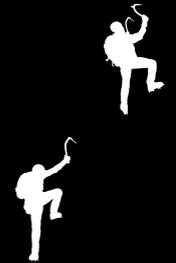Patrick
Hollingworth

The
Light
and Fast
Organisation

Why Agility & Innovation is about *more* than just technology

That's what **agility** and **innovativeness** is all about: the ability to move *light* and *fast*.

About the Author

Patrick Hollingworth works with people, teams and organisations to help them deal with a world which is becoming more *volatile*, *uncertain*, *complex* and *ambiguous* by the day.

After studying anthropology, geography and psychology at university, he spent a decade with a large international consultancy, working on the some of the largest and most complex infrastructure projects ever built in Australia. He's seen the *very best* of what large organisations can create, and also the *very worst*.

At the same time, he began exploring the uncertainty and complexity which go hand-in-hand with mountaineering. Firstly, he learned the *art* of alpine style in the mountains of New Zealand, Canada and France, and then the *science* of expedition style in the mountains of Pakistan, Nepal, Tibet, Alaska and Argentina.

It's taken him to great heights—*literally*. He's summitted multiple 8000 metre peaks, including Mount Everest. Over the past 15 years he's been a member of small light and fast alpine-style teams, and he's led rather large heavy and slow expedition-style teams. He's seen the *very best* of what *alpine style* can offer, and also the *very worst* of what expedition style can deliver.

Patrick lives and breathes this stuff. He's even written a book about it—it's called *The Light and Fast Organisation: A New Way for Dealing with Uncertainty*, and it's published by Wiley (see end of this paper for more details).

Patrick is based in Australia and travels across the globe to deliver keynote presentations, workshops, mentoring and consulting to a range of organisations.

These include multinational companies such as British retailer Marks and Spencers, American energy giant Chevron and British-Australian miner Rio Tinto, through to mid-sized, Australian, Asian and European banks, medical and technology companies, and government departments and educational institutions. Find out more at:

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The problem: Disruption

In today's rapidly changing business world, there are two words that we are hearing spoken of on an ever-increasing basis: **agility** and **innovation**.

These two words are being touted as the solution to a third word that is also being used with increased regularity: **disruption**.

A commonly heard dialogue goes something like this:

"*We are in an age of unprecedented disruption. If we want to survive this disruption, we need to become more agile and innovative.*"

The general thesis of this statement is correct. Driven by never-before-seen growth in technology, which in turn is smashing incumbents' fiercely guarded barriers of entry to most industries, every industry on earth is being—or is about to be—disrupted. To go beyond the day-to-day hype of disruption and understand one of the more important drivers of this change, check out the description of Moore's law on the right. The dangers for *every* existing organisation today are *very* real.

For example, in 2011, Babson College, one of the US's leading private business schools, predicted that by 2021, **40 per cent of existing Fortune 500 companies would no longer exist.** Others have made similar alarming predictions. Also in 2011, global strategy and innovation company Innosight noted the average lifespan of an S&P 500 company had decreased from 67 years in the 1920s to 15 years today. They predicted that at the current churn rate, **75 per cent of companies on the S&P 500 today** would be replaced by 2027.

Sure, all of these above examples relate to American businesses, but don't think for a moment that if your organisation is not American it'll be safe. On a 2014 business trip to Silicon Valley, David Thodey, former CEO of Australian communications giant Telstra spoke of industry insiders telling him bluntly that '**his business model was dead'**. The threat is the same the world over.

disruption [dis-**ruhp**-sh*uh* n]
noun
1. forcible separation or division into parts
2. a disrupted condition
3. a radical change in an industry or business strategy, especially involving the introduction of a new product or service that creates a new market

THE CAUSE OF DISRUPTION
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In the late 1960s, **Gordon Moore**, a cofounder of **Intel**, the world's leading computer chip manufacturer, observed that the number of transistors that could be fitted onto a chip was doubling **every two years**, meaning that computer power was likewise **doubling**.

