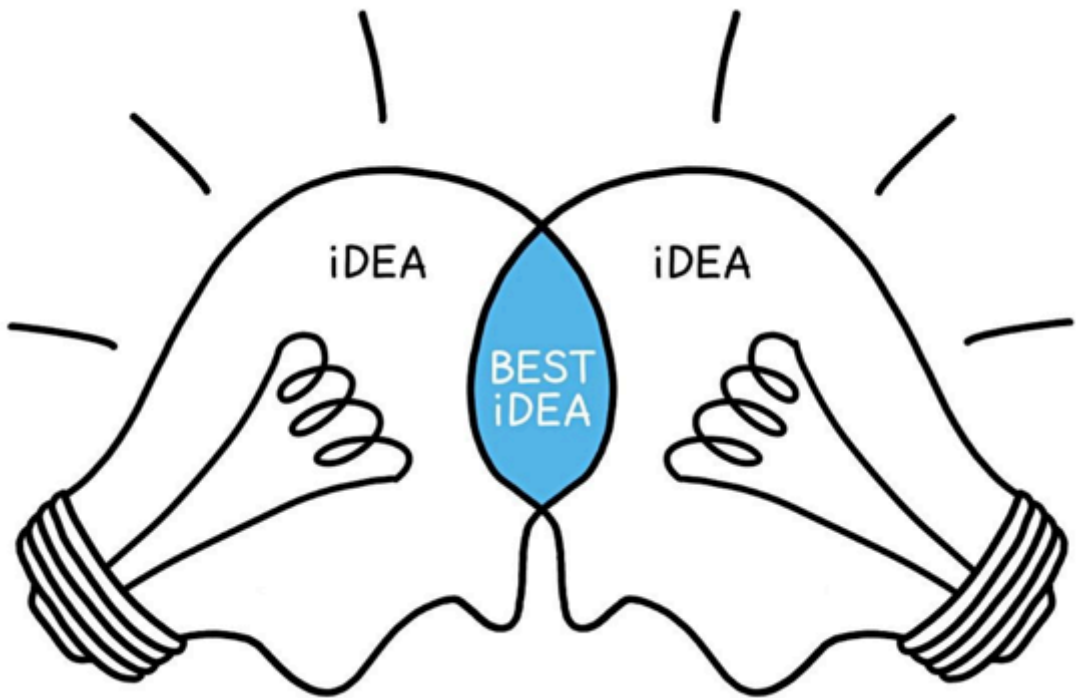


INSPIRATION FOR

Management Innovation

FOR SERVANT LEADERSHIP



FIRST BUDDY ISSUE

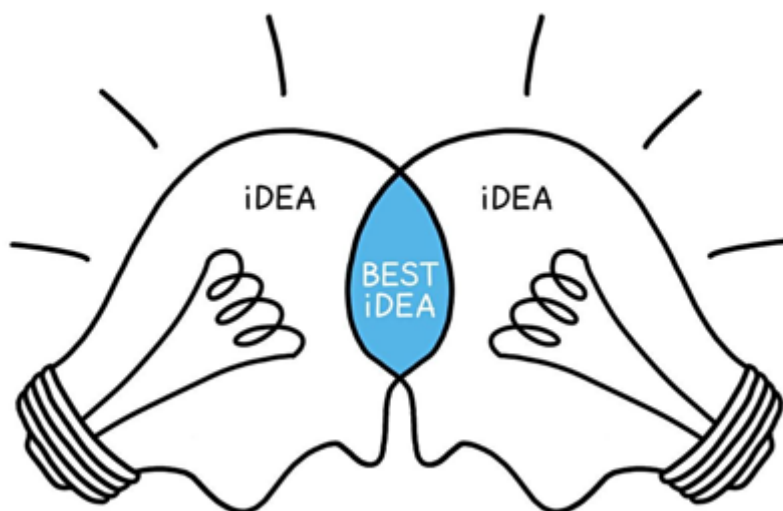
BUDDY DISCUSSION TOPICS

The content in this buddy issue is focused around leadership and management innovation, specifically trust.

Please keep these questions in mind while going through the material and discuss them with your buddy.

QUESTIONS

1. What's your view of the link between trust and operational result?
2. Do you have any concerns around moving from control to trust?
3. How do you build trust? Do you have any good examples?
4. Under what circumstances do we risk to lose trust?



THE NEUROSCIENCE OF TRUST



“In my research I’ve found that building a culture of trust is what makes a meaningful difference. Employees in high-trust organizations are more productive, have more energy at work, collaborate better with their colleagues, and stay with their employers longer than people working at low-trust companies. They also suffer less chronic stress and are happier with their lives, and these factors fuel stronger performance.

