New Work needs Inner Work

A book excerpt by Mobius Friend Joana Breidenbach &
Mobius Transformational Faculty Member Bettina Rollow

Bettina is a Mobius Transformational Faculty member, coach and advisor. We are delighted to include this excerpt from Joana's and Bettina's forthcoming book to be published in December and to announce that Bettina joins us as faculty for this year's Next Practice Institute. As part of our special Wednesday Intensive, Bettina will join a panel discussion on New Work & Evolving Organizational Forms to dive into collaborative working models and how to support companies shifting away from hierarchical models.

Organizational development in the digital age

Our working world is undergoing a fundamental change. Conventional management and control functions, developed during the first and second industrial revolution, are proving, in the course of digitization, increasingly outdated.

New business models and value chains, as well as rapidly advancing automation, are exerting enormous pressures on the business world. Companies are forced to adapt to change much faster and to change more radically. They need to become more innovative and take more risks. The more complex the world, the less fitting conventional hierarchies. This is because the knowledge and creativity requisite for navigating complexity are not centralized at the top, but distributed throughout the company. Decentralized organizational forms, "startup thinking" and "digital mindsets" are therefore in demand. Such models call for the ability to act autonomously, to cooperate with others, to be flexible, to endure uncertainties, to embrace diversity, and to recognize developments at an early stage.

Another factor is that many people feel a widening gap between their own needs and interests and what they experience in the workplace. This applies to employees as well as superiors. It seems to employees that they have to "shrink" themselves in order to fit through the office door. Bosses get bored when they have to approve vacation days or settle disputes in departments instead of promoting innovations and researching new business opportunities. These tensions lead to continuously rising burnout and absenteeism rates, with associated human dramas and economic losses. On top of this, companies have to compete fiercely for young talents
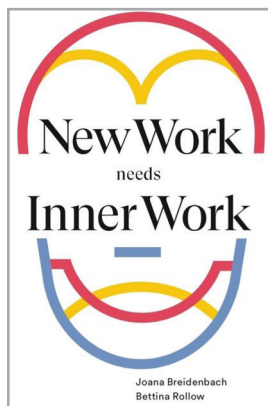
that have their own ideas about what makes for a good job.

In order to meet these challenges, many companies are embarking on the path of change. Terms that express innovation, willingness to change and transparency are coined for this purpose. New formats, structures and processes are developed under the catchwords New Work, Holacracy, agile companies or "teal" organizations. The measures employed range from cosmetic to despondent to radical. Some people already apply the label "New Work" to the monthly cultural evening in the canteen, the office dog, or the newly designed intranet. Others try to rejuvenate themselves materially, they tear down walls and set up table tennis and football, put free drinks in the refrigerator and bean bag chairs in the lounge. Many hire change coaches to rethink the company using design thinking methods, introducing flexible working hours and creative titles on their business cards. Digital collaboration tools are introduced: you communicate via Slack, Google Drive or Trello. The executive floors open up and C-level managers seek to exchange with employees. This often works well at first, but does not penetrate to the core of the challenge.

A small but growing number of companies are taking a more fundamental look at the issue. They flatten hierarchies or eliminate them completely, including the bosses.

They are prepared for a change of perspective, for example, by letting trainees run the company for a month. They make management decisions transparent and disclose salaries. They give teams responsibility for recruiting so that they hire their own colleagues. They empower employees to freely decide how much vacation they take, as well as from where, when, and on what they work. Some teams even negotiate their salaries with each other and develop the company's strategy together.

Many of these more radical approaches are based

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on the conviction that companies should test and exemplify future lifestyles as role models. Founders and employees feel that in the early 21st century we have reached the end of an era, and are faced with the task of building more sustainable, just and healthy structures for society as a whole. But how can we demand new values and blueprints for society if we are, at the microlevel of our own companies, still trapped in old, often non-functioning structures? This is a burning question, especially for so-called impact companies, i.e. those that have expressly committed themselves to social and ecological change. More and more of them are becoming pioneers of the New Work movement and are developing the future of work in an exemplary manner within the framework of their own companies.

Why Inner Work?

