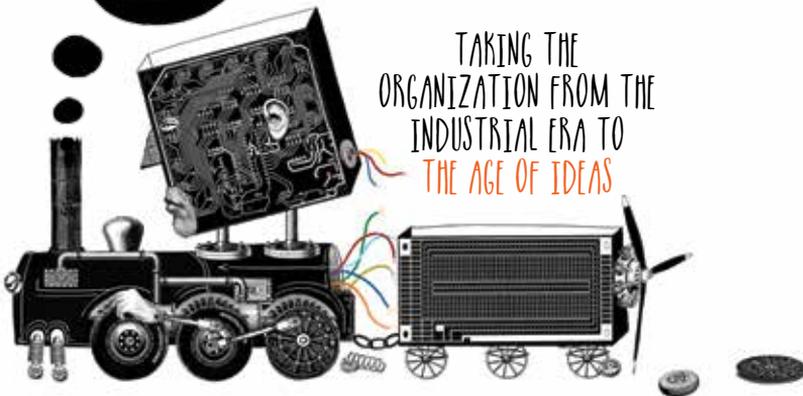


DR MARK POWELL + JONATHAN GIFFORD

MY STEAM ENGINE IS BROKEN



TAKING THE
ORGANIZATION FROM THE
INDUSTRIAL ERA TO
THE AGE OF IDEAS



MY STEAM
ENGINE IS
BROKEN

CONTENTS

| | |
|---|-----|
| ACKNOWLEDGEMENTS | 12 |
| PREFACE | 15 |
| INTRODUCTION | 21 |
| | |
| CHAPTER 1 | 37 |
| LEARNING TO LET GO HOW CONTROL IS KILLING THE ORGANIZATION | |
| | |
| CHAPTER 2 | 55 |
| WHAT GETS MEASURED IS WHAT GETS DONE BUT ARE WE MEASURING THE RIGHT THINGS? | |
| | |
| CHAPTER 3 | 73 |
| LOSE THE FRUIT BOWL WHEN "EFFICIENCY" MASKS LACK OF AMBITION | |
| | |
| CHAPTER 4 | 87 |
| THE INNOVATION COMMITTEE BE DISRUPTIVE: YOU HAVE TWO HOURS | |
| | |
| CHAPTER 5 | 109 |
| EVERYBODY'S TALKIN' AT ME I DON'T HEAR A WORD THEY'RE SAYING | |

CHAPTER 6 131

A WASTE OF SPACE

MAKING THE WORKSPACE WORK

CHAPTER 7 151

IN PRAISE OF ANARCHY

WHY CORPORATE DEMOCRACY IS NOT THE ANSWER

CHAPTER 8 167

YOU'RE THE LEADER

NOW FIND 100 MORE LEADERS

CHAPTER 9 183

DON'T DO NETWORKING

BE NETWORKED

CHAPTER 10 205

INCREASING THE GENE POOL

WHY DIVERSITY IS EVERYTHING AND
MONOCULTURE IS NO CULTURE AT ALL

CHAPTER 11 229

GETTING EMOTIONAL

THE EMOTIONALLY HEALTHY ORGANIZATION

REFERENCES

250



CHAPTER 1

LEARNING TO LET GO

HOW CONTROL IS KILLING THE ORGANIZATION

The great majority of modern organizations are not modern at all. They are still following a model that was created to suit the first great manufacturing companies that sprang up in the early 20th century as part of the Second Industrial Revolution – and these companies are not that different from the very first “manufactories” spawned by the first Industrial Revolution in the 18th century.

The principles of “scientific management” were laid down by an engineer called Frederick Winslow Taylor, very early in the 20th century, and they have stuck with us ever since. These principles are still at the heart of steam-engine organizations. They delivered important improvements in efficiency in their day, but in the modern workplace they are damaging – they are making people less efficient and less productive.

According to scientific management, the best way to carry out any task must be the subject of scientific analysis. People should then be selected, trained and developed to be best suited to perform their particular task; the performance of that task should be subject to detailed instruction and strict supervision; workers should carry out the tasks while managers ensure that instructions are strictly adhered to (and, by the way, you need a lot of managers).

It sounds like hell on earth, but it worked – especially at a time when America was driving the Second Industrial Revolution, manufacturing the goods that created the consumer society. So we keep doing it. And, if it works, why should we not carry on applying this brutal, dehumanizing process?

Because it isn't working any more. The steam engine is broken.