This observation came to be known as Moore's law, and to date it has proven incredibly accurate. This **exponential** growth rate in technology means that the change we have seen over the past two decades in our computing power is *less* **than one per cent of the change that we *will* see during the next decade**.

agility[*uh*-**jil**-i-tee]
noun
1. the power of moving quickly and easily; nimbleness
2. the ability to think and draw conclusions quickly; intellectual acuity

innovation [in-*uh*-**vey**-sh*uh* n]
noun
1. something new or different introduced
2. the act of innovating; introduction of new things or methods

It's great to see increased levels of awareness about how things are changing at speeds and in ways that we have never before seen, and the beginning of conversations about how we can respond to these changes.

But we need to be very mindful that we **run the risk of complacency** by using the language of agility and innovation as a *solution*, without truly understanding what agility and innovation *actually look like in practice*.

In other words, simply talking about agility and innovation as a counter to the threat of disruption isn't enough.

In addition, we also run the risk of seeing both the problem and the solution through *only* one lens; that is, through the lens of **technology**.

Whilst technology is undoubtedly the main driver of the change (along with people and places; see the circle on the right), **technology alone will not be the solution**. Whilst technological improvements such as cloud computing *will* save our organisations a lot of money and enable us to operate lighter and faster with more agility and capacity for innovation, the deployment and utilisation of this technology will only be successful if the organisation *itself* can be supportive of the deployment.

To create an agile and innovative organisation, there needs to be a supporting platform from which the technology can operate and in turn drive agility and innovation.

PEOPLE, PLACES AND TECHNOLOGY

The capacity for **people** to connect with one another to communicate, share, learn and trade is increasing quickly and easily. This is happening in both virtual and real **places** through **technology's** rapid growth.

This means the world has become *flatter*, more *transparent* and more *accessible* than ever before. It also means that our established organisations are more prone to **disruption** than when isolation was more prevalent.

An Operating System?

Think of it in terms of a smartphone app. There are some very clever, very useful apps out there in the Apple and Google app stores. But what if your smartphone is still running an old version of either iOS or Android? If you don't have the latest operating system installed on your phone, then whether or not you have the latest and greatest app is irrelevant—it won't run if your operating system is out of date.

The same thing applies to our organisations.

It's all well and good to have the latest cloud-based or robotic technology driving your quest to become agile and innovative, but if our organisations are still using outdated operating systems, the new technology will be *irrelevant*.

But what do we mean by an organisational operating system?

What we're essentially talking about here are two *somewhat* intangible things that unfortunately you can't buy from the store and install immediately: organisational *mindset*, and organisational *structure*.

The fact of the matter is that *many* of our organisations today have mindsets and structures that are **chronically** out of date, and will not enable us to become agile and innovative and survive the disruption ahead.

Understandably, this last comment may be difficult to swallow. But in times such as these, we must *all* partake in serious discussions about how ready we really are for the future ahead.

So far, we have identified that there are *three* problems associated with our current dialogue about **disruption**, **agility** and **innovation**.

1. *We think that just talking about the problem is enough.*

2. *We think that technology alone will be the solution.*

3. *Most of our organisations do not yet have the right mindset and structure to enable true agility and innovation.*

Hopefully, the first part of this paper has convinced you of the need for a solution to the first two problems.

The final part of this paper looks at possible solutions for the third problem: **our organisational mindsets and structures**.

An organisation's mindset is the collective of commonly held attitudes and beliefs about change that all members of the organisation hold. Through the work of psychologist Carol Dweck, mindset can be viewed as a spectrum, with a fixed mindset being at one end and a growth mindset being at the other.

The key premise of a *fixed* mindset is the belief that the qualities of the organisation are unchangeable—they are set in stone and nothing can be done about it. In direct contrast, the key trait of an organisation with a *growth* mindset is the belief that it qualities are changeable and able to be developed and improved.

Many of our organisations today have a fixed mindset.

You only need to look at the way organisations describes themselves and their company objectives in mission or vision statements—more often than not, they are comprised of the two following elements:

- the need to deliver shareholder value
- the desire to be the best in industry.

