

Reinventing Organization, Reinventing work – Lessons from small businesses

“You have to learn to take advantage of the unexpected as part of your innovation strategy”
– Peter Drucker

Change is the single most important factor that man has had to contend with since as far back and beyond civilization goes. Nowhere is the effect of change as visible as it is in the functioning of an organization. In the era of globalization and technology that we are living in, change is the flavor of the season. And nowhere in the history of time has it been as fast as today, the era of globalization and knowledge economy. The linkages between today's organizations and the socio economic dynamics of the society make organizations an integral part of human progress.

Winds of Change:

Fed by industrial revolution, organizations grew into large corporations. Globalization fuelled the growth and helped spread branches and roots across the world into mammoth multinationals. Such large size brought with it many advantages as well as issues of concern. Large organizations prefer a stable environment in which they tend to function well. The changes in the surroundings were gradual and incremental. They were typically characterized by hierarchical structure with largely bureaucratic culture. But globalization has transformed the entire world into a melting pot with high degree of entropy. Technological advancement has shrunk the world to fit in a pocket mobile phone. The dynamics of socio economic, political, environmental and international forces are constantly at play giving rise to new complex nature of problems. Multicultural work environment adds a new dimension to the human resource management which is at the heart of functioning of any organization. As the recent financial crisis revealed, business giants are made and destroyed overnight with far reaching impacts that can set a domino effect in action across the entire globe. Under such conditions of rapid sporadic changes mired with uncertainties, it is impossible for organizations to stay immune to environmental conditions. Large organizations often tend to suffer due to their inability to adapt at a matching pace, held down by their own weight and rigidity.

Need for re-invention:

As we move from industrial economy to knowledge economy, there is a clear shift from command-control to participative management in organizations. Technology induced mechanization has contributed to and to a great extent necessitated focus on humans as more than just a cog in the wheel. As businesses matured, bureaucracy gave way to a more democratic model, both structurally and functionally, to cope up with the fast paced changes the society underwent. But today, with the changes being faster than ever, unless an organization constantly re-invents itself, its survival stands threatened. Today, Re-organization has become one of the indispensable core managerial functions as well as a day-today activity. It's not enough to periodically review the success and target achievement to

obtain feedback and take corrective measures. It's essential to build innovation and improvement into the structure of the organization as well as the way it functions.

Watch and Learn:

Today large organizations are turning their attention to small enterprises, specifically start-ups to look for lessons of survival and thriving. A start-up seems to have an innate disposition for sustained self-reinvention that makes it extraordinarily adaptive. In an emerging economy so far dominated by the bulwarks of generational Businessmen 1st generation Entrepreneurship is a new phenomenon, the survival of a 1st generation start-ups makes for a very engaging and revealing case study, as the country undergoes a rapid transformational process with capitalism sprouting roots and changing the economic, social and political faces of the country. As a 1st generation woman Entrepreneur, I'd like to share my firsthand experience of the challenges faced by a fledgling business and its means of sustenance. This essay focuses on re-invention strategies of small businesses and fledgling enterprises and the lessons they have to offer large corporations.

Building a start-up Mentality:

A start-up is, like any new born, vulnerable and sensitive to the smallest of disturbances both internal as well as external. For one, it lacks the obvious advantage of natural immunity to small disturbances that big organizations enjoy. The initial years are particularly testing as its structural, functional and financial organs are still in the formative stage. It is hypersensitive to even minor variations in the market conditions. Yet these very apparent threats condition and inculcate a certain culture of preparedness in the organization's structure as well as in its employees. This anticipation of change is at the core of a start-up company's survival strategy. Since in large organizations employees work within a zone of comfort and security, change and adaptation become unnatural externalities. Hence they are received with a certain amount of resistance. Start-ups on the other hand due to the anticipated susceptibility and exposure, refrain from routinizing work. They tend to remain in a matrix form of organization with a flat structure facilitating faster and smoother flow of communication. Re-organization is almost instantaneous due to the relatively loose structural framework.

The survival of any organization and its success are determined by its ability to know, innovate, re-invent and rapidly transform as the business environment changes. This change to be effective, has to be holistic, continuous and has to come from the prime-movers of the organization, its people. A start-up is an organization in the making, hence it is constantly evolving, -shedding, growing, learning, unlearning, relearning. Re-invention and review are not special efforts but are a way of life. Everyone from the CEO down to the frontline executive or shop floor worker expects changes and is always on the mark, ready to act. Some big companies that were able to inculcate change management as part of their work culture have been successful as corporate entities. Two major challenges to reinvention are the resources including time, investment and research and resistance from people. A systematic multidimensional approach can help handle these challenges effectively.

“Knowledge has to be improved, challenged, and increased constantly, or it vanishes” – Peter Drucker.

In this information era, knowledge is wealth. An organization that isn't updated gets outdated. A modern organization has to provide a learning environment where knowledge is created, transformed, transmitted, shared, imbibed and applied across all levels. A well informed group of employees are better equipped to react to changes faster and in a more organized manner as they are able to relate to the decisions made. Such organizations that promote a culture of learning develop adaptability to the unpredictable much quicker than the rest. One of the strengths of a start-up is its close knit work group that it leverages on. Employee relationships are more informal, and employees are well aligned with organizational goals. Information is not filtered much and penetrates till the lowest level unlike in large organizations where there is an essential filtering, distortion and delay in information dissemination. To promote organizational learning, there has to be a conducive environment, structural support through appropriate learning systems and practices and most importantly a visionary leadership.

