

Jeremie Averous

The Fourth Revolution Manifesto

- Part V -

**The
Organization
Revolution**



The Fourth Revolution is a one-in-a-century's opportunity. What about becoming part of the new elite?



A Revolution is an opportunity: to become part of the new social leadership. This manifesto contains invaluable advice and direction as to the behaviors and skills to succeed and thrive through the world's transformation.

The Fourth Revolution is one of the few moments in humankind history where our world understanding and our society are completely redefined.

The Fourth Revolution has already ignited.

The manifesto explains the deep causes of the current changes of the world. What can we do to grasp the opportunity and build the world we want ?

Contribute to build our world
Connect and participate on
www.thefourthrevolution.org

Jérémie Averous is a senior executive, trainer, certified coach. He likes to describe himself as a K.E.E.N, a Knowledge Enhancer Exchanging Networker, the typical member of the new international nomadic community.



The Fourth Revolution Manifesto Reference



To make it easier for online consultation and download, the
Fourth Revolution Manifesto has been split in 8 parts

Part I	A short history of humankind – 100,000 years in 3 Revolutions
Part II	Cheap long distance interactive communication is new and transforms our collective cognitive capability
Part III	The Collaborative Age value system: how the collective cognitive capability of humankind is again transformed
Part IV	Four precursors of the Fourth Revolution – events and discoveries at odds with the Industrial Age model in the 20 th century
Part V	The Organization Revolution: from efficiency- management to effectiveness- leadership
Part VI	Four institutions that will be deeply transformed
Part VII	Four keys to success in the Collaborative Age: new insights, practices and skills
Part VIII	Your Choice. And why YOU are important for the Fourth Revolution.



The Fourth Revolution Manifesto

Part V - Contents



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Introduction

**The forces at work on
the organization**

Organizations are shaped by their environment



An organization is shaped by the technological and social constraints of the time. The type of organizations, its organization structure, its management and leadership mode, are shaped by the environment of the time and space where the organization operates.

The Corporation of the Industrial Age was shaped by the forces of the Industrial Age. As these social forces and technologies shift deeply, so will the organization in the Collaborative Age.

This part of the Fourth Revolution manifesto presents the fundamental dynamics of change already running through organizations today.



Beware leaders in organizations, better be at the forefront of change rather than being crushed by the ineluctable forces of the Fourth Revolution!

Effectiveness and Efficiency



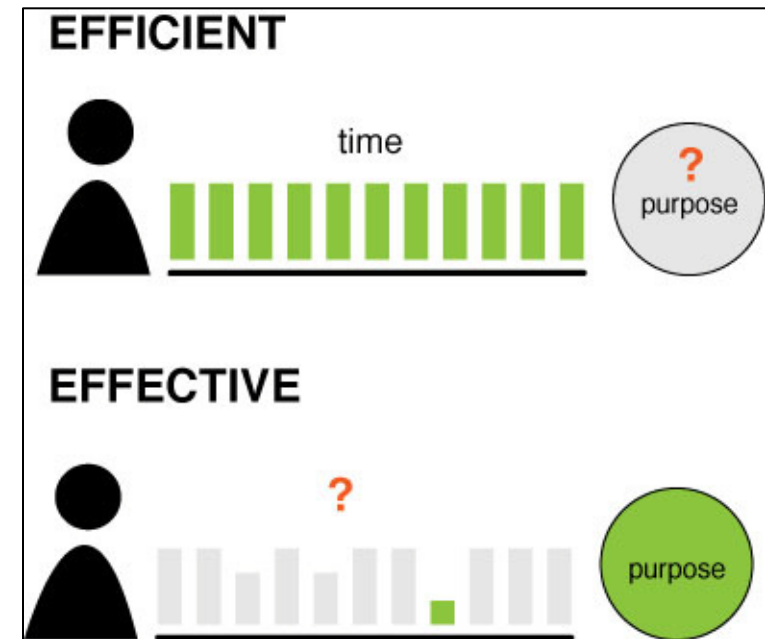
“**Efficiency**” and “**Effectiveness**” are two different terms which are used in this manifesto.

Efficiency aims at producing something with the least effort, energy, materials, time. It is an intrinsic indicator.

Effectiveness aims at producing something of the highest value for the effort, energy, material or time given. It is an extrinsic indicator.

It is possible to be very efficient without producing anything valuable.

It is possible to be effective with very little work.