Leaders understand the stakes—at least in principle. In its 2016 global CEO survey, PwC reported that 55% of CEOs think that a lack of trust is a threat to their organization’s growth. But most have done little to increase trust, mainly because they aren’t sure where to start. In this article I provide a science-based framework that will help them.

Compared with people at low-trust companies, people at high-trust companies report: 74% less stress, 106% more energy at work, 50% higher productivity, 13% fewer sick days, 76% more engagement, 29% more satisfaction with their lives, 40% less burnout.”

A version of this article appeared in the January–February 2017 issue (pp.84–90) of Harvard Business Review.

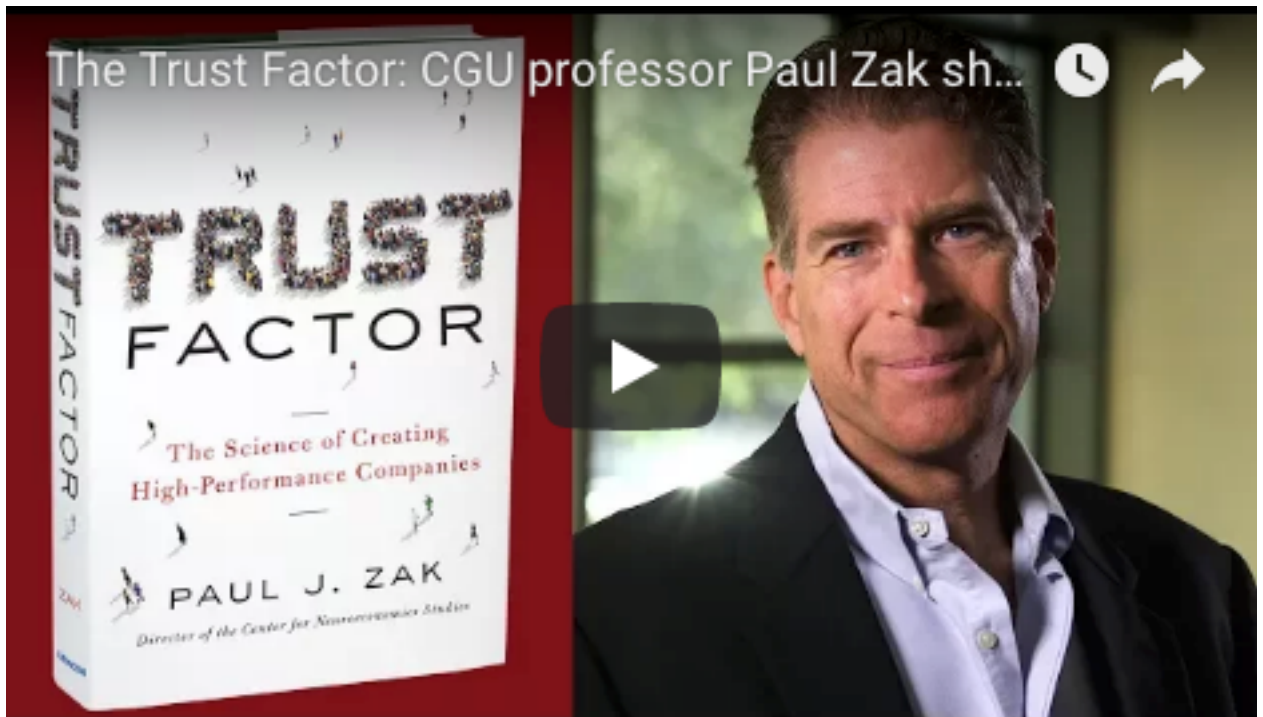
Paul J. Zak is the founding director of the Center for Neuroeconomics Studies and a professor of economics, psychology, and management at Claremont Graduate University. He is the author of Trust Factor: The Science of Creating High-Performance Companies (AMACOM, 2017).

