>



By Butch Walker
VP of Technology, FamilyLife

In most organizations, the staff is so monopolized by day-to-day demands that innovation never seems to be the thing to do. This hack suggests setting aside a few leaders from responsibilities for normal operations and allowing them to focus strategically and inject innovation through the use of “skunkworks” teams.

Because the lack of margin in day-to-day operations dominates thinking and limits creativity for innovation, it is important to create head-space within the organization to allow for the kind of perspective that produces innovative ideas. The assertion is that in many organizations, the limit on innovation has more to do with lack of margin for this type of thinking than it does organizational capacity to explore or execute on new ideas.

Because the leader is decoupled from the normal operational teams, implementation of their ideas will require help from cross-functional teams. Though it could be possible to create dedicated skunkworks teams tied to the innovation leader, this could have the effect of isolating the innovation from the operational departments such that they feel no ownership or desire to see the innovation succeed.

Three Tips For How to Get Started

Tip #1: Identify a leader for an “innovation sabbatical” of 3-6 months and free them from operational responsibilities to focus on strategic direction.

Tip #2: Reinforce the need for cooperation on innovation with operational leaders.

Tip #3: Establish a budget for innovative projects that will emerge from strategic research.

SOCIAL NETWORKED DECISION MAKING

Barrier Addressed:

Centralized decision making

Full Hack on the MIX:

<http://www.managementexchange.com/hack/social-networked-decision-making>



By Thierry Kuperman Le Bihan

Executive Partner, Gartner

Co-authored by Matthew Watson, Michael Grove, Peter du Plooy, Anantha Sayana, David Clark

The traditional decision-making process relied for ages (and still does in a majority of cases) on a top-down approach, where decisions are made by senior executives and executed by all layers below in a pre-defined way.

This hack defines a decision-making process that allows all stakeholders to participate in that decision by utilizing social networking tools. Benefits for the company include better integration of the logic of the decision, optimized tactical execution of tasks, prevention of positional bias from execution levels, and more impactful alternatives to standard options.

Key components of the solution include executive-level support for the process, supporting technology to host the social-networked decision process, a template that allows decisions to be social-networked, an execution framework that describes how decisions finally get executed, and an incentivization scheme that answers the question, "What's in it for me?"

Three Tips For How to Get Started

Tip #1: Start by agreeing on a topic needing a decision and choose a limited number of people to participate in the process, preferably digital natives or employees with a collaborative mindset.

Tip #2: Seek top executives "feeling" on the use of social networks in the enterprise, asking them to answer the question "What's in it for the Company/Business Unit/Department/Customer/Citizen?"

Tip #3: Take time to define your execution framework so you can better measure your success and clearly communicate outcomes.

DECENTRALIZING THE CAPITAL ALLOCATION PROCESS

Barrier Addressed:

A monopoly on capital allocation

Full Hack on the MIX:

<http://www.managementexchange.com/hack/decentralizing-capital-allocation-process>



By Tom Honan
CIO, CapitalSource

In most organizations, funding for capital investment is centrally managed and is several layers removed from those more directly responsible for achieving strategic goals tied to the investments. The standard process identifies investment options, which are then all collected and reviewed by a central senior management team. While the goal is to ensure that investments show alignment to corporate objectives and have measurable returns or paybacks, this process may be limiting the amount of innovation available to help grow the business.

This hack suggests one idea to decentralize capital allocation by creating funding sources for each of the core business objectives, with a cross-functional team empowered to manage the spend (and results) against that specific fund. These funds and related objectives would be treated like an overall portfolio, both to ensure linkage to the company's plan, and also to make it easier to identify synergies between the different objectives/funds.

The approach also has the advantage of not being locked into fiscal or calendar-year limitations that annualized budgeting can create. Teams would be required to identify and spend those dollars on investments aligned to the objectives, with the requirement that they meet or exceed certain to-be-defined performance metrics, which could include ROI, new business development targets, etc.

Three Tips For How to Get Started

Tip #1: Start with a pilot test, rather than requesting control of the entire capital budget.

Tip #2: Pick clear deliverables with measurable ROI.

Tip #3: Be sure to complete the funded project on time and on budget to earn credibility.

OPERATING UNIT PEER REVIEWS: IMPROVING EFFICIENCY AND EFFECTIVENESS WITHOUT SACRIFICING FLEXIBILITY

Barrier Addressed:

Too many big bets, not enough little ones

Full Hack on the MIX:

<http://www.managementexchange.com/hack/operating-unit-peer-reviews>



By **Colin Cunningham** CIO/Consultant

Co-Authored by **Matthew Watson & Bard C. Papegaaij**

Most companies have implemented best-practice-sharing processes that help identify local innovations and seek to scale them by providing corporate resources. While well-intentioned, these efforts often yield disappointing results—including a low hit rate of improved efficiency and effectiveness, and a loss of flexibility as new global standards (based on the discovered “best practices”) are rolled out across the company.