Effectiveness and Efficiency Leadership and Management



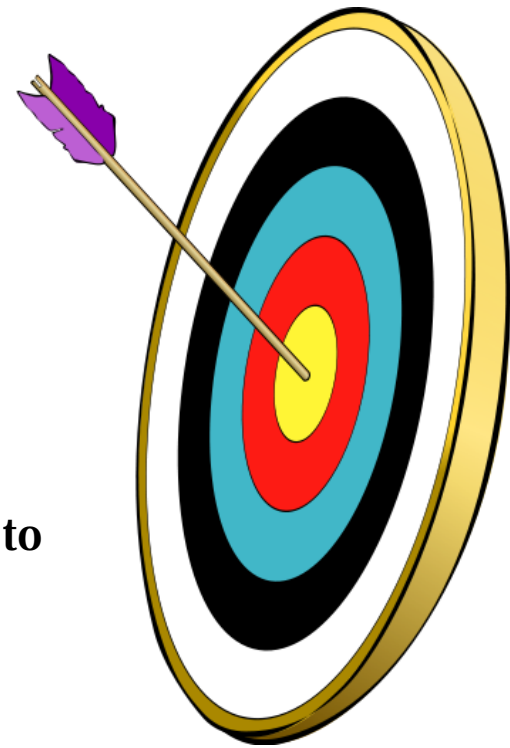
Management's objective is efficiency. Leadership's value is effectiveness.

Efficiency, like management,
is **DOING THINGS RIGHT.**

Effectiveness, like leadership,
is **DOING THE RIGHT THING.**

The Fourth Revolution displaces the focus from efficiency to effectiveness. It is a real, deep Revolution.

Let's see how.



A group of indigenous people, including a man in a feathered headdress and a woman, looking at a laptop held by a man in the foreground. The scene is set in a natural, outdoor environment with a thatched roof visible in the background.

Conventional Industrial Age wisdom about organizations

**The search of
efficiency through
management**

Organization in the Industrial Age: the drivers



The main drivers of the Industrial Age organization were:

- Information collection and treatment in an Age of scarce long distance communication;
- Efficiency focus in producing commodities;
- Material scarcity.



These key drivers led to the development of specific forms of organization.

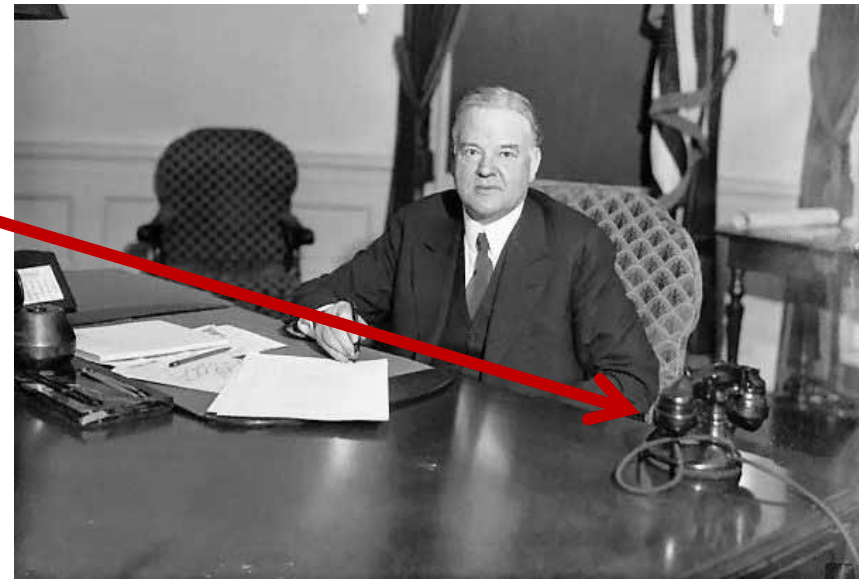
Organization in the Industrial Age: the age of hierarchy



The scarcity of long distance communication tools directly led to the hierarchical organization.

Why? Because it is the organization scheme which minimizes the number of communication links between employees

The phone and its long distance line is the totem of the boss!



Organization in the Industrial Age: the focus on efficiency



Because of material scarcity, anything produced will sell.

The focus is to increase **efficiency**, to produce **commodities** at the **lowest possible cost**



Organization in the Industrial Age: the focus on efficiency



Any customer can
have a car painted
any colour that he
wants,

so long as it is

black

- Henry Ford, 1909

Organization in the Industrial Age: Bureaucracy to manage information



Organizations setup specific tools and processes to manage information at an age where processing power is very limited.

This is the onset of **Bureaucracy**, the Industrial Age response to the information management problem.



1940-1950's

Organization in the Industrial Age: bureaucracy to manage information



And through the decades, **bureaucracy** continued to flourish in an amazingly similar form.



1960-1970's

Organization in the Industrial Age: Bureaucracy to manage information



The cubicle culture is just the latest form of **bureaucracy** in action.

1980-1990's



Organization in the Industrial Age: information management is key

Because information processing is a key competitive advantage, Corporations and Governments invest in large, expensive information management machines. It still employs armies of data entry clerks...



US census bureau 1890: the first mechanical information treatment

Organization in the Industrial Age: Information management is key

And this continues throughout the Industrial Age, until the 1970's. Information treatment is expensive, capital and labor intensive, centralized.