Whilst the need to deliver shareholder value is understandable, there is a rapidly growing body of scientific evidence which shows that to focus *solely* on the end goal is a *fundamentally* flawed proposition—it can lead to all sorts of problems. Rather, focusing on the *approach* used to achieve that end goal is likely to be the differentiator between those organisations that become agile and innovative and those that do not.

As for the stated desire to be the best in industry, again, it's understandable, but it's also incredibly limiting.

Can you imagine what would have happened if Google only viewed itself as a search engine company? Its stratospheric growth would not have happened. Fortunately for them they didn't, and the Google search engine business now sits under a parent company called Alphabet, which is also home to Calico (focused on human longevity), Life Sciences (developing sucrose-sensing contact lenses), Nest (the internet of things), and X lab (research, including Project Loon and Wing). In the 11 years since Google went public, its market capitalisation has grown from $23 billion to $520 billion. That's what having a growth mindset can do!

A growth mindset *must* be adopted by all organisations that are looking to become agile and innovative.

This will ensure that when new technologies become available, the organisations' people will support its use (many people have built long careers in organisations completing their work in traditional ways, and will see new technology which may replace parts of their job as a threat, rather than an opportunity).

It will also ensure that the organisation is always open to new opportunities that might be unimaginable right now, but might be only a year or two away from eventuating.

The solution: Growth Mindset

Part of the problem with many of our traditional organisations is the prevailing fixed mindset about the importance of being the opposite of fragile: the idea is that size and power will protect us from adversity and rapid change—and the stated goal is often to become 'resilient' or 'robust' in the belief that this will enable us to weather the storm.

The design of the Fukushima nuclear power plant in Japan is a case in point. The height of the protective seawalls around the plant was based on a wave height from the largest previously recorded tsunami (which measured just under 10 metres), but the tsunami that hit in 2011 was 13 metres high. **Building something based on past history does not necessarily mean that it will be suited to future events, and that goes for our organisations, too**. Building something to be resilient or robust when the future will bring us events of unknown magnitude is a mistake.

Based on the work of author Nassim Taleb, the opposite of fragile is not resilient or robust, but rather *antifragile*. Not to be confused with something that withstands the forces of change, but in doing so does not change itself, things that are antifragile actually *get better* as a result of exposure to disorder. They benefit from shocks, and thrive and grow when exposed to volatility, randomness and uncertainty.

For every organisation looking to become agile and innovative, the organisational mindset must be one of growth and a willingness to embrace randomness and uncertainty, and to be *OK* with the unknown, even when we don't understand it. The organisational mindset must be one of antifragility.

With the best of intentions, our organisations have been constructed with resilience and robustness in mind. Like the seawall at the Fukushima nuclear plant, we have built them with hard outer edges to withstand events and shocks of expected magnitude.

The future, however, will bring with it events and shocks of unknown magnitude. Robust structures with hard outer edges may survive the storm, but they will be left behind as relics of the old world. The new world will have moved on, and only organisations that have growth mindsets of antifragility will be agile and innovative enough to be able keep up.

The difficult truth is that most of our organisations today are operating with a static and outdated design and structure. Just take a quick look at your org chart and you'll know if this is true.

Is it a linear, top-down, hierarchical structure?

If the answer is yes, then the structure of your organisation is based on a design that is about **150 years old**. How can we possibly be innovative and agile when we're operating on a model which is out of sync with the current world?

During the 1850s, transportation in North America was revolutionised by a massive railway-building boom, and the large-scale coordination required to integrate many different regional railroads into a single national transportation system led to the birth of the traditional linear organisational structure.

In a stable and certain world, where change was occurring at a relatively linear rate, the traditional hierarchical organisational structure worked. Based on notions of scarcity and top-down control, the largest and most powerful organisations became the most successful. These organisations dominated their environments and used ownership of and reliance upon assets and infrastructure as the means to dominate the competitive landscape.

But due to exponential technological change, the competitive landscape has changed, seemingly overnight. Whereas previously resources were scarce, the internet has been a great leveler and created abundance and led to the removal of barriers to entry.