This hack suggests that instead of relying on a top-down, best practice-sharing program, companies should enable front-line operating units to establish peer-to-peer relationships that will help them identify and organically spread the best innovations across the company. Encouraging peer reviews among front-line operating units can achieve the goals of traditional best-practice-sharing processes with far better results. They can increase the spread of best practices, lead to smaller bets, and promote the self-selection of the best ideas.

Three Tips For How to Get Started

Tip #1: This is pull rather than push, so when starting, find a team willing to review and a team willing to be reviewed. Encourage those who gain benefit to spread the word.

Tip #2: This is culture change led by self interest. Rules and reporting requirements may limit an initiative to try new ideas.

Tip #3: Unit leaders are best suited to undertake the process initially. They have budget and set direction in their area of responsibility. They will recognize possible benefits to their team. Later use the process as a reward and activity for up and comers.

A CHANCE FOR CHANGE: RINGFENCE A TRANSFORMATION TEAM

Barrier Addressed:
Monolithic structures

Full Hack on the MIX:
<http://www.managementexchange.com/hack/ringfence-transformation-team>



By Peter Blackman
Global IT Business Partner Group Leader, Infineum UK, Ltd.

Co-authored by Matthew Wilson and Peter du Plooy

For many established organizations, breaking the mold of monolithic structures or mindsets (legacy thinking) in order to identify and develop new ideas, new ways of working, transforming part of the business model, or the way the organization competes in the market, can be a major problem. One way to help break that mold is to introduce a radical new approach to seeking out, testing, and developing real change and technology-use opportunities through creating and empowering a dedicated “Transformation Team.”

This could be a small, “ring-fenced” team of creative, forward-thinking IT and business development professionals that has a clearly defined purpose to identify, capture, build, and develop new ideas that push beyond the traditional company mindset to create real, new value-added business and change opportunities. With an emphasis on mastery and learning and with access to market and external input and research, the team should have the autonomy, support, and funding to select and develop high-potential ideas, build the business case, and launch strategy.

These resources need to be “ring-fenced” to protect them from being raided in times of resource need by the core business, and yet still have access and ability to leverage the specialist resources, knowledge, and capabilities of the wider organization—in other words, protected but not isolated.

Three Tips For How to Get Started

Tip #1: Create a sense of urgency through a “sales pitch” spelling out the potential implications of not taking any action.

Tip #2: Build a powerful guiding coalition of your closest and most influential supporters from across the organization and use them to help guide, promote, and move the initiative forward.

Tip #3: Create a compelling and powerful vision of the future state that you are aspiring to achieve so that it can also be used to help direct the activity as it moves forward.

SPARKING ADAPTABILITY THROUGH SYSTEMATIC LEADERSHIP ROTATIONS

Barrier Addressed:
Monolithic structures

Full Hack on the MIX:
<http://www.managementexchange.com/hack/sparking-adaptability-through-systematic-leadership-rotations>



By Jouni Selin
Head of ICT / Group CIO at Nordic Investment Bank /
Nordic Finance Group

People have an inclination to set up structures that create stable and predictable environments around them. This tendency may not always lead to the best-possible results on a company level, at least in the long-term.

Simply put, having managers entrenched in their position for a long period of time is likely to impair an organization's ability to adapt because their own perspective—and biases—would dominate decision making for the unit the person is managing. The possible negative results increase the higher in the organizational rank one climbs, given the person's ability to have more authority and to appoint a greater number of people who may share his or her worldview.

The idea behind this hack is simple—institute systematic rotations for managers in a particular role, which would in effect create set term limits for upper and middle management. Term limits would increase diversity and regularly add fresh perspectives to decisions, which in turn would improve the ability of an organization to adapt.

Three Tips For How to Get Started

- Tip #1: Select a guinea pig function, innovation target, or important project that forms a whole and covers several roles for your initial experiment.
- Tip #2: Determine the targets of the test experiment and establish the positional performance criteria.
- Tip #3: Inspire the participants to get behind the experiment.