US census bureau 1960's

Organization in the Industrial Age: the age of the closed organization

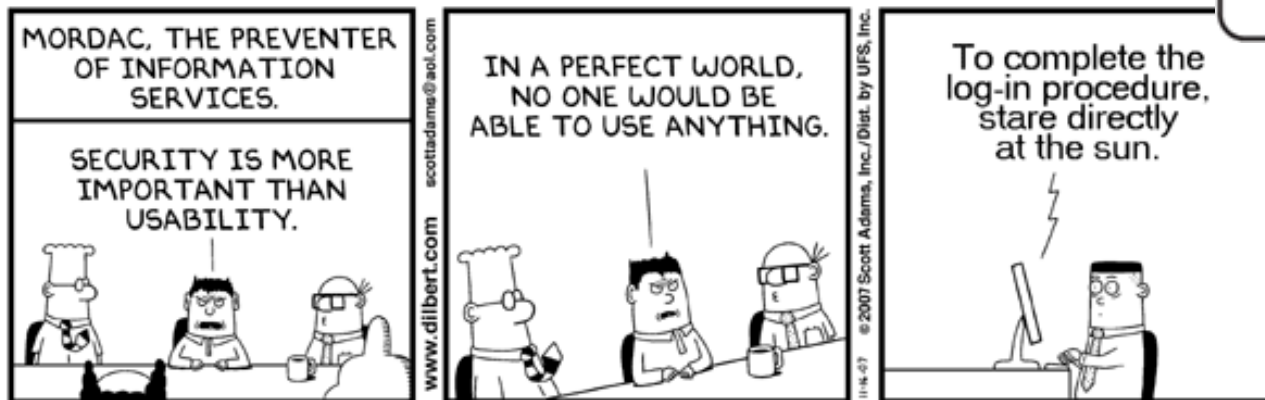


Industrial Age organizations are closed to outsiders:

- Information is power, an asset
- Information is legitimacy of management
- Outsiders should not be connected to the organization's information streams

SECURITY NOTICE

**EMPLOYEES MUST
WEAR PHOTO ID
AT ALL TIMES**



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The Organization's Revolution

**An Open, Fluid
Organization**

The organization's Revolution: the Open, Fluid organization



The main drivers of the Industrial Age organization are made obsolete. They are replaced by quite different drivers in the Collective Age.

Industrial Age driver	Collaborative Age new driver
Information collection and treatment in an Age of scarce long distance communication	Knowledge production and sharing in an Age of plentiful long distance communication
Efficiency focus in producing commodities	Effectiveness focus in producing unique stuff
Material scarcity	Material abundance

Accordingly, the shape of the organization has to change significantly.

The organization's Revolution: the Open, Fluid organization



The new drivers of the Collaborative Age lead to new typical forms of organization.

Collaborative Age new driver	Collaborative Age new organization form
Knowledge production and sharing in an Age of plentiful long distance communication	Open organization, around a social network
Effectiveness focus in producing unique stuff	Fluid organization, project oriented
Material abundance	Value in knowledge and service

What is practically an Open, Fluid organization?

The Collaborative Age organization

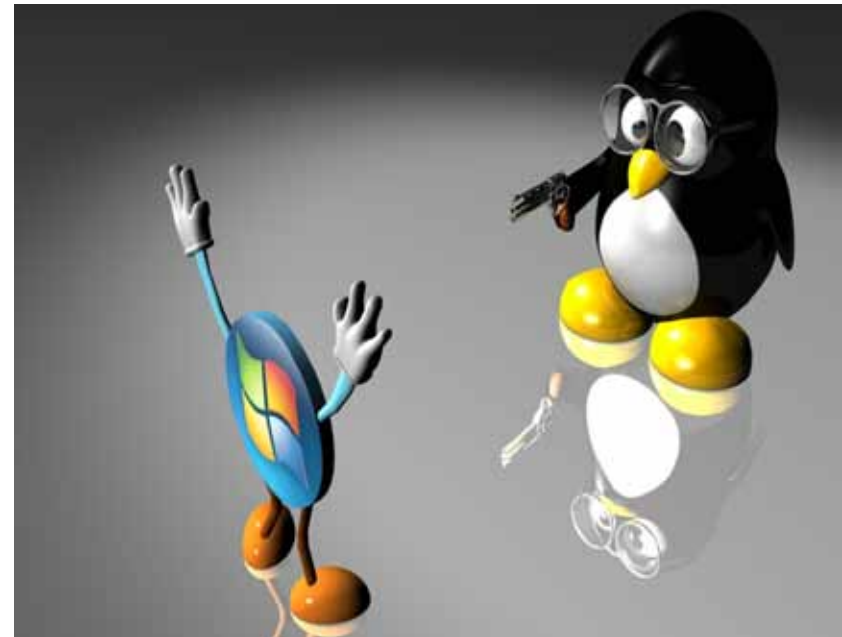
The Open Organization



Successful collaborative Age organizations are open to outsiders. What value does that bring?