However, almost all of the measures that go by the name New Work today are inadequate and doomed to fail. New forms of work are implemented, but they cannot achieve the expected system-changing effect.

They fail, because the implemented changes only involve the external world. Most companies act as if you only have to change a few roles and rules to make people more creative, responsible and self-determined. This approach overlooks the fact that any significant change in the outside world requires a corresponding change in the inner lives of individuals. Change can only succeed if we approach it holistically and actively include inner transformation. We must put the subjective sensations and perceptions of the New Workers at the center of change. When companies enlarge the scope for individuals— giving them more freedom and responsibility— they need to help them build competencies and mature, in the course of which employees become internally stronger and more self-confident. In order to properly implement New Work and tap the potential of this great wave of change in the world of work, we need to focus

on both outside and inside, objective structures and subjective experiences. [See for example, Nadjeschda Taranczewski's map on page 72.]

The fact that New Work does not work if teams only change their external working methods and organizational structures is illustrated by the fact that more and more companies that have introduced transparent (holacratic) and change-ready (agile) structures, stumble when faced with implementation. Even some New Work pioneers are now disillusioned and report falling sales and layoffs. The hoped-for innovation boost often fails to materialize. Supervisors blame the employees who allegedly cannot tolerate this much freedom and apparently require a directive management style. For their part, employees talk about increased pressure to perform, structures that lack clarity, and a general sense of uncertainty. After these experiences, many companies return to traditional hierarchies.

But it doesn't have to be this way. If we combine external change with internal transformation processes, we can successfully implement new forms of work and thus take a big step towards a better economy, in which people can develop their potential in an unprecedented way. This conviction shapes our work as well as this book.

Bettina's Journey

Bettina's journey into New Work began almost involuntarily. In 2014, after four years as a process consultant in a large automotive group, she reached a critical point in her career path. Equipped with a Master's degree in International Business Studies and training in Gestalt Therapy, Bettina set out to make technical development and cooperation within the corporate group more holistic. To achieve this, she wanted to harmonize the structures and processes of the company with the values and needs of the employees. It was at this point, however, that her corporate career ended. Despite efforts on both sides, it quickly became clear that such a holistic perspective on work was not going to find its place there now, nor in the next few years.

Bettina quit her job and planned a time-out to consider her next professional steps. It was at this very moment that New Work entered her life, in the form of Joana Breidenbach and the *betterplace* lab.

Joana's starting point

In 2007, Joana co-founded the donation platform betterplace.org. In 2010, the *betterplace* lab followed, a Think and Do Tank that explores how digital media can be used for the common good. In 2014, however, Joana wanted to give up her leadership position to devote herself to something new. But who would succeed her? Social enterprises like *betterplace* are often very reliant on their founders, and it seemed difficult to find a "new Joana".

A colleague told her about a new book called *Reinventing Organizations* by Frederic Laloux (2014), which describes an unusual business and leadership model. [See page 24 of this edition.] Joana read it and was electrified. Instead of fixed hierarchies, the cooperation in the companies described by Laloux is based on self-organization. Traditional managerial positions do not exist and employees can step out of their ready-made roles to take on tasks that correspond to their interests and potential. Laloux describes how employees in these companies appear as "whole people", and jointly design the necessary structures and processes. Strategies are not prescribed top-down, but are developed by employees, guided by the "evolutionary purpose" of the company.

The principles of self-organization, a holistic approach and an intuitive strategy planning fascinated not only Joana, but the entire twelve-member *betterplace* lab team. They wanted to try something completely new. They would not only disseminate their knowledge about digital-social innovations, but also experiment with their own working environment. In their trend research, they were describing how digitization was far more than just the proliferation of technology, but was accompanied by new cultural dynamics such as decentralization, co-creation, collaboration, and agility. Now they could explore for themselves what that really meant.

How does one become a self-organized, holistic enterprise?

Though the will was there, one big question still remained: how do we do it? Laloux had collected inspiring case studies and described many principles of the new organizational form (which he calls "teal

organizations" on the basis of the development theory of Spiral Dynamics). However, he had written very little on how to actually become a self-organized company with a flexible, competency-based hierarchy. Thus Joana had to find an organizational developer who could put the process into practice. And Bettina was the perfect match.

