RSA
Fellowship

Market Towns Initiative

What does success mean?

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RSA FELLOWS

A report by

Executive summary

Digital technologies are disrupting and transforming our world, resulting in unprecedented constitutional, economic, environmental and societal change. GDP, productivity and economic growth have long been presented as the key to success; the route to increased prosperity and improved living standards, but resources are finite, consumption levels are at an all time high and inequalities are widening. It's time to collectively pour our creative energies into re-imagining what success means in the 21st Century and how we are going to achieve it in a way that maximises human wellbeing <u>and</u> shrinks our footprint on the environment, instead of growth at all costs.

20th Century strategies were based on the theory of pleasure being derived from consumption, with success dependent on earning more in order to consume more. In the 21st Century technology is disrupting norms, values and roles. We are moving from a closed and controlled society to a more open and collaborative society. We need a new education system and new work practices to achieve a new vision of success based on participation and fulfilment.

Whilst some leaders are struggling to adjust to the shifting values and norms, others are taking risks and working collaboratively with start ups, sharing resources, contacts and space in unprecedented ways and developing new group norms to create more open and trusting environments. By embracing instead of resisting the disruption, these organisations are blurring roles and strengthening bonds with their suppliers, employees and customers. They are inspiring more engaged, productive stakeholders who co-create innovative solutions by combining tangible and intangible resources in new ways. Leaders who resist change however and continue to rely on 20th Century work practices risk losing their power and influence as workers and consumers desert them to find more fulfilling, productive uses of their time.

The RSA with over 28,000 Fellows around the world is ideally placed to help spread the word of what pioneers are doing and to share their new approaches to education and work.

This report describes some of the most innovative new ways of working and has identified a number of common themes. As a result we propose the following outline process for creating cultural change by:

• Identifying and understanding **why** you want to disrupt the cultural norm and create change within a place or organisation (NB making money or cutting budgets are the result, not the inspiring driver)

• inspiring others to believe what you believe by sharing stories, values and beliefs as to what success means

• creating a more trusting, psychologically safe environment that rewards collaboration and self management over competition, that connects individuals, enabling them to co-create innovative solutions that combine tangible and intangible resources in new ways

• disrupting and altering the culture of your own organisation by supporting projects initiated by individuals outside of the core team and sharing resources, connections, experience and space with start ups and other external organisations.

Introduction

Launched in June 2015, the RSA Fellow led Market Towns Initiative has comprised of six stages to date:

1. in depth research into four northern case study towns: Todmorden, Frodsham, Kendal and Berwick upon Tweed.

2. round table discussions in each of the case study towns

3. further research expanding on outcomes

4. publication of findings in *The Northern Powerhouse: Where do Market Towns fit in*?[1] report in March 2016

5. discussion of findings at events in Halifax, Manchester, Leeds, Newcastle and Chester

6. commencement of three follow on projects in June 2016:
    1. Improving productivity
    2. Redefining prosperity
    3. Connecting education providers and businesses

During the RSA Fellow led project *The Northern Powerhouse: Where do Market Towns fit in*? we identified how the city led focus of the Northern Powerhouse risks overlooking the role and value of outlying areas. We cautioned that areas outside of the core city focus may simply be left to decline further whilst others prosper under the Northern Powerhouse and we questioned how our city leaders are going to reconnect and create opportunities for people and places who have previously been left behind. We also queried how effective the Northern Powerhouse strategy can be in achieving its primary objective of raising productivity and improving prosperity if the gaping inequalities are not addressed and access to economic growth is not available to everyone.

We outlined that whilst top down, centrally developed strategies are too simplistic and commonly fail to take into account the local context, grassroots initiatives face cultural barriers which prevent impact, rendering them unsustainable. We identified widespread mistrust, particularly of leaders and a self-protectionist culture preventing co-operation and co-creation. We highlighted that social and economic problems are wide ranging and deeply diverse in not only their cause but also in their potential resolution and that communities need to develop new innovative solutions to tackle their specific challenges, inequalities and skills shortages in order to maximise their own unique opportunities. We also stressed the importance of relationships and connections, particularly in education and the need for deeper, stronger relationships between education providers and employers so as to provide inspiring and clearly defined pathways to careers for our younger generation and wider opportunities for lifelong learning.