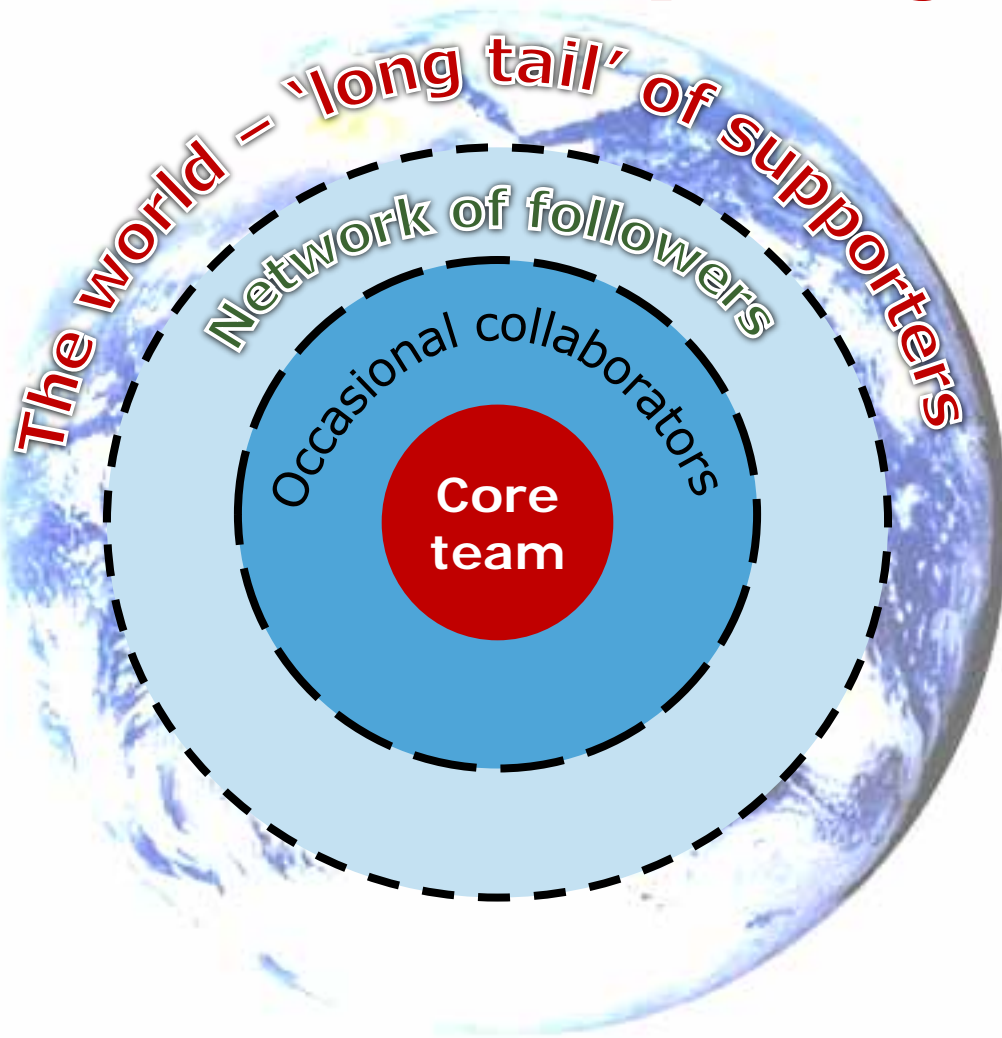
- Take full benefit of the “long tail” value
- Benefit from insights and contributions
- Project-orientation = network of temporary contributors

A great example is how Linux overtook Microsoft on a number of markets. It is a fully open organization that fully benefits from the insights of outsiders.