THE PARADOX OF CONTROL

The paradox of control is the most pernicious of organizational paradoxes. It is also the very essence of steam-engine management. By attempting to control every aspect of the organization, we are actively preventing the organization from succeeding.

The main aim of early modern industry was, quite correctly, to manufacture goods with increasing efficiency. Since it was assumed that people would not willingly be servants of corporations, systems of rewards and punishments were devised to keep people motivated to behave in the right ways, and fearful of behaving in the wrong ways. "Command and control" was the prevailing management model. Sadly, it still is.

Early managers turned, quite deliberately, to the best-known models of successful command and control, which happened to be the military and the Catholic Church. "Unity of command" was the paradigm (any member of the organization must have only one superior); obedience to command was the essence. This classic, hierarchical structure is said to have served the organization well for a century or so. That is debatable. What is clear is that it is not working any more.

Control of organizations has been achieved in the obvious way – by measuring the outputs of the organization and noting discrepancies between current and desired outputs. New, improved outputs (those that came closest to the defined intentions of the organization) were achieved by adjusting – controlling – the behaviour of management and workers. Any other kind of output was, by definition, a deviation from the ideal.

By attempting to exert such control, steam-engine managers were also, to deepen the paradox, losing real control. Human beings are genuinely motivated by things that reward them at an emotional level: a sense of purpose, of belonging, of taking part in a meaningful common effort, of making a difference. The desperately old-fashioned techniques of steam-engine control touch none of these emotional triggers. People see through the simplistic attempt to

“control” them and begin to disengage. As a result, the organization loses their commitment, and their potential contribution. It has succeeded in making them mere cogs in an unchanging machine.

There have been a few companies in the history of the modern organization to have ripped up the command-and-control handbook and actively encouraged colleagues to be genuinely innovative, or to behave in “out of control” ways – the early Hewlett Packard and 3-M spring to mind – but they, and the handful of companies like them, are the exceptions that prove the rule. But surely this old-fashioned, command-and-control model of management can’t still be happening – especially in the innovation-driven, high-tech companies of today?

FROM “LEAN COMPETITION MACHINE LED BY YOUNG VISIONARIES” TO “BLOATED AND BUREAUCRACY-LADEN” – IN ONE GENERATION!

If you had to name the companies most associated with the white-hot creativity that drove the microcomputer revolution in the last decades of the 20th century, Microsoft would surely be on your list, as personified by the alarmingly intelligent, hard-driving and barely socialized young Bill Gates. Unsurprisingly, despite his lack of social graces, Gates attracted a group of likeminded, brilliant young people – people who wanted to play their part in the revolution in personal computing that was happening before their eyes.

Microsoft started up in 1975 in an atmosphere of anarchic creativity, with world-changing results. It should be inconceivable that the same organization was described by a leading journalist less than 40 years later as “bloated and bureaucracy-laden”. But, as they say, stuff happens.

Microsoft’s work environment, in its earliest days, was driven, barely managed, and highly creative. Young programmers worked insanely long hours, driven by the heady feeling that they were making history. They worked themselves to a standstill, ate some pizza, played basketball in the corridor, and maybe nipped out to take in a movie. And then they went back to work. “We noticed the long hours,” one Microsoft veteran from the early days recalled, “but it wasn’t a burden. It was fun” (see panel).

MY STEAM ENGINE IS BROKEN

As the company grew into a mighty empire, its managers – fearful of losing control of a rapidly growing and hugely profitable organization – imposed the usual steam-engine control systems. By so doing, they destroyed its vital force.

There is a dreadful, gravitational pull back toward the basic precepts of the industrial-era steam-engine organization. As companies grow and become valuable – immensely valuable, in the case of Microsoft – so the organization’s guardians, its senior executives, become (understandably) obsessed with control: “We’ve been put in charge of this hugely successful organization,” they think, “and, whatever happens, we mustn’t foul up! We mustn’t let it get out of control.” But the inevitable outcome of this essentially conservative (and timid) attitude toward being the caretakers of a successful organization is to destroy its vital force.

The rules and regulations and petty bureaucracies that “control” an organization inevitably begin to sap its creative energy and to destroy the vitality of its once insanely committed workforce, who no longer feel that they are creating something new and wonderful, and have been reduced to turning up and following instructions. As the journalist Kurt Eichenwald wrote of Microsoft in 2012: “What began as a lean competition machine led by young visionaries of unparalleled talent has mutated into something bloated and bureaucracy-laden, with an internal culture that unintentionally rewards managers who strangle innovative ideas that might threaten the established order of things” (see panel overleaf).