We also saw the social, environmental and economic impact of commuting on our rural communities and on the lives of the commuters and their families. Yet the majority of businesses and organisations remain rooted to the command and control model of the 20th Century where the work environment is closed and controlled, IP and R&D are carefully protected and there are stringent controls over who does what and how they do it with clear chains of command.

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[1] https://www.thersa.org/globalassets/pdfs/reports/rsa-northern-powerhouse-mti-fellowship-report.pdf

Digital technologies are disrupting the way we live and work and computers are increasingly taking over the routine, repeatable tasks. Employees are becoming increasingly disengaged, leaving employment to seek personal satisfaction, challenge, self-development and a more fulfilling work life balance. Investors in People reported in January 2016 that 49% of the UK workforce will be looking for new jobs in 2016, with one in 5 workers already actively job hunting. The findings are highlighted in *Job Exodus Trends 2016*[2] which shows that nearly a third of employees say they are miserable in their jobs due to a combination of poor management (43%) and not feeling valued (39%). One in 5 employees are complaining of high workloads (19%), nearly a quarter are concerned by a lack of career progression (23%) and over a quarter are unhappy with their levels of pay (27%), prompting a potential mass exodus.

In our first report we suggested hub working as a potential solution to reduce the social, economic and environment impact of commuting, improve collaboration and increase productivity but the greatest barrier to changing corporate cultures is the lack of trust. New work practices are viewed with scepticism but some organisations are radically changing their work practices with significant results. The examples below will hopefully expand the perception of these emerging work practices, reassure sceptics and provide some inspiration as to how organisations, even longstanding organisations can radically change their cultural norms, improve employee retention and happiness, cut costs and ultimately increase productivity.

The views of Fellows of the RSA and others have been gathered during events in Halifax, Manchester, Leeds, Newcastle and Chester, via the RSA LinkedIn group, one to one discussions and desk based research. We would like to thank those Fellows and others who took the time to contribute to this project.

The findings of this report are not necessarily the views shared by the RSA.

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[2] https://www.investorsinpeople.com/resources/ideas-and-inspiration/job-exodus-trends-2016-employee-sentiment-poll

Self managing teams

Imagine working in an organisation with no office hours, unlimited holidays, no departments, no corporate ladders, no hierarchies, no managers, just self managed work teams who not only set their own salaries but who own the decision making, with leaders who lead because people are following them, not because they have a title on the door and profits are shared by everyone. To some this sounds utopian, to others this sounds crazy and reckless.

Leaders around the world are adopting and developing new work practices, with some very significant results. The Brazilian group SEMCO began as a manufacturer of centrifuges used in the vegetable oils industry and has grown into a myriad of companies from real estate, to industrial equipment, to document management. Now it takes in around $240 million in revenue with a staff turnover rate below 2% in an industry where 18% is the norm. It has thousands of employees, yet it functions in a very none-traditional way. There are two ruling assumptions: 1) "trust in adult behaviour"—the basic human drive to be productive, to build toward the future, and to contribute to something larger than themselves, and 2) every person's rhythms are different when it comes to when and where and how they do their best work.

SEMCO consists of autonomous, self-managed teams of 6-8 people that have the power to hire and fire both workers and supervisors. Colleagues are consistently encouraged to speak up and ask "why"— why they do things the way they do, why it's important for everyone to come together at the same time, and why they agreed to what they did in previous meetings. They are actively encouraged to question, to get up and leave a meeting that bores them, to join a meeting that interests them, and to push back on previous conclusions. Giving employees control of their "destiny" has helped them develop what it is that truly interests, engages, and inspires them to create meaningful change through their work, and to pursue issues that are significant and larger than themselves. This freedom to strive in ways that employees find purposeful is integral to inspiring the work that they do and the emphasis on constantly evaluating how things are done within the company, and why they're done that way, promotes the sort of individual and collective self-awareness that is needed to scale a system of shared values that help individuals navigate the ups and downs that any business goes through.