SUGGESTED DEEPDIVE FULL ARTICLE IN HARVARD BUSINESS REVIEW

<https://hbr.org/2017/01/the-neuroscience-of-trust>

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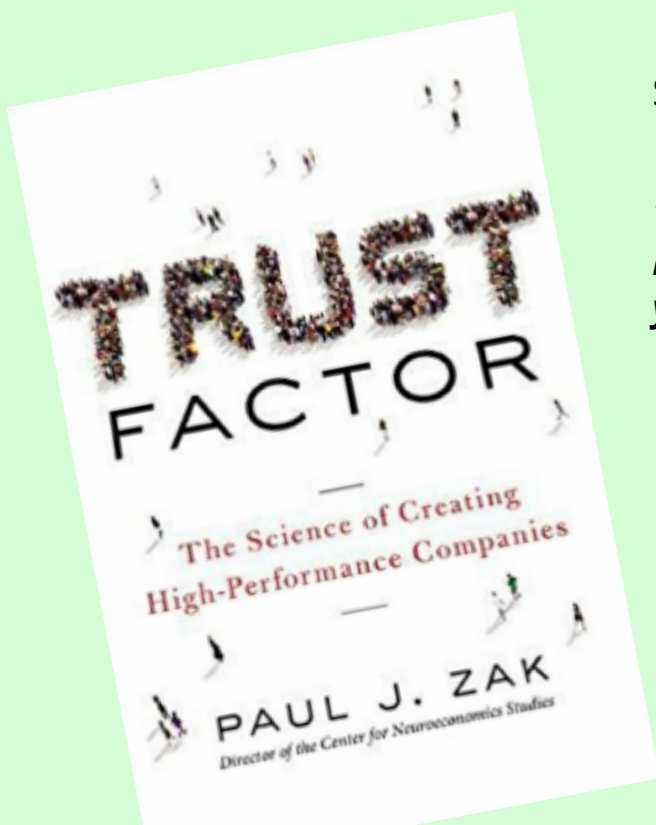
THE NEUROSCIENCE OF TRUST



Introduction to the research

<https://www.youtube.com/watch?v=d-lg64lcMgE&feature=youtu.be>

Film 5 min



SUGGESTED DEEPIVE BOOK

You're welcome to come and borrow a copy of the book when you come and meet with us.

The balance of trust and control



Film 4 min

https://www.youtube.com/watch?v=c740ZZ3_2Fw

Please copy paste link in your browser if the hyperlink doesn't work.

The Leader's Dilemma

How to build an empowered and adaptive organization without losing control

“Many leaders have visions of building ‘strategy-focused’, ‘quality-driven’, ‘lean and agile’, ‘team-based’ and ‘customer-focused’ organizations. They all want to cut bureaucracy and empower their people. They all want to manage strategies instead of budgets and adapt to each new reality rather than be a slave to the plan. But few can see a way to do this within the ‘command-and-control’ management models they have inherited.

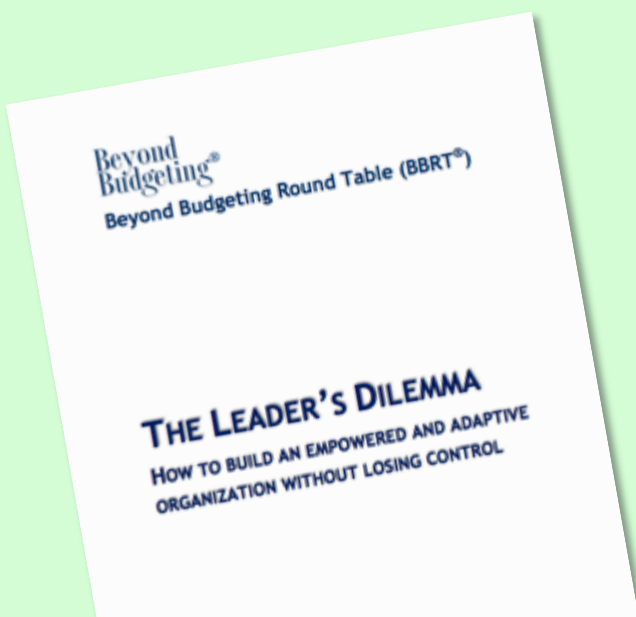
This is the leader's dilemma. How can he or she dismantle the bureaucracy and budget and build empowered and adaptive organizations yet maintain coordination and control? What does an alternative management model look like and how do they get from where they are today to where they want to be in three or five years from now? “

The BBRT is an independent, international research collaborative and shared learning network of member organizations that is at the centre of a movement to help organizations transform their management models to enable sustained, superior performance. The Beyond Budgeting model has been derived from the BBRT's research into the ‘best practices’ of exceptional organizations.

The authors would like to thank all those people who have participated in the BBRT since its inception together with other members of the BBRT team who have provided many insights into implementations of adaptive performance management systems based on the Beyond Budgeting principles.

*This paper is based on the book “**The Leader's Dilemma: How to build and empowered and adaptive organization without losing control**” by Jeremy Hope, Peter Bunce and Franz Rössli.*

SUGGESTED DEEPDIVE



Please see attached white paper with “The Leader's Dilemma” for full article.

The adaptive management model



Beyond Budgeting is a management model that have been used for over 20 years by Statoil and Handelsbanken as a way to decentralize and create flexibility in the organization.

