

## An Overview of Next Generation Organization 2.0

*“It will be those organizations that reach a critical mass of people and teams expressing their full voice that will achieve next-level breakthrough in productivity, innovation, and leadership in the marketplace and society.”*

*“The idea of empowerment, and distributing the leadership throughout an entire organization, this is happening among the more progressive companies throughout the whole country and throughout the world.”*

–Stephen Covey, “The 8th Habit”



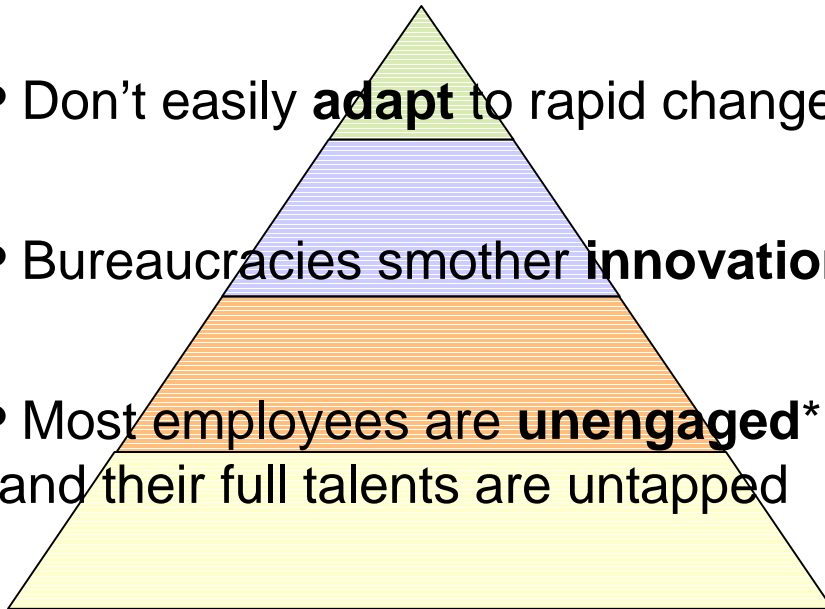
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Evidence suggests our large organizations today are still fundamentally flawed, such as the cynical satire of Dilbert (the most popular comic strip in America), the lack of confidence in government institutions, and the routine portrayal of corrupt and “evil” corporations in entertainment and the media.



## OUR ORGANIZATIONS OF THE LAST CENTURY ARE STRUGGLING IN THIS ONE

- Don't easily **adapt** to rapid change
- Bureaucracies smother **innovation**
- Most employees are **unengaged**\* and their full talents are untapped



Markets do these things better than top-down, hierarchical, command-and-control bureaucracies.

**How can we make organizations operate more like markets?**

*“Market-based economies outperform those that are centrally planned. ...**markets are better than hierarchies at getting the right resources behind the right opportunities at the right time.** The average company, though, operates more like a socialist state than an unfettered market. A hierarchy may be an effective mechanism for applying resources, but it is an imperfect device for allocating resources.”*