It has taken time for SEMCO to develop these work practices. Ricardo Semler assumed control of SEMCO from his father in 1980. With a history of cancer running through his family, Semler did not want to spend his working life in the office, waiting for retirement to start enjoying himself - he didn't know whether he would live to see retirement. So he started taking what he calls 'terminal' days. Days when he does the things that he would do if he had a terminal prognosis such as spending more time with the kids, visiting different places, doing different activities. He decided to offer workers at SEMCO the option to buy back their Wednesdays for 10% of their salaries so that they could climb mountains, learn musical instruments, spend more time with their families etc - tackle their bucket lists. He thought the older members would be most interested but instead he found that it was a popular option across all ages so he started to look at what else he could do differently.

He started to question why he was bothered what time people arrived at work and what time they left and decided to exchange working hours for a contract buying work from the workers. He questioned why he was building headquarters and dragging people two hours across town to work there and queried whether it was actually an ego issue for the business to look good, solid, big and important. He decided he didn't need to know how many holidays workers took, how many hours they worked or where they worked, he was just interested in how to create a working culture conducive for wisdom.

Since assuming control of SEMCO, Semler has not only created an organisation where employees design their own jobs, select their supervisors, and define pay levels but where there are no set work hours and all meetings are optional. There are unlimited holidays and profit sharing for everyone and most importantly they are encouraged to question everything. Wanting openness and transparency, two seats are also reserved on the board for the first two people who show up to the meetings meaning that cleaning staff have the same voting rights as any other board member. Since SEMCO introduced the new work practice revenues have grown by 600%, profits are up by 500%, productivity has risen by 700% and employee turnover is just 2%.

Very few businesses are however following SEMCO's lead. Semler believes this is because radically changing an organisation requires a huge leap of faith and the courage to relinquish control. He acknowledges that almost no-one who is in control is incentivised to take that leap of faith so change will have to come from people starting companies in a different way.

Defined work hours

The Guardian newspaper recently published an article about the secrets of a happy business[3]. The comments below the article exemplify the scepticism surrounding new work practices such as those at SEMCO and demonstrate that it's not just those in control of organisations that need to take a leap of faith.

The abolition of defined working hours with the ability to work wherever and whenever you like was criticised for essentially being on call all the time. Comments included "Most people don't work 100% by themselves so you'd be getting emails and phone calls every single day, at all times from early morning to late night. Horrific." and "Double speak for "have to work all the time". Join a union and get defined work hours, and a defined work place, and switch off after work."

Clearly these new work practices are not going to suit everyone but in ten years time those organisations that don't become more participatory and open will be obsolete, left behind by the more innovative and productive newcomers.

The key to creating organisational change is developing good norms that override the bad norms. Good norms would prevent workers from being 'be on call all the time' as some of the commentators fear, their personal time would be valued and just as the organisation trusts them to get the job done, so they would trust the organisation not to exploit their efforts. A company's employee retention rate is a clear indicator of how they are treating their workers and SEMCO's turnover of less than 2% speaks for itself.

Developing good versus bad norms is challenging. Top executives at Google had long believed that building the best, most productive teams meant combining the best people. In 2012 Google became focused on building the perfect team and were surprised that their previous held beliefs were misplaced.

Google's Project Aristotle team of researchers spent three years studying hundreds of Google's teams to figure out what made some teams particularly productive and successful. The researchers looked at 180 teams across Google but were unable to find any clear patterns about the mix of specific personality types, skills or backgrounds that made any difference. They concluded the 'who' part of the equation didn't matter[4].

They then began searching through the data looking for instances where team members had described a particular behaviour, unwritten rule or team culture. After looking at over 100 groups for more than a year, the researchers concluded that understanding and influencing group norms were key to shaping Google's teams. Studies showed that the right norms could raise a group's collective intelligence, whereas the wrong norms could hobble a team, even if, individually, all the members were exceptionally bright, so the team of researchers set out to identify the right norms.

As the researchers studied the groups, they noticed two behaviours that all the good teams generally shared. First, on the good teams, members spoke in roughly the same proportion. They noted that as long as everyone got a chance to talk, the team did well, but if only one person or a small group spoke all the time, the collective intelligence declined. Secondly, the good teams were all skilled at intuiting how

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3 https://www.theguardian.com/money/2016/jul/26/the-secrets-of-a-happy-business

4 http://www.nytimes.com/2016/02/28/magazine/what-google-learned-from-its-quest-to-build-the-perfect-team.html?_r=0

others felt based on their tone of voice, their expressions and other nonverbal cues. They knew when someone was feeling upset or left out but the less effective groups had less sensitivity toward their colleagues.