“Every enterprise is a learning and teaching institution. Training and development must be built into it on all levels – training and development that never stop” - Peter Drucker

Innovation and Entrepreneurship are the key instruments that can effectively wield the weapon of knowledge in such a way that it translates into powerful outcome. Organizations today are centered around its people and the intellectual capital they provide. Hence to promote innovation and learning, there has to be constant development of employee capabilities. To counter the sporadic nature of changes that occur in the external environment, an element of unpredictability has to be built into the internal atmosphere as well. Minimalizing routines and introducing small doses of uncertainty keep the employees motivated and excited with new challenges. It has ofcourse to be kept in mind that these changes are administered in small doses so that it doesn't result in chaos. Sometimes organizations change too much too soon eager to hurry. Organizational reformation processes is like preparation of tea, allowing enough time for diffusion of decoction is crucial to the quality of the end product.

Winning a Layoff:

Many organizations see their large size as a burdensome baggage especially during a crisis. Streamlining and layoffs create tension, lack of trust and demoralization among the employees. As a consequence, the positives of a smaller team are countered by general mood of apathy created by the layoff. But it can't be denied that small is beautiful. To stay fit a healthy body mass index is as essential to an organization as it is for an individual. An alternative is to identify core areas of strategic importance and constituting the rest of support functions as a separate unit that can be sold off to a player in the relevant field. The supporting functions can then be outsourced to the new unit. This is a win-win situation where the organization while shedding the extra pounds, has not lost the goodwill of its employees.

Leadership and innovation:

“Innovation is the specific instrument of entrepreneurship. The act that endows resources with a new capacity to create wealth” – Peter Drucker

Reinventing an organization should emphasize fundamental areas and not on cosmetic extravagance. That involves starting from the scratch and taking a fresh look at the very core of the organization. Creative leadership is crucial for this process as it involves critical thinking, exhaustive analysis and courageous risk taking. This is another strategic competence of a start-up company. Innovations and ideas in a start-up originate at all levels and not confined to the top. Formal institutional arrangements enabling and encouraging innovative ideas in all areas should be made a regular exercise. For this hierarchic levels act as impediments. A broader transcendental forum should be made available for innovation. Sometimes fundamental defects with easy solutions become visible only at the cutting edge. Appropriate recognition of such efforts will motivate and create a healthy competitive environment within the organization. This also reflects in improved performance and a willingness to change, as change originates from within. A creative leader spends most of his time not only reinventing innovative ideas but also ways to discovering them from his organization. Google came up with an innovative way to empower its employees by instilling the concept of shared ownership. Google pairs an executive mentor with an internal entrepreneur who drives the growth. This combination is ideal for promoting growth initiatives.

Reinventing work the start-up way:

An enabling work environment will be rendered meaningless unless the nature of work is as interesting and engaging. Often this is an area that organizations focus less on. Work profile once designed tends to remain the same excepting rare occasions of incremental changes which also are likely to add more responsibilities than provide enrichment to the job itself. An elementary part of reinventing the organization is to rethink the organization structure, its people as well as the job content at every level. There are two reasons that necessitate job enrichment. A job is the executive instrument of an organization and any remodeling will be grossly incomplete without adequate and commensurate redesigning of the job content and scope. In a start-up, there is no well identified job definition. This blurring of roles can have both positive and negative impact on workforce and performance. While a lack of role clarity leads to some areas being left out causing conflicts and delays, the same functions well in a start-up, mainly due to its adaptive nature and small size. A flexible role definition allows for automatic job enrichment. It gives a capable employee space to explore and experiment, to widen the scope of his responsibilities as and when situation demands without waiting for managerial intervention. The same can be incorporated into small teams of large organizations. Specific objectives and standards can be laid down for the departments leaving the role definition and responsibilities of each position to be decided by them. This kind of dynamic job structuring makes it easy to adjust and adapt with changes.

Performance evaluation is another major area where the start-up model should be adopted.. In a start-up atmosphere employees are known to work with more vigor and commitment as against a large organization. This sustained self-motivation is due to the direct relationship that he or she sees between his or her contribution and the where it fits in the context of organizational performance. This clarity in linkage between personal contribution and the organizational outcome is difficult to achieve in large organizations with multiple levels of hierarchy. Organizations are already moving towards participative goal setting in order to enhance commitment of employees by instilling a sense of ownership of organizational objectives. This also serves to align individual goals with organizational goals. A well-structured knowledge sharing network discussed before can serve this purpose.

Non-Customer feedback:

Customer orientation is an organizational mantra that every business takes very seriously. Customer satisfaction and feedback are emphasized in every meeting, memo and manual. What a start-up does that others overlook is focus on the population outside the customer base. A start-up is on the lookout for customers and hence takes a fresh look at everyone as a potential customer. From there it begins analyzing the probable reasons why he or she is not a customer. This approach gives much valuable feedback on an organizations performance and quality of end products.

All such measures constitute a package that will function well as a whole than in parts. The interlinking between various components in the organization should be appreciated in the exercise of reinvention. A start-up despite its disadvantages as a small player can turn that into its greatest leverage point in an environment like that of today. The most important core strengths of a start-up is its workforce management, augmented by a fit and flexible structure and reinforced by a visionary leadership. The same formula of success will work for any organization.