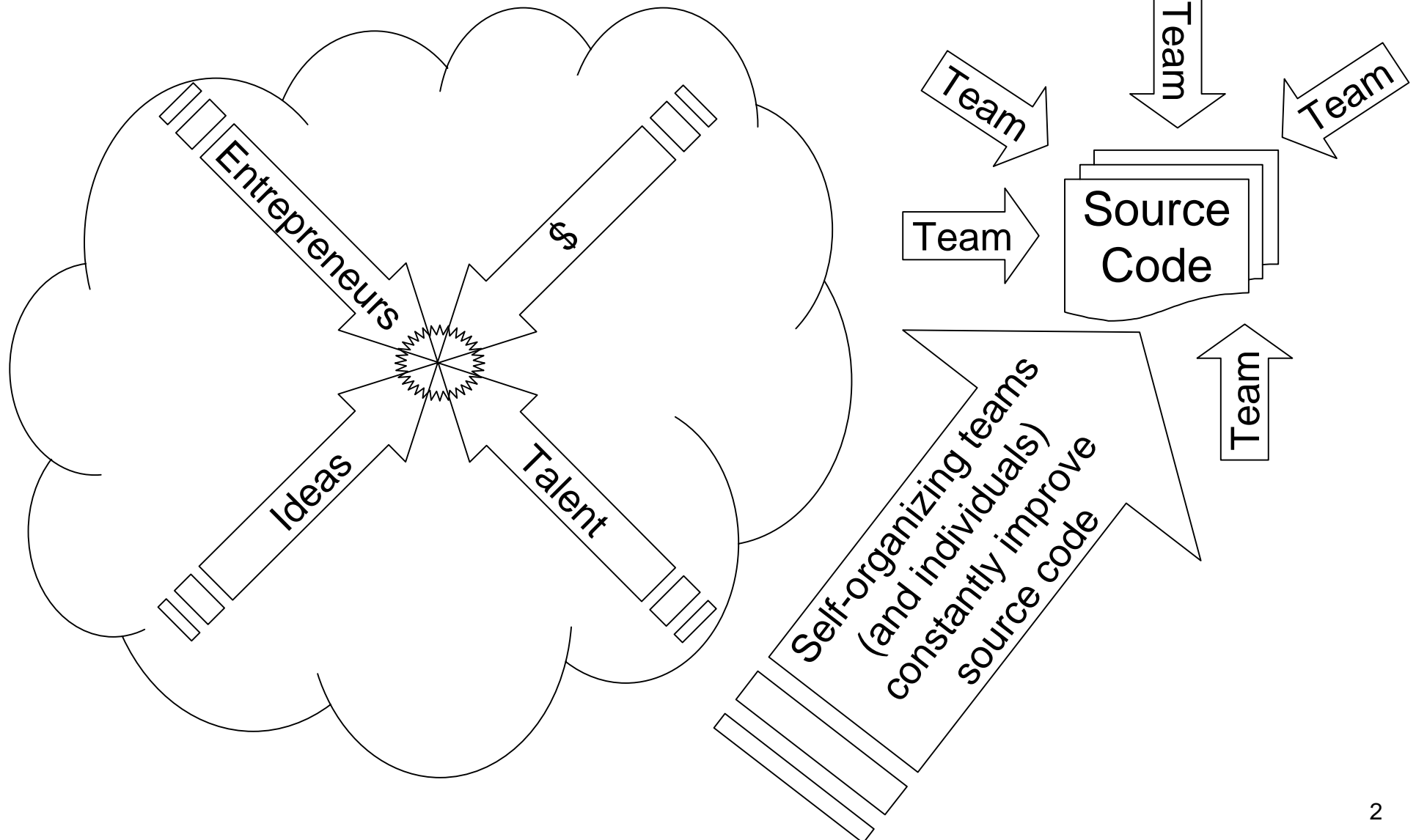
*—“The Quest for Resilience” by Gary Hamel and Liisa Välikangas, Harvard Business Review, Sept. 2003*

\* Some surveys suggest between 55% and 80% of employees are unengaged.