INNOVATION MARKETPLACE

Barrier Addressed:

Too many big bets, not enough little ones and
Centralized decision making

Full Hack on the MIX:

<http://www.managementexchange.com/hack/innovation-marketplace>



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Enterprise Architecture at Protective Life



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Large organizations are struggling to keep up with the ever-increasing rate of innovation. This hack proposes a framework to support an idea marketplace that would enable these large organizations to improve their rate of innovation by tapping into the ideas of their employees.

To start, everyone in the company would be given some investment capital based on position, track record, etc. and could use it to invest in internal projects. Each worker would make a decision on the success factors essential for the bet and to what extent they are willing to co-invest. Workers would be free to attract other workers to their “project” and accumulate resource capital. Those workers with successful track records would have additional sources of capital available for them to invest in projects of other workers.

Over time, a portion of an employee’s salary would shift into investment money (which could be lost or returned plus winnings). This would incentivize employees to make good bets and take this process seriously. Senior executives could then monitor these betting pools to increase the size of the bets as the ideas prove out. Successful investments or bets could return real money (ultimately forming a portion of the employee’s salary) or they could generate virtual profits for the worker to invest in the next round of ideas.

Three Tips For How to Get Started

Tip #1: Consider using “virtual money” for early experiments to get staff and management used to the concept without the risks of using real cash (although the projects would need real funding, of course).

Tip #2: Start with a number of relatively small ideas or projects with quick deliverables to ensure you get results early. This way staff gain experience with the idea and can see the outcome while their contribution is still fresh.

Tip #3: Ensure that senior managers who would normally make investment decisions are fully committed to the process (and not second-guessing it).



Thanks to the hackers

The Adaptability Advantage Hackathon was a true collaborative effort by over 250 IT leaders from around the world. Thanks to the following people, who all made exceptional contributions to the success of the effort.

TOP HACKERS



Chris Bertelsen

Chris is an Enterprise Architect with Protective Life. Recently, Chris has focused his efforts on creating and blending an alphabet soup: MDM, CRM, ITIL, CMDB, , ESB, SOA, and BPMS. Chris joined Protective Life six years ago.



Peter Blackman

Having started his career in applied life science research in UK and USA, Peter moved into the business side of the global Chemicals Sector in the mid 1980's. During the last ten years, Peter's main business focus and interest has

been centered on the use of innovation and new business models to help create new business growth. Peter currently leads Infineum's global IT Business Partner Group who are tasked with helping deliver true strategic value of Infineum's IT assets and capabilities. Married with two children, in his 'spare' time Peter is an accomplished author of fiction and is a director of his own niche publishing company.



David Clark

David has worked in IT for just over 30 years, starting life as a programmer/analyst and then experiencing almost every role in IT along the way: architect, consultant, general manager, CIO, partner.

He now works with Gartner as an Executive Partner helping CIOs maximize their companies' performance and to share some of his own experiences over the last three decades. His interest and enthusiasm in business and IT remains undiminished and he is currently exploring agile delivery in the broadest sense of the word. David is a huge supporter of chaordic theory and believes that it has much to teach us about how business and technology needs to evolve in the 21st century.



Colin Cunningham

Colin is interested in facilitating productivity improvement and new or improved business service through innovation. In technical leadership positions in Australia, Asia, and the Americas, Colin used the opportunity to pilot new

approaches to organizational structure, people development, and linking business intent to the service implementation process. After returning to Australia, Colin has encouraged sharing ideas as a strategic approach to improve service provision to the community.



Dimonekene Dituala

Dimonekene is an IT Manager at Sonangol. He has done postgraduate studies in Artificial Intelligence at University of Aveiro (Portugal) and obtained a Master Degree in Strategy and Innovation Management from the IUP Madrid (Spain). He holds also the CISA Certificate of ISACA.



Michael Grove

Michael is the Founder and CEO of CollabWorks. He has been a CEO for 25 years and has deep functional experience in sales, marketing, engineering, and program management in a broad

range of businesses including aerospace, renewable energy, M&A and turn-around consulting, semiconductor, systems management software, and non-profit activities. He holds a Masters degree from UCLA and Bachelor degrees in engineering and mathematics from California Polytechnic University.



Tom Honan

Tom is the CapitalSource Chief Information Officer. In that role he is responsible for the Information Technology and Enterprise Project Management organizations, including responsibility for Information Security and Business Continuity Planning.

He has seven years of financial industry experience, joining CapitalSource in 2008 upon the creation of CapitalSource Bank. Tom began his Information Technology career in the manufacturing industry, working for several firms in increasingly responsible roles. Before moving into the financial services industry, he created and ran a North American IT shared services business for a Fortune 100 manufacturing & distribution company, which included development and support for several global supply chain initiatives.