THE ILLUSION OF CONTROL

The really insidious problem with control is that we all wish we were more in control, not less. We can’t help ourselves. Life is chaotic, unruly, and unpredictable. Control is what we crave.

But our attempts to control people, rather than things, are doomed to end in failure. Ask any parent. You love your children; you nurture them and enable them. You attempt to control them through advice and guidance. Parents who genuinely try to control their children are seen, rightly, as monsters. It always ends badly. So why do organizations imagine that they can behave differently, and get different results?

MICROSOFT: THE EARLY DAYS

“IT WASN’T A BURDEN, IT WAS FUN”

Microsoft was created in 1975 by Bill Gates and Paul Allen, two driven, brilliant pioneers in the world-changing personal computer revolution. Bright young people flocked to work for the new company. They became known as “Microkids”.

They worked insane hours in a chaotic environment; sometimes breaking off work to play ball games in the corridor and eat pizza, before going back to work through the night.

They shared a common goal, and they were creating a new world.

As Steve Wood, Microsoft employee No. 6 said of those early, heady days:

“There were times, not that infrequently, that I’d be going home for a few hours of sleep about the time [my wife] was getting up.

“We’d often be there 24 hours a day, trying to meet a deadline for another OEM or getting a new product out. We noticed the long hours, but it wasn’t a burden. It was fun.

“We weren’t doing it because someone was standing over us with a whip saying, ‘You guys have to do this.’ We were doing it because we had stuff to do and we had to get it done.”

James Wallace & Erickson *Hard Drive, Bill Gates and the Making of the Microsoft Empire*, John Wiley & Sons, Inc, 1992, p 129

In many companies, there is, quite literally, a whole manual devoted to travel expenses (to choose one example from the many “manuals” that exist in steam-engine organizations). A weighty tome that attempts to codify every possible scenario in which the unwary executive might find him or herself, agonizing as to what the correct procedure might be. The very existence of the manual also makes the executive vulnerable to the accusation that he or she has transgressed, or broken “the rules”. Manuals and sets of instructions are the joy and treasure of steam-engine organizations.

KURT EICHENWALD REPORT ON MICROSOFT CEO STEVE BALLMER'S KEYNOTE ADDRESS AT THE 2012 INTERNATIONAL CONSUMER ELECTRONICS SHOW, LAS VEGAS

"BLOATED AND BUREAUCRACY-LADEN"

Amid a dynamic and ever changing marketplace, Microsoft—which declined to comment for this article—became a high-tech equivalent of a Detroit car-maker, bringing flashier models of the same old thing off of the assembly line even as its competitors upended the world. Most of its innovations have been financial debacles or of little consequence to the bottom line. And the performance showed on Wall Street; despite booming sales and profits from its flagship products, in the last decade Microsoft's stock barely budged from around \$30, while Apple's stock is worth more than 20 times what it was 10 years ago ...

How did this jaw-dropping role reversal happen? How could a company that stands among the most cash-rich in the world, the onetime icon of cool that broke IBM's iron grip on the computer industry, have stumbled so badly in a race it was winning?

The story of Microsoft's lost decade could serve as a business-school case study on the pitfalls of success. For what began as a lean competition machine led by young visionaries of unparalleled talent has mutated into something bloated and bureaucracy-laden, with an internal culture that unintentionally rewards managers who strangle innovative ideas that might threaten the established order of things.

James Wallace & Erickson *Hard Drive, Bill Gates and the Making of the Microsoft Empire*, John Wiley & Sons, Inc., 1992, p 129

Ricardo Semler, in his remarkable book *Maverick: The Success Story Behind the World's Most Unusual Workplace*, tells of how he began to tear up the manuals, procedures and regulations that governed the business that his father had formed and which he then took over (see panel). These rules and regulations, he argues, "divert attention from a company's objectives, provide a false sense of

security for executives, and create work for bean-counters".³ Semler got rid of them all, and says that the company benefited as a result. And he owns the company, so he should know.

The authors of this book have worked with one medium-size manufacturing company in the UK that also dispensed with its substantial travel and expenses manual and replaced it with this

RICARDO SEMLER, MAVERICK: THE SUCCESS STORY BEHIND THE WORLD'S MOST UNUSUAL WORKPLACE

In their quest for law, order, stability and predictability, corporations make rules for every conceivable contingency. Policy manuals are created with the idea that, if a company puts everything in writing, it will be more rational and objective [...]

