Hierarchy-Network Tools

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Socio-Technical Action Research Lab

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Hierarchy-Network Tools

Scope, scale and speed

Ambidexterity

Change Capabilities

Efficiency & Innovation

Shift to digital

Customer-focus

Talent

Digital Transformation

Front-Back

Leverage knowledge

Spread innovation

Hierarchies & Networks

Scaling

Integration & coordination

Leadership

New demands

Connect digital efforts

Challenges are connected

Digital transformation is different because of the combination of these 8 challenges

Organization redesign is required

The key barrier to digital transformation is today's organization

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Hierarchy-Network Tools

❖ This challenge has to do with designing organizational networks that enable agility and connect ecosystem capabilities in place of or as a complement to traditional hierarchical structures

❖ Silos and hierarchies must give way to networks in order to enable rapid adoption of new digital ways of working. Definitions of control, coordination, direction setting, resource allocation, trust, and strategizing in a network have to be redefined and made primary. Ecosystem networks are key.

❖ These tools are intended to help raise awareness of the challenge and to provide useful guides to actions you can take to design a network-based organization
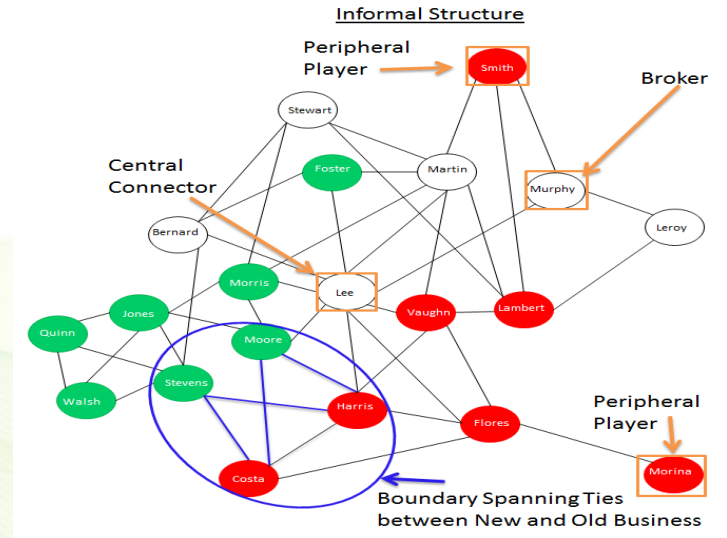
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Hierarchy-Networks	Leverage knowledge	Siloed hierarchies are slowing down the adoption and application of digital solutions. To move at the speed of change and to be responsive to evolving customer preferences, organizations need to be designed for speed and agility.
Helpful reading		Zarka, M., Kochanovskaya, E. and Pasmore, W. 2019. Braided Organizations: Designing Augmented Human-Centric Processes to Enhance Performance and Innovation. Information Age Publishing. Worley, C., Williams, T., William, T.D. and Lawler, E. 2014. The Agility Factor: Building Adaptable Organizations for Superior Performance. Hoboken, NJ, Wiley & Sons
Tools	Description	Use
Key Insights	Takeaways from the Lab	Learn what companies thought was important to know about this challenge
Reaching Escape Velocity	Model	Shares factors that will need to be present to shift from hierarchy to networks
New Roles Needed	Framework	New roles we will need to design to allow networks to become the way we organize
Network Assessment	Survey	Determine the current state of your networks so that you know where to focus your organization's network design efforts
Things You Can Do	List of actions	Some suggestions from the Lab about what your company can do to start experimenting with network design

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Key Insights about Hierarchy and Networks

❖ How do you begin to doubt that which you have come to trust? This is the heart of the challenge of trading in hierarchies for networks as a way of managing complex, adaptive organizations.

❖ Even in the STARLab, we saw people refusing to part ways with hierarchy; they sought for ways to conflate the two rather than make the clean break. If we can't do it, we can't expect traditional leaders to do it. We can always find ways to talk ourselves into believing in the power of hierarchies: stability, wise decision makers at the top, someone to go to when there's a conflict that you can't resolve or a tough choice you want someone else to make. But once you have crossed over, the idea of hierarchy seems absurd. The Linux programming community has existed for years; the last thing they would say is, "We better hurry up and install a hierarchy; you never know when we might need a CEO to decide something for us." We stand at the age of a revolution in organization design. If we don't make the transition, the next generation will.