## TWO MODELS FOR ORGANIZATION 2.0

### 1. The Silicon Valley Ecosystem

### 2. Open Source Development

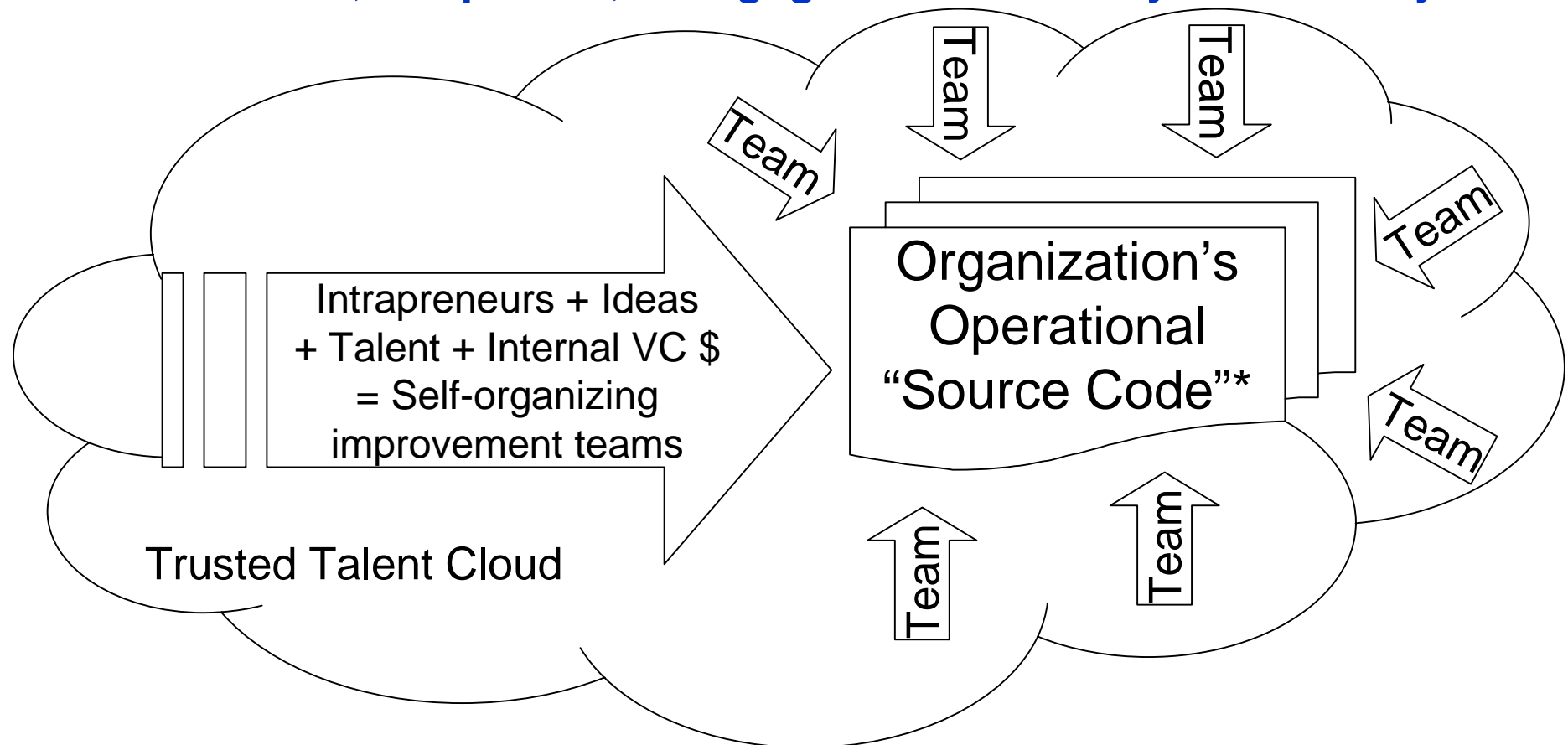


“We are in the early stages of an increase in human freedom in business that may, in the long run, be as important a change for businesses as the change to democracy was for governments... It won't mean the end of management, but management will no longer be about command and control.” –Dr. Thomas Malone, MIT, “The Future of Work”

## COMBINING THE TWO MODELS INTO ORGANIZATION 2.0

### A Silicon Valley-like ecosystem wrapped around an organization's operational “source code”\*

#### Innovation, Adaptation, & Engagement + Stability & Efficiency



\* A model of the organization's value delivery system: processes, services, assets/resources, employees in operational roles, facilities and equipment, IT systems, IP, brands, knowledgebases, relationships (customers, suppliers, partners), etc.

The fast-changing technology industry of Silicon Valley was the birthplace of our new high-speed economy. But now almost all industries are facing the same intense pace of change. What are the lessons other industries can learn from the Silicon Valley ecosystem? Adaptive speed. Empowered employees with passion and engagement. Bottom-up innovation in all aspects of the firm - not just product development. The camaraderie and energy of small teams. Challenges that stretch talent to their full potential. It's time to bring this entrepreneurial spirit into organizations in other industries, as well as our government and non-profits.

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## **VISION OF ORGANIZATION 2.0**

- From rigid org charts to fluid operations models and project teams
- From employees as cogs in a machine, offshored to the lowest bidder, to creative, empowered team members
- From narrow, constraining job descriptions to a dynamic, tradable portfolio of operational, project, and leadership roles that tap people's full potential
- From static, stressful jobs to an ever-changing mix of roles to maintain optimal productive Flow in the zone between bored and burned-out
- From tension-filled boss-subordinate relationships to an array of internal clients for my services
- From reactive top-down assignments to proactive bottom-up initiatives by self-organizing teams
- From supervisors controlling departments to internal venture capitalists sponsoring projects
- From rigid budgets to flexible, investable pools of capital
- From resource allocation via political games to internal free markets
- From siloed and opaque to open and transparent organizations
- From power based on position to power based on respect, trust, and expertise
- From overwhelming email-driven communications to comprehensive collaboration tools and environments (like OpenTeams)