Sounds sensible, right? And it works fine for an army or a prison system. But not, I believe, for a business, and certainly not for a business that wants people to think, innovate, and act as human beings wherever possible. All those rules cause employees to forget that a company needs to be creative and adaptive to survive. Rules slow it down.

Semco had a particularly complicated set of rule on travel expenses. Our auditors often spent hours arguing over whether someone on a business trip should be reimbursed for movie tickets. Well then, what about theatre tickets? What would we do if an employee went to a concert that cost \$45? \$100? And what about calling home? How often should the company pay? Was a five-minute call reasonable? What if an employee had, say four children? Are 75 seconds per child sufficient?

... Without rules all answers are suggested by common sense. No, I can't define what common sense is, but I know it when I hear it. Some of our people stay in four-star hotels and others, sometimes with much higher salaries, choose lesser digs. Some people spend \$200 a day on meals; others get by on far less.

Ricardo Semler, *Maverick: The success story behind the world's most unusual workplace*, Random House Business Books, 1999, p 92

MY STEAM ENGINE IS BROKEN

little algorithm:

- We are a frugal company; please do not waste company money.
- Winning new business and impressing our customers is our top priority; please do not turn up for an important meeting tired or travel-stained, or fail to entertain clients in a reasonable way.
- We leave it to your good judgment which combination of flights, hotels, meals, taxis, and so on allows you to achieve the best compromise between these two principles.

With these simple principles in place, and having thrown away the previous 50-page Corporate Travel and Expenses Manual, the company's expenses bill went down.

A FAILURE OF TRUST

At the heart of the mania for control is a failure of trust. People understand that they have a job to do. They understand that they need to create value, and that they should not needlessly waste money. If they forget this, a good manager can gently remind them. If more forceful reminders are needed, it sounds as if that person is not a good fit with the organization.

It's not rocket science – and it doesn't need a time-consuming set of rules and regulations to ensure that people understand the spirit of what is required of them. In healthy organizations, all of this stuff comes naturally, as it should do. The very attempt to set up complicated bureaucratic controls over people's behaviour is a clear sign that an organization's culture is beginning to fail.

One immediate casualty is, indeed, trust. People instantly recognize when they are not actually being trusted to use their own judgment or, more damningly, when they are not even trusted not to pocket the company's silverware.

In the same way, people are immediately aware if they are not being trusted with the best use of their time. Steam-engine managers want to control the input of the workforce, very much in the tradition of Frederick Winslow Taylor. If they can control the input, they feel, they will guarantee the output.

They are very wrong.

WHAT CONTROL KILLS

When industry adopted the command-and-control model two centuries or so ago, it was moving away from the old “craft” model, in which one person or a small team of people would build an item – a piece of furniture, a saddle, or even an automobile. It moved toward the assembly line model, where individuals were required to perform specific tasks in sequence. Creativity, it was wrongly believed, was not needed; people were required to fulfil their tasks in

**KATHRYN BISHOP, ASSOCIATE FELLOW, SAÏD BUSINESS SCHOOL,
UNIVERSITY OF OXFORD**

Loss of control is perceived as a problem, but actually it only acknowledges the reality. The problems that are now being faced in most organizations are so complex that they aren’t being managed from the centre, even if top management like to think they are.

People in the thick of things—people in the front line, if you like – are just trying to get things done, they’re activating bits of their network , making decisions on the spot and doing whatever they can to get stuff done. It’s not controlled centrally; it is a complex, adaptive system, whether top management like it or not.

People have to make decisions rapidly. They don’t have time to go through the processes, and those organizations that are still insisting on that have become sclerotic, they’re sort of bunged up; they can’t get stuff done.

So it’s a very uncomfortable reality, but for some of the clients we work with, one of the reasons they’re prepared to invest in high quality, focussed and expensive executive development is actually a tacit recognition that this is the only way they have to ensure that the decisions that are made moment by moment on the front line are consistent and sensible -- because they can’t do it with procedures and tick lists and approvals and terms and rules and regulations. I truly believe that.

Kathryn Bishop in conversation with the authors

as machine-like a manner as possible.

It is possible to argue that this was appropriate at the time: that the success of Henry Ford and General Motors' Alfred P. Sloan proves the efficacy of the management model that they helped to create.