The Collaborative Age organization

The Open Organization



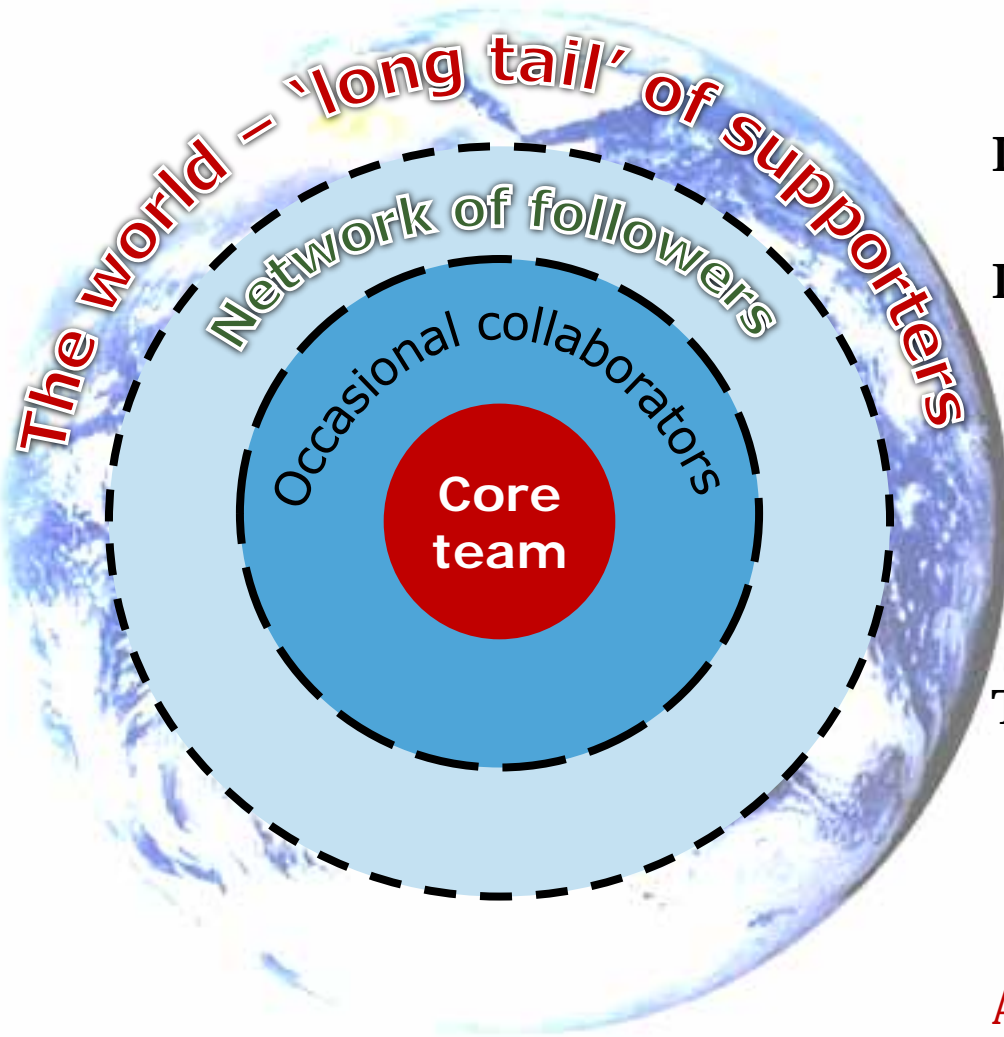
The Organization of the Collaborative Age is not only defined by its full time core team.

It is defined by its network footprint over the entire world:

- Some occasional Collaborators to projects, bringing specific expertise;
- Many Followers that are passionate about the organization and bring regular contributions and insights;
- Lots of Supporters that keep informed and sometimes bring key insights and connections.

The value of the organization will be in the network.

The Collaborative Age organization The Open Organization



In the Industrial Age, 98% of the value is derived from the core team.

In the Collaborative Age, in the spirit of the “long tail”, value will be derived in comparable amounts from all components – core team, Collaborators, Followers and Supporters

This means that the organization needs to have a compelling purpose, and give continuously value to the far fetched network in exchange for the value brought in.

A Revolution, indeed!

The Collaborative Age organization

The Open organization in practice



- The core team & project teams need to be consolidated by a **strong internal social network**
 - Keeping links beyond the current formal organization, over temporary projects
 - Giving discussion forums and places to discuss new innovations
- **the external social network** needs to give out value to collaborators, followers and supporters and be able to receive value back.



The Collaborative Age organization

The Open organization in practice



Of course, there are significant stumbling blocks for our Industrial-Age mindset to switch to the Open organization are:

- Intellectual property & data confidentiality
- Management controlling need over what gets done
- Non conventional compensation mechanisms for those totally unrelated, part-time contributors:
 - Compensate by recognition, fame...



Think about the value that can be unleashed by the Open Organization. Is it not worth it?

Only those organizations which will open will thrive in the Collaborative Age.