"Joana came up to me and said: 'You're not doing anything (I was unemployed). Here, read *Reinventing Organizations* and let's get started as soon as possible,'" Bettina remembers. She read Laloux and became enthused as well. His descriptions corresponded to her own understanding of leadership and cooperation. At the same time, she was attempting to break new ground: how could Laloux's principles be put into practice? What could such a transformation process look like? What attitudes and competencies would be necessary to turn employees into bosses and to enable self-organized work? Which problems would arise in practice? Which teams would be suitable for self-organization, and which would not? *Reinventing Organizations* had little to say about these questions concerned with process. Joana and Bettina would have to shape the transformation process independently, dare to experiment, reinforce what works and learn quickly from mistakes. And all this would have to take place alongside normal operations – while research, studies and workshops, sales, finance and strategic planning continued.

Five years later, we have both learned a lot while still continuing on our journey. The model of the *betterplace* lab developed a radiance that encouraged other organizations to embark on the path of self-organization. Due to this exposure, Bettina has now accompanied a whole series of other companies in comparable transformation processes. Each of these companies is different. Some are profit-oriented, others non-profit. Some teams are big, some small. Their starting positions also differ; some are more hierarchical, others more egalitarian. But despite all the differences, there were a number of basic elements, certain principles, which were important for the path from a traditional hierarchy to self-organization.

In this book we want to share these insights, and the core of our experiences with you.

> **How could Laloux's principles be put into practice? What could such a transformation process look like? What attitudes and competencies would be necessary to turn employees into bosses and to enable self-organized work? Which problems would arise in practice? Which teams would be suitable for self-organization, and which would not?**

Who is this book for?

This handbook is aimed at people who work in companies and groups and who are interested in growing professionally and becoming more effective, satisfied, and better equipped to deal with challenges. After the great success of books like Frederic Laloux's *Reinventing Organizations,* podcasts like *On the Way to New Work* by Michael Trautmann and Christoph Magnussen, and conferences like the Xing *New Work Experience,* more and more entrepreneurs, employees and coaches are asking themselves how the path to self-organization can really succeed in practice.

How can we design the transformation process to be worthy of the name instead of letting it degenerate into a traditional change management project where consultants have well-filled coffers but management and staff are more insecure and dissatisfied than before?

Beyond the Laloux fan community, we also see this book as a guide for companies in the digital-global age. To be sustainably successful in today's work environment, companies must adopt a "digital mindset" and learn to "surf" complexity rather than master it. They must learn to be fast, flexible and innovative. Instead of exchanging tactical information and ideas, they must develop them together and become co-creative.

Digital thinking is a central feature of these new forms of organization. In this sense, the handbook is also suitable for entrepreneurs and employees who do not explicitly want to work in a self-organized manner, but are interested in creating an innovative, flexible and motivating working environment.

It follows from this that we sometimes refer to the new forms of organization as "self-organization" in general, but in other places we speak of "teal organizations," "divided or joint leadership," or "flat hierarchies". Only where necessary do we distinguish between the different forms of "New Work." While we are clarifying terms: we also use the terms "organization," "company" and "team" more or less interchangeably.

In addition to our focus on the inner dimension of New Work described above, we see our contribution to the New Work literature as being very practice-oriented. This is a manual, not a theoretical treatise. We (and Bettina in particular) have developed and tested all our findings, experiences, exercises and measures in our daily work. We have endeavored to prepare our knowledge in such a way that readers can immediately get started with their organizations and embark on a journey to new leadership and work models.

This handbook follows its own credo: we work together and combine the perspective of the

"Digital thinking is a central feature of these new forms of organization"

> ## "A hierarchical system can function smoothly *without* employees involving their inner lives in their work..."

organizational developer Bettina with that of the social entrepreneur Joana.

We're going to take it step by step; we share and evaluate our own experiences as we explore them in our daily work (especially Bettina's) and learn more and more about which approaches work and which fail. We follow the startup mentality and write this book carried by our own motivation and financed by crowdfunding. We take the reader on a journey marked by our two personalities and experiences.