But we now know that creativity is needed, even on assembly lines. We also know that the world has moved on: that the revolution represented by assembly line manufacturing and "modern" management processes that made Ford, General Motors and others a success in the early 20th century will absolutely not guarantee the success of any 21st-century business.

It is not the efficiency of our assembly lines that will allow us to create world-beating products, but the brilliance of our ideas.

Ever-improving efficiency is merely a given – a tool that allows us to bring our ideas to market at a competitive price. Creativity – innovation – is the driving force of successful organizations.

Innovation is everything. And innovation can never stop, or even pause for breath. Even the most brilliant product or process is quickly imitated, with or without patent infringements. Remarkable innovations are quickly commoditized. Constant innovation, at every level, is the only thing that will keep alive any organization that is exposed to market forces.

A substantial body of research – and almost everyone's experience of working for large organizations – confirms that working in rigidly hierarchical structures and experiencing various degrees of control does not make people happy or fulfilled in their working lives. More importantly, command and control actively stifles creativity – sometimes intentionally but often unintentionally.

Attempts to control the members of any organization destroy the creativity and energy that drive, or could drive, the organization's success. Strangely, pretty much everyone agrees with this. You don't find many management gurus proclaiming that what modern organizations need is more command-and-control management.

The paradox of control is infuriatingly clear – so why aren't we doing something about this? Why are we not seeing a bonfire of

control systems?

We are persisting with a failing model only because there are not yet enough examples of successful organizations that are using radically different management (or lack of management) techniques to give us the confidence to try a new approach. The number of such organizations is growing, and we believe that the tipping point will come relatively soon.

If you can examine your own organization and look for examples where the comfort blanket of management control is stifling the natural creativity of people in the organization (you are unlikely to have far to look) and simply begin to let go – to learn to let stuff happen – then you will be helping to move all of us toward that tipping point.

Let's remind ourselves of what management thinkers have been saying about the benefits of self-motivation, as opposed to coercion by management, for the last 50 years or so. Let's consider the way everyone says: "That's right, I really do believe that" – and yet we still don't seem to have actually done anything about changing our working environment.

SELF-MOTIVATION – OR, "HELLO, HELLO, IS ANYBODY LISTENING?"

We have known for a long time that people work best when they are self-motivated. In 1960, Douglas McGregor, management professor at MIT Sloan School of Management, published *The Human Side of Enterprise*. In it he argues, correctly, that rewards and punishments of the kinds used in steam-engine management work at a pretty low level of behavioural needs. If I am desperate to keep my job, I will be motivated by fear of being sacked. If my quality of life absolutely requires that I make the next pay grade, I will be motivated by the fear of not getting a promotion. But if I am living quite comfortably – if I have a lovely partner, delightful children, and a circle of close friends; a good chance of finding a new job if my currently employer "lets me go", and especially if I do not trust my current employer not to "let me go", for business reasons beyond my control – then these low-level carrots and sticks really will not ring my bell.

As McGregor writes:

MY STEAM ENGINE IS BROKEN

The philosophy of management by control ... is inadequate to motivate, because the human needs on which this approach relies are relatively unimportant motivators of behaviour in our society today. Direction and control are of limited value in motivating people whose important needs are social and egoistic.

McGregor's shorthand for the old-fashioned control model is "Theory X". He goes on to paint a bleakly compelling picture of what we might expect from it:

People, deprived of the opportunities to satisfy at work the needs which are now important to them, behave exactly as we might predict – with indolence, passivity, unwillingness to accept responsibility, willingness to follow the demagogue, unreasonable demands for economic benefits.⁴

McGregor's alternative approach to management, "Theory Y", argues that people are inherently self-motivating. Daniel Pink picks up on this theme in *Drive*, his bestselling book from 2011:

If your starting point was Theory X, your managerial techniques would inevitably produce limited results, or even go awry entirely. If you believed in the "mediocrity of the masses", as [McGregor] put it, then mediocrity became the ceiling for what you could achieve. But if your starting point was Theory Y, the possibilities were vast – not simply for the individual's potential, but for the company's bottom line as well.

Pink devised his own name for self-motivated behaviour: "Type I" (for "Intrinsic"). Type I kinds of people, he writes, "usually achieve more than their reward-seeking counterparts":

Type I behaviour is fuelled more by intrinsic desires than extrinsic ones. It concerns itself less with the external rewards to which an activity leads and more with the inherent satisfaction of the activity itself.