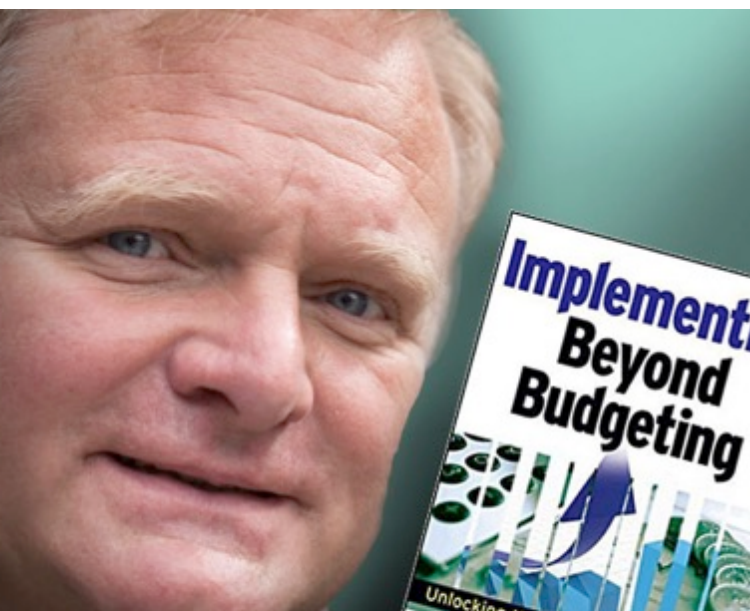
Beyond Budgeting has now been around for twenty years. More and more companies across the world are embarking on a Beyond Budgeting journey, from global giants to smaller ones not yet strangled by corporate controls and bureaucracy, eager to protect their start-up agility as they grow. The financial crisis ten years ago was a stark reminder for many that businesses need something more agile and responsive than what traditional management can offer, including budgeting – a management technology invented a hundred years ago under very different circumstances.

Lately, after years of trying to scale Agile, “Business Agility” has (finally) become a hot topic. Beyond Budgeting has been on this end of agility all the way back when Agile was only a software development thing. Some find the model very comprehensive, almost overwhelming, given the way it addresses almost all issues that need to be on the C-suite agenda, from leadership to management processes

The 12 principles of Beyond Budgeting

Leadership Principles	
1. Purpose	Engage and inspire people around bold and noble causes; not around short-term financial targets.
2. Values	Govern through shared values and sound judgment; not through detailed rules and regulations.
3. Transparency	Make information open for self regulation, innovation, learning and control; don't restrict it.
4. Organization	Cultivate a strong sense of belonging and organize around accountable teams; avoid hierarchical control and bureaucracy.
5. Autonomy	Trust people with freedom to act; don't punish everyone if someone would abuse it.
6. Customers	Connect everyone's work with customer needs; avoid conflicts of interest.

Management Processes	
7. Rhythm	Organize management processes dynamically around business rhythms and events; not around the calendar year only.
8. Targets	Set directional, ambitious and relative goals; avoid fixed and cascaded targets.
9. Plans and forecasts	Make planning and forecasting lean and unbiased processes; not rigid and political exercises.
10. Resource allocation	Foster a cost-conscious mind-set and make resources available as needed; not through detailed annual budget allocations.
11. Performance evaluation	Evaluate performance holistically and with peer feedback for learning and development; not based on measurement only and not for rewards only.
12. Rewards	Reward shared success against competitor; not against fixed performance contracts.



SUGGESTED DEEPCDIVE

An example of Bjarte Bogsnes book on Beyond Budgeting will be available for you to borrow on Friday 16.

Please come and visit us !

Beyond Budgeting Round Table Website

<https://bbrt.org/>

Statoil's model for ambition to Action

"At Statoil, we try to take reality seriously, not just a dynamic and unpredictable business environment, but also all the competent and responsible people in the company. It sounds obvious, but requires fundamental changes in how we lead and manage. In 2005 we started on a journey of radically changing our management processes, which included abolishing traditional budgeting. In 2010 we also decided to "kick out the calendar". These were both key steps towards a more dynamic, flexible and self-regulating management model.

The main principles in Statoil's new and fully dynamic process are as follows:

No annual versions of Ambition to Action.

Strategic objectives, KPIs, KPI targets and forecasts can be changed when deemed necessary by teams themselves.

Event-driven changes, not calendar-driven.

Events can be external or internal, and the definition is simple: "Whatever is important for your team".

Simple change and coordination controls;

Big changes should be approved one level above, smaller changes only informed about to. Big or small, always inform other affected units if necessary. Teams sort out between themselves what is big and what is small.

Target and forecast horizons should reflect lead times, urgency, uncertainty and complexity in the different businesses."

- Quote from Bjarte Bogsnes

SUGGESTED DEEPDIVE FULL ARTICLE IN MANAGEMENT EXCHANGE

<https://www.managementexchange.com/story/taking-reality-seriously-towards-more-self-regulating-management-model-statoil>

Please copy paste link in your browser if the hyperlink doesn't work.

The Speed of Trust



<https://youtu.be/hoJ7X-RMYgl>

Film 2 min

Please copy paste link in your browser if the hyperlink doesn't work.

Servant Leadership



<https://youtu.be/QTiUy8uSWtE>

Film 3 min

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