Principles as touchstones for navigation

Our contemporary world is changing faster and faster, thereby becoming ever more confusing. When our needs for security and orientation are threatened, we react with activism, resistance or stress. To reorient ourselves, we reach for simple explanations and find them in a legion of guides that teach new organizational models. But the business blueprints offered in airport bookstores and on bestseller lists are not very helpful, as they usually suggest an orderly and predictable environment that can be managed with rules.

The next real step, however, is to recognize that we humans, in order to adequately deal with and shape our increasingly dynamic, complex, and unpredictable world, must change in time. An accelerated and constantly moving world requires us to develop new abilities. We need to develop new sensibilities, new concepts and a new vocabulary in order to understand this environment appropriately.

We need to find out how we can have our basic needs for security and orientation met even when everything is in flux.

Static rules are not very helpful for this repositioning. Instead, we need overarching principles, principles that help us understand how the world moves and what human dynamics shape our working environment. We must be careful

not to enshrine these dynamics. The observed work processes and team constellations are never static, but always snapshots. Principles allow us to understand developments at a higher meta-level without getting stuck in the details. At this level of abstraction, which we substantiate with very concrete examples, this book is also suitable for companies that differ greatly in size, corporate culture, market environments or legal form.

Let us illustrate the difference between a rule-based guide and our principled approach. Let's imagine two different worlds. One is fixed and static. It resembles a well-oiled machine and can be described with unambiguous terms. The relationships between individual elements follow concrete rules of cause and effect. Our second world is different. It is dynamic, diverse, multidimensional and constantly changing. Its symbol is the organically grown, constantly moving network. The first world resembles the linear Cartesian worldview, the second the non-linear system view of life.

In this book we follow the latter systemic path by describing key principles underlying the typical development processes in companies. We use the principles to make teams aware of their own dynamics and offer them a common language for their experiences. Not a language that fixes the world unnecessarily and thus contributes to a hardening of existing structures and possible conflict situations, but one that is characterized by the fact that any situation can be completely different in the next moment.

Here is a concrete example of such an underlying principle, which is of central importance in organizational development— and in particular in the development towards self-organization:

There is a dynamic balance between structure on the outside and structure on the inside.

> ## "…in a self-organized team, or in an organization with flat and flexible hierarchies, the exact opposite is the case."

When a team reduces external organizational structures and processes, team members need to build more structures within themselves. Conversely, if a company has strong structures, it is less necessary for employees to use or further develop their individual structures.

In this manual we use the term "outer dimension" to describe all visible and describable phenomena. These include formal structures and processes, but also individual behaviors, forms of communication and competencies. By contrast, we refer to the "inner dimension" as competencies and qualities that can only be experienced individually and subjectively. These include feelings, preferences, expectations and needs, as well as physical, emotional and intellectual perceptions. People with pronounced inner competencies are well connected with themselves and their environment. They feel what they themselves and others need, what is good or bad for them, and can communicate this clearly. They perceive their outside world in a nuanced way, have a good overview and can also recognize the contradictions, tensions and ambiguities that inevitably arise.

The principle of *dynamic equilibrium* can be illustrated by an example: employees of a bureaucratic institution, ministry or administration work in a hierarchical system, which is controlled by static rules, agreements and role descriptions, business distribution plans and organizational charts. As a rule, employees are only obliged to perform the tasks that correspond to their role. Competencies such as the ability to make one's own decisions without coordination or to think about work processes themselves are less in demand. Likewise, it is comparatively insignificant whether employees feel comfortable in the workplace and are able to develop their potential. The outer structure dominates, while the individual and their inner feelings and competencies are relatively meaningless.

It should be noted at this point that this description is a generalization that we would like to use to illustrate various principles. Of course, in practice, we might also encounter dynamically changing hierarchical institutions which take the well-being of their employees seriously.

Nevertheless, we stand by the core of our statement: a hierarchical system can function smoothly without employees involving their inner lives in their work.