Margaret Lam

Margaret Lam is Director of Enterprise Architecture at Seagate Technology. In her role, she focuses on evolving enterprise architecture (business, information, application and technology) to enable business strategy. She has a diverse

background in IT, spanning applications solutions development, enterprise data warehouse and business intelligence, IT business partnership, and management consultancy. Margaret is passionate about ideas for business transformation, innovative management thinking, and disruptive technology.



Thierry Kuperman Le Bihan

Thierry is an Executive Partner with Gartner, advising CxOs of multiple national and multinational companies mainly located in Switzerland. He has more than 30 years of experience as a senior executive

with proven track record developing and managing complex high technology businesses and projects on all continents. He likes to debate about the influence of new technology on change of business models, whilst bringing technology providers' strategies into the picture.



Bard C. Papegaij

Bard is an Executive Partner for Gartner's Executive Programs. Before joining Gartner, he was a director of Transgrowth International Pty Ltd., focusing on training and coaching executives and IT

professionals in Emotional Intelligence, strategic collaboration, and personal effectiveness skills (e.g., influence, communication, collaboration). Bard has published books and articles on Machine Translation and Enterprise Architecture, and is an experienced press commentator, speaker, and workshop presenter.



Peter du Plooy

Peter was schooled at UCT with an MBA as his highest degree. He completed an IT programme at Harvard Business School in Boston and the GIBS International Executive Development programme which

included time at the Rotterdam Business School. He was awarded the Western Cape Computer Society CIO of the year award in 2007 and is responsible for IT service delivery for Engen Petroleum across all operations within South Africa and Sub-Saharan Africa including those at retail sites, manufacturing plants, depots, regional offices and the head office in Cape Town.



Mike Proudlock

Mike has 16 years of experience in senior IT management in both the public and private sector following 12 years as an officer in the Royal Navy. Previous roles have included Assistant Director IM&T

for an NHS Trust, Senior Development Manager for P&O Ferries, and Regional IT Director - EMEA for Del Monte Fresh Produce. Mike holds a BSc in Physics from Imperial College, and an MBA from Henley Management College.



Anantha Sayana

Anantha is the Head IT at Larsen & Toubro India, and was previously a retail banker, Industrial credit manager, and information systems auditor. Having seen the evolution of management for the last 36

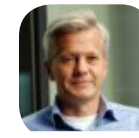
years and IT's progression from the punch card days, he is greatly interested in the connection between IT and management and the power and potential of them to impact and influence each other.



Jouni Selin

Jouni has completed a doctoral dissertation on knowledge management in internet economy. His over 20 years of work experience covers many business and IT areas, and it has included varying management

roles in several international companies. For the past seven years he has been responsible for heading ICT (as the CIO) in Nordic Investment Bank and Nordic Finance Group.



Borge Teigland

Borge is currently Vice President Global IT/CIO of Norske Skogindustri ASA and was previously CIO of Veidekke ASA. Borge has also worked as a management consultant in PA Consulting Group

and several years in line and IT management positions in IBM, Coca Cola, and Elopak.



Butch Walker

Butch serves as Vice President of Technology for FamilyLife, a non-profit subsidiary of Cru (formerly Campus Crusade for Christ). He is responsible for setting technology strategy for the ministry and finding

ways to innovatively leverage technology to accomplish the mission of effectively developing Godly families. Butch has a Master's degree from the University of Oklahoma and has been married 24 years with 5 children.

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ABOUT THE MIX

THE MANAGEMENT INNOVATION EXCHANGE (MIX) IS AN OPEN INNOVATION PROJECT AIMED AT REINVENTING MANAGEMENT FOR THE 21ST CENTURY. THE PREMISE: WHILE “MODERN” MANAGEMENT IS ONE OF HUMANKIND’S MOST IMPORTANT INVENTIONS, IT IS NOW A MATURE TECHNOLOGY THAT MUST BE REINVENTED FOR A NEW AGE.

Current management practices emphasize control, discipline, and efficiency above all else — and that’s a problem. To thrive in the 21st century, organizations must be adaptable, innovative, inspiring, and socially accountable. That will require a genuine revolution in management principles and practices.

The MIX helps accelerate the pace of management innovation by energizing and organizing the conversation around the most critical challenges facing managers today — and by providing a practical platform where they can document, share, and develop their leading-edge ideas and practices.

The MIX is designed for all those who are frustrated by the limits of our legacy management practices. It’s for all the inspired thinkers and radical doers who believe we can—and must—find alternatives to the bureaucratic and disempowering management practices that still rule most organizations.

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