❖ The stark view is that our leaders aren't prepared to make the digital transformation leap. They have too much to lose. If they don't make the leap, the future is assured; our organizations will perish, as many are continuing to do. Don't look for security in the status quo. It isn't there.

❖ If we ask the question, what is the best way for us to design the organization to meet future challenges by leveraging digital technology? The answer would look nothing like the way we are organized today. Networks will replace hierarchies. It's only a matter of time.

❖ We will still need to be able to organize for efficiency and customer focus. We can do that if our networks are effective. We don't necessarily need hierarchies to guarantee these things. We will need higher levels of integration and networks are better than hierarchies for that.

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Reaching Escape Velocity from Hierarchies to Networks

Informal Structure

Peripheral Player → Smith

Broker → Murphy

Central Connector → Lee

Boundary Spanning Ties between New and Old Business

Peripheral Player → Morina

What will it take to reach escape velocity?
- Proof of comparative advantage (already exists but more is needed)
- Competition forcing the change
- Boards and analysts changing their mindsets
- A new generation of leaders/ organizations
- Key talent refusing to work as dependent followers
- Rewards for change
- Experimentation to learn and perfect the approach
- Tools that enable networks to function as efficiently as hierarchies

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A Framework of Roles We Will Need to Design

Role	Description
Network Analyst	Conducts ONA to help visualize where connections exist and where they are needed, what roles different individuals are currently playing, whether leaders are connecting as they should.
Network Builder	Helps identify individuals who can be instrumental in building a stronger network and coaches them as they take of various roles (broker, connector, energizer, etc.); provides the tools people need to connect effectively.
Explorer	Connects internal people with others in the ecosystem who can help with strategic initiatives.
Accelerator	Stays on top of network transactions to remind people that they need to connect if they are not doing so; holds meetings to reflect on how the network is functioning in order to enhance its operation; conducts experiments to see if different configurations are more effective; helps remove roadblocks to collaboration.
Social Coordinator	Designs events and interactions to build social capital among network members; maintains data bases of information on capabilities, desired learning experiences, likes & dislikes, information sought and offered.

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Place an "N" for now and a "D" for desired on each line –connect the N's with a line down the page and do the same for the D's and see what patterns emerge
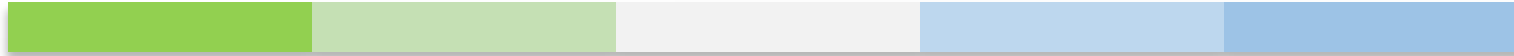
Ecosystem connections

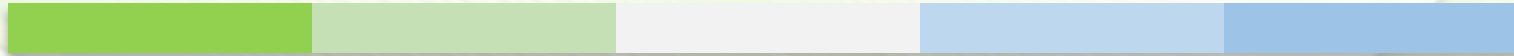| We are poor at this		We are average at this		We are great at this

We form true partnerships with our vendors that allow us to co-evolve our processes
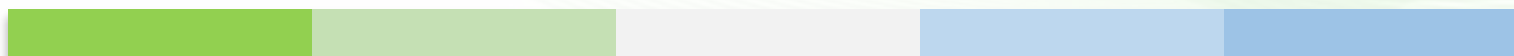
We can access the latest information about developments in our industry
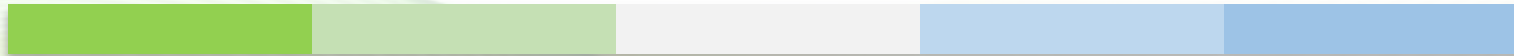
We are able to gather robust insights from customers for use in new products and services

We can "see into the future" due to our strong connections with academia
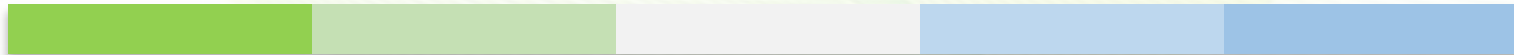
We are on top of regulations that could affect us through our strong connections with regulators

We maintain close and cordial connections with analysts and investors
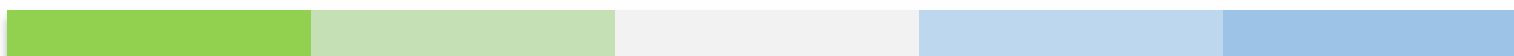
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Internal connections