In a self-organized team, or in an organization with flat and flexible hierarchies, the exact opposite is the case. Here we find few external structures and predefined processes. Instead, the success of the company depends to a large extent on the internal skills of its employees. How motivated are they? Can they assess situations correctly and make appropriate decisions independently or in consultation? Are they resilient in crises and can they address conflicts clearly and directly? Are they willing to take risks and dare to break new ground in order to have an innovative edge?

While bureaucracy is ideally like a stable but inflexible skeleton, self-organization resembles a smooth shoal of fish that adapts to its respective environment, but is dependent on the intelligence and communication skills of its individual parts.

Executives and coaches who have understood the principle of dynamic equilibrium and can correctly assess the logic of their own working environment will find it easier to take the next meaningful step in organizational development. Aware that outer and inner structures are connected, they look at both.

For example, the head of a department, wanting to loosen up rigid structures and abolish some regulations, would make sure that her employees feel secure and competent to make the most of their new decision-making freedom. If this is not the case,

POPULAR MISUNDERSTANDINGS ABOUT SELF-ORGANIZATION

1 Start by completely changing the organizational structures.
We recommend starting from the people in a company rather than from its structures. Only teams that have psychologically mature members can organize themselves effectively. Self-organization is primarily a cultural and not a structural model. For many teams, individual mixtures of hierarchical and self-organized models make more sense.

2 Everyone wants more freedom and less structure.
Not necessarily. Many of us have learned to draw security from structures and rules. This is why new freedoms tend to trigger insecurity and stress in many people. Both in the *betterplace* lab and in the other teams accompanied by Bettina, between 10-20% of the employees quit because they felt that the new structures were unsuitable for them.

3 It means everyone has a say in everything.
No way! Self-organization means that teams have the competencies to decide which of their members can do a concrete task best. This person or those people are then given the necessary powers and responsibilities. Self-organization is competency-based and should not be confused with grassroots democracy or consensus.

4 Hierarchies are bad.
Not at all. The organizational form should reflect the competencies, needs and interests of teams. Teams that find that they work best and most productively with fixed hierarchies and bosses are more mature and precise than those that want to abolish the boss at any price but do not have the necessary skills.

5 Self-organization runs by itself.
We wish. Self-organization depends to a large extent on the individual participants and their competencies. Because companies, teams and markets are constantly changing, a continuous development and reflection process is required, which continues long after the first implementation phase.

6 It's more efficient because it is leaner.
Only partly true. Self-organization is based on clear, open and reflective communication. Since very few of us learn this kind of communication at home, school or during higher education, self-organized teams have to invest time and money

she endeavors to strengthen their decision-making authority. Through dialogue, she figures out what they need to feel safe. Do they prefer more external rules and structures or do they want to see their own competencies strengthened in certain areas? Together they reflect on what every employee needs in order to make sensible use of the new scope of their tasks created by the reduced regulations.

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In this manual, we introduce the New Work and Inner Work principles and describe how they work together. These principles can help you and your company find out what level of agility and self-organization suits you and how you can develop a model of work that is tailored to your specific needs and interests. We do not believe in universal recipes or in best practice models. Instead, we are convinced that each team has to find for itself which balance between fixed structure and flexibility fits best in the current constellation. The following chapters serve to help you and your team shape your new working environment and implement it effectively and sustainably.

JOANA BREIDENBACH holds a PhD in cultural anthropology and has authored numerous books on the cultural consequences of globalization, migration and tourism, such as *Dance of Cultures* (Rowohlt 2000), *Maxikulti* (Campus 2008) and *Seeing Culture Everywhere* (Washington Press 2009). She is co-founder of Germany's largest donation platform betterplace.org and the think and do-tank *betterplace* lab . Together with Bettina, she is the co-author of the forthcoming *New Work Needs Inner Work.*

BETTINA ROLLOW is a Mobius Transformational Faculty member, coach and advisor. She specializes in collaborative working models and supports companies to shift from hierarchical models towards New Work models. Bettina previously worked for the Volkswagen group, where she led projects in process optimization and change management. She is also trained in gestalt therapy. Her new book *New Work Needs Inner Work* is published in December.