The Collaborative Age organization

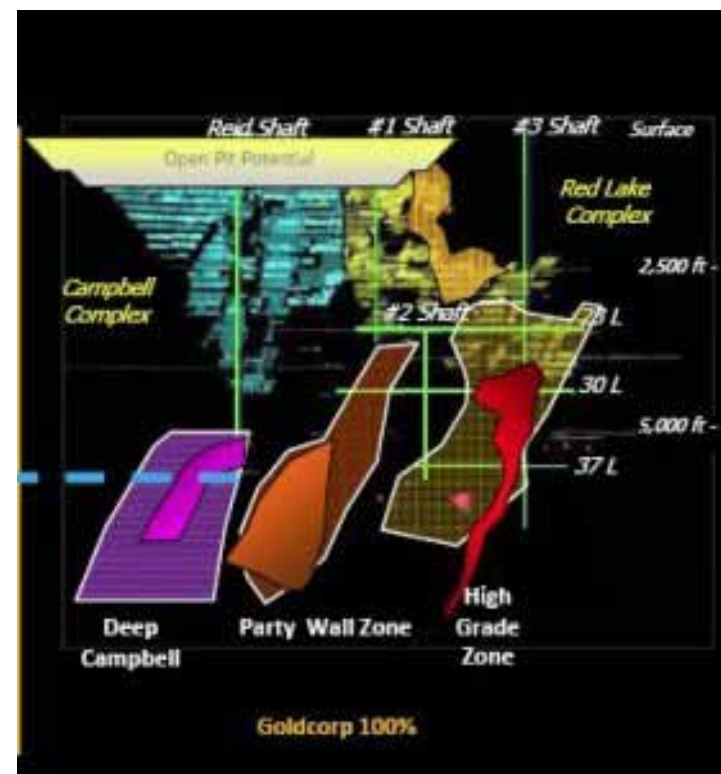
The Open organization in practice



The example of GoldCorp, a Canadian company.

In 2000, it was faced with declining production and a struggling mine. After hearing conflicting advice about where to find gold in their its Red Lake gold mine, they decide to launch a public challenge to help find gold.

Overturning the key principle of secrecy of geological data, they post all geological data (400MB) on the web... and offer a 600,000\$ price for the best method and suggestion for the mine's further development



Posting confidential geological data public ???

The Collaborative Age organization

The Open organization in practice



Success!

Entries include very innovative methods & software to make sense of geological data, from people inside and outside the mining industry. Some will lead to new software ventures.

The process cut down 3 years and millions of \$ worth of work by experts. Gold was found in buckets.

The main compensation for the winners is the public recognition they got.

Today, GoldCorp is one of the most profitable gold mining companies.



The Collaborative Age organization

A fluid organization around teams



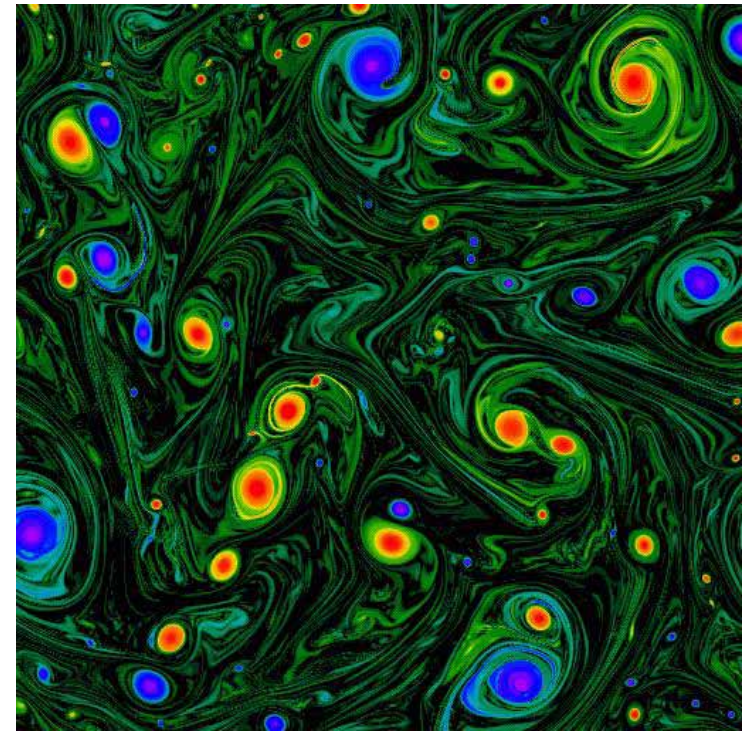
The Organization of the future will not only be Open, it will be Fluid. The core team will be a fluid, project oriented organization.



What better representation than turbulence, where vortices bring together energy for some time before dissipating and forming new vortices further away?

Industrial Age was calm, linear flow.

The Collaborative Age is turbulent flow. Undetermined, messy, but so creative and beautiful!