OLIVIER OULLIER, PROFESSOR OF BEHAVIOURAL AND BRAIN SCIENCES, UNIVERSITY OF AIX-MARSEILLES

“LEARNING STRATEGIES BY HEART”

Many top people are trained in a way similar to pre-season training in America football: learning strategies by heart. You know that you needed strategy 2b, and you apply 2b. And there is 2b(i), 2b(ii), 2b(iii), because there are parameters that are changing.

This is very fine if you’re involved in an environment that is pretty stable; that is not volatile, and where there are no new risks.

New risks have emerged that are not in the books. Nobody can manage these things because they are not trained for them. Nobody can be trained for the impossible.

Training people in a way that is so classical also minimised the propensity and the ability of people to improvise.

These days, whether we are talking about individuals or institutions, what is super important is to have some kind of “adaptive governance”, because all sorts of things that you will have to deal with will have adaptive properties, whether we are talking about markets or individuals, will evolve over time in a ways that is more and more unpredictable and more and more volatile.

Olivier Oullier in conversation with the authors

If we want to strengthen our organizations, get beyond our decade of underachievement, and address the inchoate sense that something’s gone wrong in our businesses, our lives, and our world, we need to move from Type X management to Type I.⁵

The really strange thing is that the writings of McGregor and Pink – and those of a myriad of other social scientists, business analysts, and neuropsychologists – are generally accepted to be pointing in the right direction. Business and management gurus are not writing

magazine articles saying that what really motivates people is the old-fashioned command-and-control model.

Think about that for a moment.

There is a general consensus of opinion that old-fashioned, hierarchical control is not a good way to run a business – especially if you want creativity from your colleagues. And these days, creativity is absolutely what businesses need. So what's going wrong? Why are we so resistant to these ideas?

McGregor – writing way back when Ronald Reagan was still an actor, and a popular beat combo called the Beatles were just starting to perform under that name – probably had it right at the time:

Someone once said that fish discover water last. The "psychological environment" of industrial management – like water for fish – is so much part of organizational life that we are unaware of it. Certain characteristics of our society, and of organizational life within it, are so established, so pervasive, that we cannot conceive of their being otherwise.⁶

It is becoming increasingly and urgently clear that successful organizations need to move toward a "networked" model (see chapter 9), where teams of people work together to achieve a common goal, new ways of thinking are encouraged, and leadership exists at many levels within the organization.

Olivier Oullier, Professor of Behavioural and brain sciences at the University of Aix-Marseilles, argues that we need "adaptive governance" – a form of leadership that is able to adapt to markets and social conditions that are themselves constantly shifting and adapting (see panel).

Rigid, steam-engine management assumes that it knows the answer, and insists that everyone applies the familiar solution. This isn't even likely to work in a rapidly changing world. We need to try to make the move. We're already about 50 years late.

THE BONFIRE OF CONTROLS

One company, the video-game developer Valve Corporation, has already made the move. It has done away with management, and allows its employees to pursue the projects that they feel they add most value to – and, ultimately, to be driven by the market, learning what the market likes and does not like by the simple method of shipping products, seeing what sells, and reacting quickly to the results. They are doing very well.

Valve Corporation has taken the bonfire of controls to its logical conclusion. At Valve, there is no management. Not “just a little bit of management”, but seriously, NO MANAGEMENT.

Employees are given desks with wheels – which is pretty cool in itself, but also, as the company itself says, serves as “a symbolic reminder that you should always be considering where you could move yourself to be more valuable”.

The wheels have an entirely practical function. Employees have to choose the project that they want to work on. If they think they could add more value to another project, they wheel their desk over to the other project, plug in their computer, and start working there.

“You’ll notice people moving frequently; often whole teams will move their desks to be closer to each other,” the company’s Employees’ Handbook points out. “There is no organizational structure keeping you from being in close proximity to the people who you’d help or be helped by most.”

Valve employees have their own ideas about what games they want to develop. That’s the point. They create the idea, develop it, and ship it. Nobody from management steps in to evaluate the project, because there is no management. Only one person gets to evaluate the project: the consumer. As the company says:

Nobody has ever been fired at Valve for making a mistake. It wouldn't make sense for us to operate that way. Providing the freedom to fail is an important trait of the company— we couldn't expect so much of individuals if we also penalized people for errors. Even expensive mistakes, or ones which result in a very public failure, are genuinely looked at as

EXTRACT FROM VALVE CORPORATION EMPLOYEES' HANDBOOK

WELCOME TO FLATLAND

Hierarchy is great for maintaining predictability and repeatability. It simplifies planning and makes it easier to control a large group of people from the top down, which is why military organizations rely on it so heavily.