Google's findings showed that more than anything else, a shared belief that the team is safe and that it would not embarrass, reject or punish someone for speaking up, a culture that Harvard Business School professor Amy Edmondson describes as "psychological safety", was critical to making a team work. Edmondson wrote in a study published in 1999 "It describes a team climate characterised by interpersonal trust and mutual respect in which people are comfortable being themselves."

Bad norms such as a lack of respect, betrayal, criticism, lack of recognition or exploitation prevent the development of good norms. Google recognised that leaders must lead by example, by not only inspiring and creating trusting environments where everyone has a chance to contribute, but by retraining deviant members to adopt and promote the good group norms.

Resistance and Scepticism

Persuading people to change the way they do things is of course challenging. They fear breaking something that isn't (yet) broken or that by changing the status quo they will lose their position, power and authority. It is difficult for leaders to move away from the reassuring safety of KPIs and matrixes into unchartered territory of collaboration and co-creation which is at odds with their traditional competitive, confidential, closed, control based cultures. Those leaders who stay rooted in their 20th Century norms and don't acknowledge and respond to the shifting values and norms of their consumers and communities will become isolated, consumers will drift away and members will become disengaged and less productive.

Comments below the Guardian article illustrate that its not just leaders who need convincing[5]. Comments include "Nah. Won't catch on over here. We're far too vindictive." and "Wouldn't work in the UK. The p**s take would start in the first week. Yeah, honest Guv av been sweating away like a right pig now that I know my true values and found my moral compass, by the way can I have a pay rise?"

For decades, the responsibility of managers has been to make sure those reporting to them do what they are told, meet deadlines, hit billing targets etc. The role of 21st Century leaders however is to make sure that colleagues understand their own strengths and value within the organisation. An effective but risky way to do this is put them in situations where they can fail. Leaders give them the skills and belief to pick themselves back up again and try again without judging them on mistakes but instead collectively the team learns from the experience, thereby creating the environment for wisdom and future learning.

Blame cultures and self-protectionism are however prevalent in the workplace. No-one wants to look ignorant, incapable or inexperienced so they don't speak up for fear of being ridiculed or blamed if things go wrong. Organisations around the world are recognising the negative impact of these behaviours and changing how failure and blame are viewed. The Lego Group had lost money four out of the seven years from 1998 to 2004. Sales had dropped 30 percent in 2003 and 10 percent more in 2004, culminating in the biggest loss in the company's history of £217 million. Bringing the iconic company back from the brink of bankruptcy was a major challenge for the Lego Group, which had grown to roughly 7,300 employees, turning out more than 10,000 permutations of its products packaged in hundreds of configurations.

The Lego management team recognised that even though transformation would be painful, it was imperative. They recognised that growth required taking risks but that managers had become risk averse during the company's fight for survival so they decided to relax the top down management style and adopt a looser structure. Lego management recognised that they needed to change how failure and blame was viewed within the organisation, they needed to make sure that there was a common and clear understanding that blame will never be for failing.

The executives understood that, for the initiatives to stand any chance of success, the Lego Group needed to preserve the loyalty of its workforce, even as the move to a more global supply chain did away with many jobs. The most respectful way to navigate through this transition, they reasoned, was to adopt a strategy of complete transparency. The team shared and debated the realities of the situation with the total workforce early in the process and consulted with them throughout in putting together the painful plans to address redundancy. Yet as slow-footed as that process sometimes seemed at the time, working through it had an important benefit. When the teams finally reached a consensus, the decision stuck. "Blame is not for failure, but for

5 https://www.theguardian.com/money/2016/jul/26/the-secrets-of-a-happy-business#comments

failing to help or asking for help" became the mantra of Lego CEO Jørgen Vig Knudstorp.

Lego also set up collaborative networks to actively encourage fans to interact with the company and suggest product ideas. This collaborative approach demonstrated Lego's recognition that whilst they had 120 staff designers they potentially had around 120,000 volunteer designers that they could access outside the company to help co-create products.