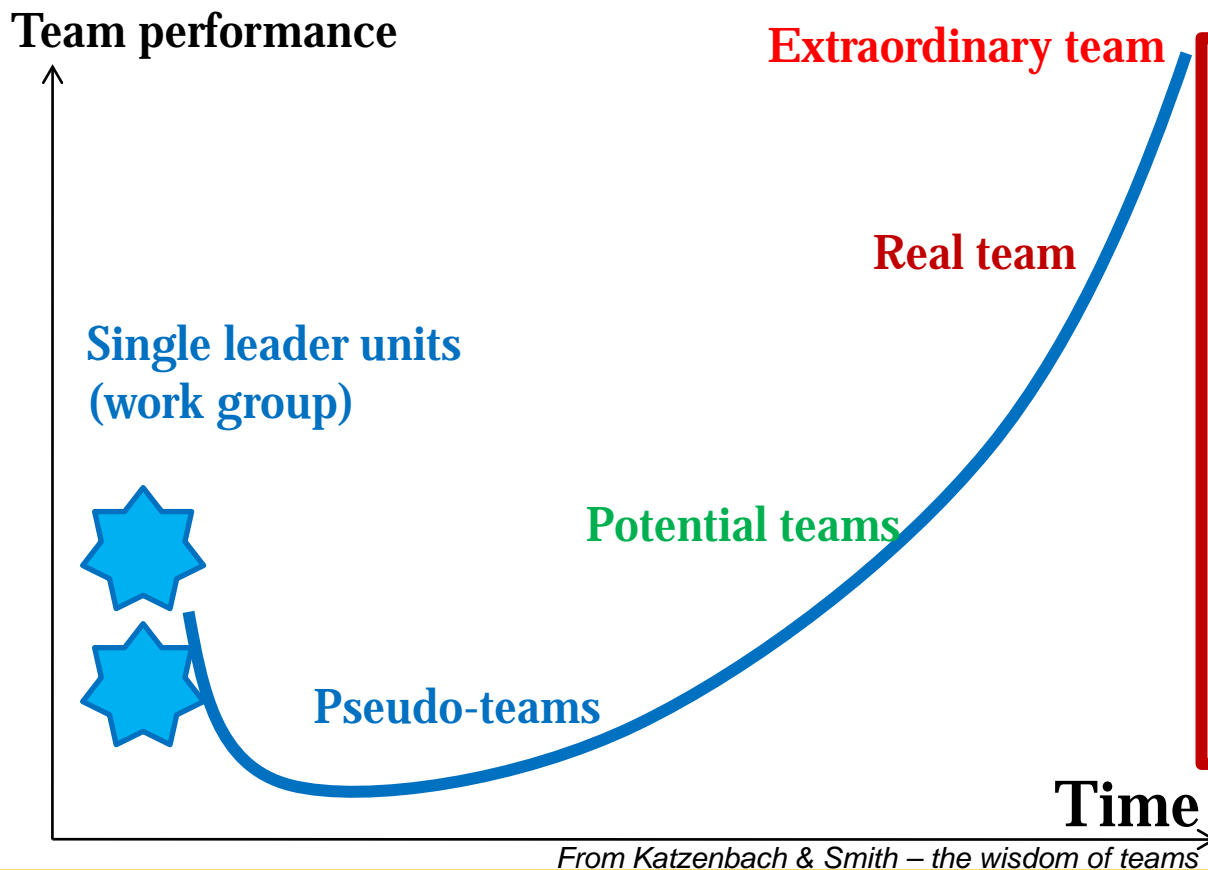


The Collaborative Age organization

A fluid organization around teams



Teams – temporary project teams – will be the backbone of value creation.



With the right ingredients, team performance can reach the extraordinary incredible.

In terms of team potential of achievement, the sky is the limit.

The Collaborative Age organization

A fluid organization around teams



Performance drivers of a Fluid organization around temporary project teams is significantly different from the conventional Industrial Age organization performance drivers

Industrial Age performance drivers	Collaborative Age team performance drivers
Large number	Small number
Purpose set by the leader	Common purpose set by the team
Command & control, Rationalist or Visionary leadership	'mutual learning' leadership
Focus on productivity	Focus on performance outcome
Members stick to their job description	Members share the load even outside their normal responsibilities
Leader's single accountability	Mutual accountability

"The potential of teams performance is enormous and untapped in most organizations"

The Collaborative Age organization

The Fluid organization in practice



The Fluid organization requires flexibility around time-limited projects

Project management and leadership requires specific tools & processes compared to Industrial-Age manufacturing-type activities:

- Team performance assurance
- Focus on (scarce) resource management
- Detailed planning driven by resource availability
- Cost control to forecast financial situation, instead of relying only on accounting, which is a picture of the past



The Collaborative Age organization

The Fluid organization in practice



Main stumbling blocks for our Industrial-Age mindset to switch to the Fluid organization

- Ego, and everything which participates to one's identity in the hierarchical organization (job title, perks...)
- Control mechanisms (job descriptions, excessive procedures)
- Compensation schemes (focused on personal performance)
- No space for personal initiatives and experiments
- Lack of flexibility and reactivity
- Fear of failure when taking initiatives



The Collaborative Age organization

The Fluid organization in practice



Main stumbling blocks for our Industrial-Age mindset to switch to the Fluid organization (continued)

From my observation as a coach in the workplace, I observe that roughly:

- **Organizations today routinely don't use more than 1/3 of their people's capabilities**

That's because the 'job descriptions' limit what people can give the organization.

Think about the potential you could unleash if you just allowed the organization to tap into another 10% of its people's capabilities!!!



What about tapping into your people's potential?

The Collaborative Age organization

The focus on effectiveness



The market for material goods is saturated.

What is important today is not how much you produce.

It is how

**different, innovative,
fun** you are.

Do you buy the phone on the right or on the left?