But when you're an entertainment company that's spent the last decade going out of its way to recruit the most intelligent, innovative, talented people on Earth, telling them to sit at a desk and do what they're told obliterates 99 percent of their value. We want innovators, and that means maintaining an environment where they'll flourish.

That's why Valve is flat. It's our shorthand way of saying that we don't have any management, and nobody "reports to" anybody else. We do have a founder/president, but even he isn't your manager. This company is yours to steer – toward opportunities and away from risks. You have the power to green-light projects. You have the power to ship products.

A flat structure removes every organizational barrier between your work and the customer enjoying that work. Every company will tell you that "the customer is boss," but here that statement has weight. There's no red tape stopping you from figuring out for yourself what our customers want, and then giving it to them.

Valve Employee Handbook <http://bit.ly/17iYJul>

opportunities to learn. We can always repair the mistake or make up for it.

Screwing up is a great way to find out that your assumptions were wrong or that your model of the world was a little bit off. As long as you update your model and move forward with a better picture, you're doing it right. Look for ways to test your beliefs. Never be afraid to run an experiment or to collect more data ...

There are still some bad ways to fail. Repeating the same mistake over and over is one. Not listening to customers or peers before

or after a failure is another. Never ignore the evidence; particularly when it says you're wrong.

LEARNING TO LET GO

The answer to the paradox of control is not the absence of any form of control; it is not total anarchy. What we are seeing at Valve is a form of self-organization – an absence of controlling government (which, technically speaking, is the correct definition for the much-maligned political system called “anarchy”, which we will talk more about in chapter 7).

Organizational leaders need to identify the very few things that really matter – the things that will allow the organization to fulfil its fundamental purpose. They need to ensure that the organization is aligned with these goals. And then they need to let go. Attempting literally to control the organization’s progress toward those goals will end in failure.

It is quite clear why this must be true: if the leadership knew *exactly* how the organization would progress from where it is today to its desired state of being in the future, then they could draw up a detailed road map. They could *manage* the organization toward the desired future, and leadership would not be needed (which is, of course, exactly what steam-engine managers attempt to do).

But the future is unknown. Which means that the best route to the organization’s desired future is also unknown. This optimal route can only be discovered by the organization as a whole, through experimentation and debate.

Leaders, having set the direction in which an organization should be moving, should literally stop controlling. Progress toward key objectives should be measured in some way, of course. Many supposedly essential metrics are probably not useful, and may even be misleading, but the organization’s general state of health certainly needs to be carefully monitored, as we will discuss in the next chapter. But if things begin to drift off course, the answer is for the leader to alert the organization and encourage and enable it to find solutions, rather than to put a new set of controls in place.

Strong leaders who succeed in “letting go” and creating an environment in which people can organize themselves to meet the

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challenges that they face will find that their organization will largely shape itself to meet its challenges. This natural social process will leave the members of the organization feeling happy and rewarded as they work together to achieve the common goal.

Companies that control their employees to the extent of taking over, in effect, their whole lives, are actively destroying a precious resource. People become unable to function at all, let alone creatively, when an organization demands all of their time, and all of their energies. Lives are ruined, and the potential for creativity is destroyed.

The paradox of control is brutally clear. There are no half measures. Letting go is the answer. Start today.

TAKING THE ORGANIZATION FROM THE INDUSTRIAL ERA TO THE AGE OF IDEAS

Transforming the steam engine, one step at a time

- Control is an illusion
 - We can try to control things and processes, but not people
- Like fish in water, we fail to see the old-fashioned, carrot and stick psychological environment of our organizations
 - Command and control creates a stressed and unhappy working environment that destroys natural enthusiasm and creativity
 - People work best when they are self-motivated
- Most policy manuals serve no useful purpose
 - Forget about the rule books; ask people to behave sensibly
- Some organizations and many departments can function better without management
- What matters most is not the efficiency of our organizations but the brilliance of our ideas
- The global environment changes rapidly and cannot really be controlled
 - Organizations need 'adaptive governance'
 - Only the organization as a whole knows how to adapt to changing circumstances to achieve its goals
- The organization is not actually under the control of any one person
 - Learn to let go