We are poor at this		We are average at this		We are great at this

We work in ways that minimize the issues with "silos" in our organization

Communication flows easily up and down and side to side

We know who to go to for help, no matter where they sit

There are very few barriers that get in the way of working with people in other units

We operate as if we are one culture despite being spread out geographically

Informal leaders help us connect across the organization

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Network health

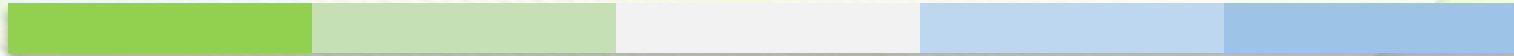| We are poor at this		We are average at this	We are great at this	

We don't rely on the same overburdened people to connect us with others time and again
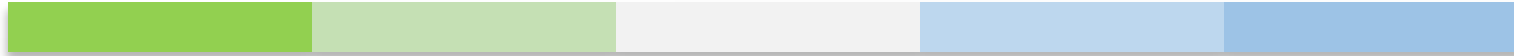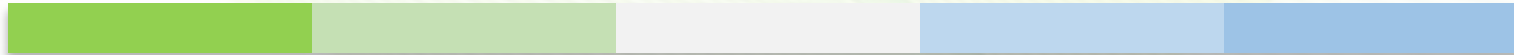
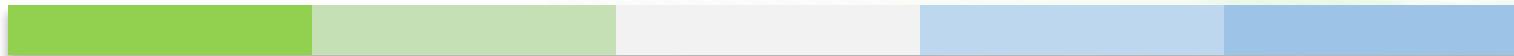People are energized by opportunities to work across our internal boundaries
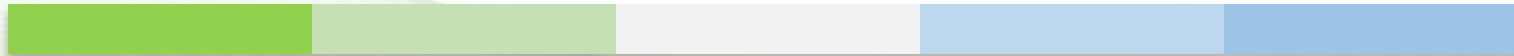
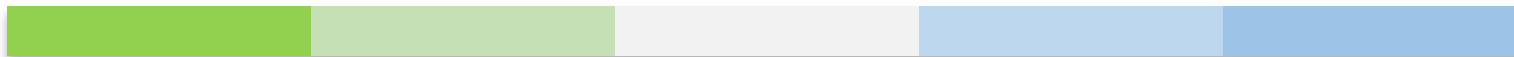When requests for help go out, the right people are quick to respond no matter what they are doing

There are very few people who are not connected to a large number of their peers

No matter what is thrown at us, we can count on support from others in our network

Leaders put the good of the whole ahead of the success of their own units

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Things You Can Do

❖ Create a network to demonstrate the power of networks to achieve breakthroughs.

❖ Replace hierarchy with networks where possible

❖ Conduct an organization network analysis (ONA) to find the people who already work as key brokers and connectors and engage them in creating the network you need for the future.

❖ Publicize network accomplishments and efficiencies.

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STARLab Alliance, Inc.
2297 Oberlin Street
Palo Alto, CA – 94396
1.443.845.3903
https://starlab-alliance.com

The STARLab Alliance, Inc. is a non-profit learning consortium focused on creating next generation organization design and leadership models

The **Digital Organization Design STARLab** is a year-long learning experience that allows participants and subject matter experts to collectively explore and prototype practical and innovative responses to digitalization. STARLab Participants include 3-6 senior leaders from 10 companies, well-into the digital transition of their business models, who will partner with leadership and organization experts. The STARLab accelerates learning and creates organization design solutions that optimize the application of advanced technologies and human capital approaches to achieve agility and sustainable effectiveness.

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Our partner, IRC4HR®, has provided funding to help make the STARLab Alliance program and research possible. Innovation Resource Center for Human Resources (IRC4HR®) is a 501(c)(3) private research foundation that seeks to make organizations more competitive, productive, and effective through improved people management practices and to serve the mutually beneficial interests of organizations, workers, and society.

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The Center for Effective Organizations Marshall School of Business University of Southern California	Sue Mohrman, Senior Research Scientist smohrman@marshall.usc.edu Chris Worley, Senior Research Scientist cworley@marshall.usc.edu
The Center for Creative Leadership	Bill Pasmore, Senior Vice President CCL and Professor Teacher's College Columbia University pasmoreb@CCL.org
SPRING Network – A Silicon Valley Design Firm	Stu Winby, CEO SPRING Network stu.winby@spring-network.biz

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