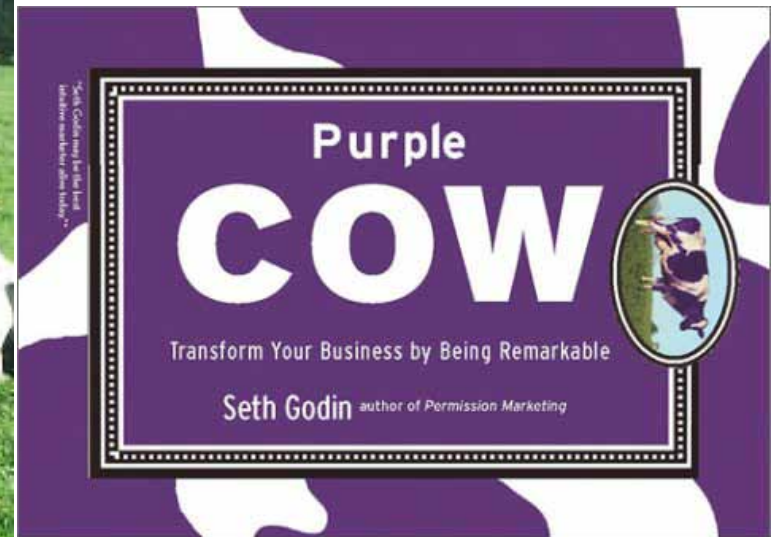


The Collaborative Age organization

The focus on effectiveness



The **Purple Cow** is the metaphor used by Seth Godin to explain what is needed to effectively market a product today. In a market full of black & white cows, you'll be attracted by the **Purple Cow**. Uniqueness 101 at work...



The Collaborative Age organization Organization's justification




What is the justification of an organization? In the Industrial Age, Ronald Coase (a Nobel prize of economy) famously demonstrated in the 1930's that an organization is justified by the fact that internal transaction costs are lower than if the goods and services were sourced on the market.

In the Collaborative world, material goods and services are abundant and easy to procure. This should drive the typical organization size down.

At the same time, what is expensive and time-consuming to get is people. Having an internal market of readily available people explains why organizations are still needed in the Collaborative Age.

Industrial Age organization justification	Collaborative Age organization justification
<ul style="list-style-type: none">- the mobilization of capital- the internal transaction costs	<ul style="list-style-type: none">-the low cost & delay in mobilizing experienced, qualified human resources

A group of indigenous people, likely from a tribe in Papua New Guinea, are gathered around a laptop computer. The man in the foreground, wearing a traditional headdress with a large feathered top and a dark face mask, is holding the laptop. He is looking at the screen with a focused expression. Behind him, a woman and two children are also looking at the laptop. The woman has a serious expression, and the children appear curious. The background shows a rustic wooden structure and lush greenery, suggesting a rural setting. The overall scene illustrates the intersection of traditional culture and modern technology.

The importance of leadership in the search for effectiveness

Are you ready?

The Collaborative Age organization Leadership and effectiveness



The driver of the Industrial Age is efficiency, which is obtained by the practice of MANAGEMENT

- *Detailed procedures*
- *Control of each minute of work*
- *Negative view on initiatives and creativity*
- *Power through information / knowledge retention*
- *Leadership reserved for top executives*



The Collaborative Age organization Leadership and effectiveness



Today's organization driver is effectiveness – which is obtained through
LEADERSHIP

Everybody

- *is a leader*
- *takes initiatives*
- *shares knowledge and information*
- *shows serendipity in products and findings*
- *shares a strong purpose*



The Collaborative Age organization

A new basis for value production



Leadership is the key skill that will drive value creation in the Collaborative Age.

It involves leadership on social networks. Strong marketing skills. It involves leadership at all levels of the organization.

Are you ready to relish control of the details and LEAD?

The Collaborative Age organization A new basis for value production



Discover the new Collaborative Age leadership style – ‘mutual learning leadership’ in detail in the Fourth Revolution Manifesto part VII...





Conclusion

**The world beyond the
Fourth Revolution**

A transformation

The world beyond the Fourth Revolution. A deep transformation



Beyond the Fourth Revolution, the Collaborative Age, our world will have been deeply transformed.

Organizations will be open, fluid, focused on effectiveness.

Our mindset will have changed deeply.



The world beyond the Fourth Revolution will be fundamentally different

The Fourth Revolution has ignited. What does it mean?



In part VI of the Manifesto we will look in more detail about what the Fourth Revolution means to some of the institutions founding our societies, and that we take for granted today.

Institutions will undergo dramatic changes. Institutions we consider normal today, will possibly become unethical and loathed. These changes will deeply transform our daily life.



**Read part VI of the Manifesto:
Four Key Institutions that will be deeply transformed**



To be
continued...

Read part VI-
Four Key Institutions
that will be deeply
transformed