What was the greatest strength of our traditional hierarchical organisations in yesterday's stable and certain world (their sheer size, strength and power) has now become their greatest weakness in the unstable and uncertain world of today.

Through no fault of its own, the traditional linear organisation is cumbersome, slow and finds it difficult to quickly respond to both external and internal circumstances and pressures.

Here lies the crux of the problem for most of our organisations: the landscape has changed and we are struggling to adapt. (And some may not even understand they need to.) This is why so many traditional, hierarchical organisations are prone to disruption.

The solution: Networked Structure

If the future is going to bring with it events and shocks of unknown magnitude, our organisations can no longer rely on size, power and fixed infrastructure to succeed: rather, we need to be unencumbered and be ready to move light and fast to take advantage of the opportunities that come our way.

That's what agility and innovativeness is all about: the ability to move *light* and *fast*.

The light and fast approach involves fewer people, takes much less time, uses less energy and resources.

At its core, the approach is all about letting go of the innate need to control an environment that is naturally chaotic, uncertain and complex, and instead responding according to the natural ebb and flow of changing conditions.

To enable this, light and fast organisational structures are not linear and hierarchical, but rather are networked, and come together and break apart as per the requirements of the work that needs to be performed.

This type of structure enables the following:

- self reliance (as opposed to relying on our fixed infrastructure and management levels above to make decisions)
- driven by purpose (as opposed to being driven only by shareholder returns)
- comfort with risk
- smaller teams operating with greater autonomy.

The networked structure, combined with a mindset of growth and antifragility, holds the key to true agility and innovation.

The Next Step

Based on the above discussion about organisational mindset and structure, **how close do you think your organisation is to being agile and innovative**, or in other words, to being *light* and f*ast*?

To start with, ask yourself the following five questions:

1. Are we serious about being agile and innovative, or are we only using this language because it's all the rage right now?
2. Do we see the solution to disruption only through the lens of technology?
3. Is our organisational mindset fixed or is it open towards growth?
4. How well suited is our current organisational structure for dealing with rapid change and uncertainty?
5. What am I going to do about it?

If you feel like you might have a little way to go yet, **that's OK**— most of our organisations do. *But the good news is that there's never been a better time to start.*

For help with taking the next step:

1. Read my book *The Light and Fast Organisation: A New Way for Dealing with Uncertainty* (more details overleaf)
2. Sign-up to my fortnightly thought-piece where I write more up-to-date stuff on this topic: www.patrickhollingworth.com
3. Contact me—I live and breathe this stuff—my consulting practice helps people and their organisations develop a *Light* and *Fast* mindset and structure: hello@patrickhollingworth.com
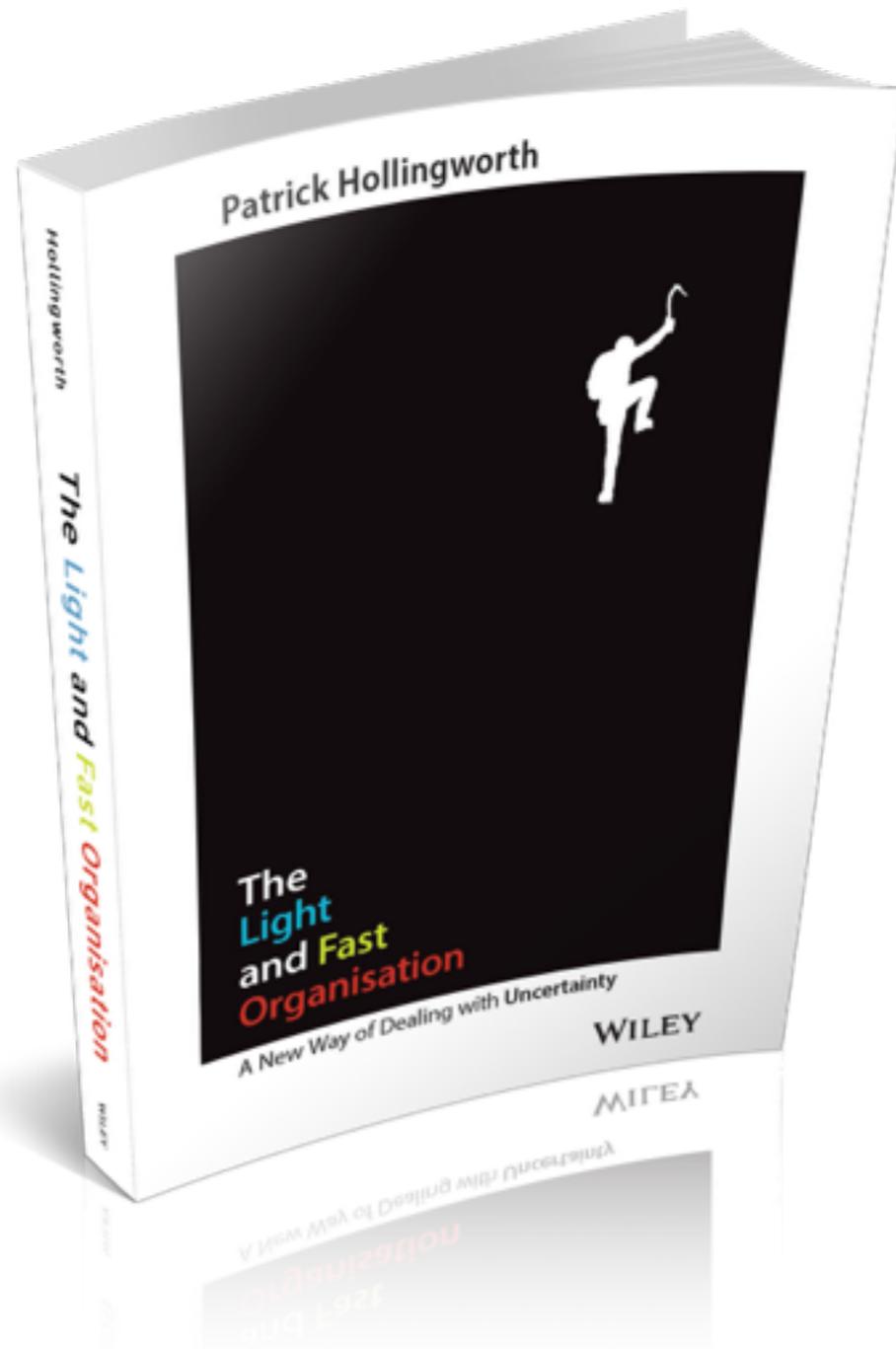
The back cover of *The Light and Fast Organisation* says this:

On Wednesday 13 February 2008, Swiss mountaineer Ueli Steck made history by climbing the North Face of the Eiger, a notoriously unpredictable and storm-prone mountain in Switzerland, in a record time of two hours and forty-seven minutes. On the surface, Steck's approach was staggeringly simple: he climbed light and he climbed fast.

The North Face of the Eiger provides the perfect metaphor for the world we live in today. We are experiencing our own unpredictable and violent storm, caused by complex interactions between people, places and technology. This storm is creating an increasingly confused landscape of *volatility*, *uncertainty*, *complexity* and *ambiguity*, and most of today's workers and organisations are not appropriately equipped to respond.

Although business and mountaineering share many parallels, they have never before been explored in the business context beyond superficial colloquialisms about 'dreaming big' and 'never giving up'. But such simple interpretations and supposed 'lessons' will no longer cut it in today's rapidly changing and complex world.

In this book, Patrick Hollingworth introduces a refreshingly new and insightful perspective in which he examines the 'light and fast' approach and arms you, and the organisation you work for, with the right mindset and skills to take advantage of the opportunities ahead.

***The Light and Fast Organisation* will be released in Australia and New Zealand on March 1st 2016, and in Asia, Europe, Great Britain and America in May 2016.**

If you'd like to pre-purchase a signed copy of the book, please email Geraldine here: hello@patrickhollingworth.com

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