The radical transformation of Lego has paid off. In 2015 Lego became the world's largest toy company with sales of US$2.1 billion. The year's operating profit increased by 26%, net profits increased by 31% and the number of employees in the Lego Group increased from 14,762 at the end of 2014 to 17,294 at the end of 2015. In addition, more than 90% of waste from production sites is recycled and Lego is ranked as number 6 on Reputation Institute's list of the most regarded companies in the world when it comes to corporate reputation[6].

6 http://www.lego.com/en-gb/aboutus/news-room/2016/march/reptrak2016

Shift or shrink

Creating a creative organisation needs more than just self managing teams and a trusting working environment, these alone are not enough to radically change organisations. Workers and consumers alike must be inspired to participate in re-shaping the organisation. If workers are not inspired by the vision they will resist change, become frustrated, unproductive and leave for more inspiring alternatives. If consumers are not inspired they will become loyal to an alternative brand. Lego's mission for example is to 'Inspire and develop the builders of tomorrow'. It succinctly expresses the impact the company aims to make in a brief, user-centric, inspiring, jargon free way.

Why organisations do what they do can be a hard question to answer but having a visionary purpose (not commercial) that guides and inspires workers and consumers to believe what the leaders of the organisation believe creates tribal bonds by connecting people and organisations with shared common values and beliefs. Some argue that this is OK for tech jobs but not for manual jobs. One contract cleaner in response to the Guardian article commented "It all sounds very nice. I work in the contract cleaning industry. I can't see how it would translate to employees of cleaning companies - be it managers, supervisors or cleaners. I have never, in the twenty five years I've been in the cleaning industry, seen a contract and specification that, if delivered in full, wouldn't require twice the number of staff that the company actually employs to carry out the work. The people employed are expected to work miracles to keep the client happy. The clients, on the whole, couldn't give a toss about the plight of the workers. That is the reality for most people who do real work.[7]". Others commented "Work is work, people. It's not supposed to be fun. Or 'empowering' or 'liberating'. Just get on with it, try to smile, take an hour for lunch, and go home at the end of the day." and "People don't work where they're 'inspired to be'. They work because they have bills and therefore no choice. CEOs want people to pretend they like that."

The scepticism is even higher in the context of tightly controlled organisations such as governmental or production settings. Digital technology is disrupting just about every industry, organisation and community, reshaping cultural norms and values and altering the way we live and work and change is happening so fast and on such an enormous scale that organisations are struggling to adapt. Tightly controlled, closed organisations such as governmental departments are clinging to the old, tried and tested way of doing things, measuring performance according to trusted KPIs matrixes and frameworks, pushing their employees to work harder and harder to meet higher targets. Instead of increasing productivity, they are ultimately wasting their most valuable resources, failing to inspire their employees to believe that their efforts are creating impact, resulting in disengaged, frustrated, unproductive employees.

Frank van Massenhove, the President of the Belgian Federal Office of Social Affairs has however transformed a very traditional, closed government department. He and his staff have created a revolutionary workplace at the headquarters of the Belgian Social Security Ministry in Brussels, exemplifying how to make change happen in the workplace – and particularly within the public sector. "One of the biggest mistakes we make, is that we hire the wrong managers" he says. By hiring the wrong managers who take full control and make all decisions creates an environment that lacks trust and takes away responsibility and ownership from employees. Under his influence, people now work when they want and where they want. This isn't just an option for the most senior members of the team but for everyone provided the functions they perform can be carried out from home. 92% of the people in the department are perfectly able to work from home and 69% do so. On a daily basis an

7 https://www.theguardian.com/money/2016/jul/26/the-secrets-of-a-happy-business#comments

average of 150 people are present in the office, out of a total of 1070 employees. As he points out, people tend to work more on rainy Sundays and less on sunny Wednesdays, especially as employees are fed up of sitting in traffic jams and standing on crowded trains when they can work from home instead.   By working more efficiently employees work an average of just 30 hours per week, sometimes just four or five hours in a day whilst they balance other activities such as sports, family time, shopping and diy.

Massenhove recognises that this needs a total change of all processes and work flows and full embracement of digital technologies, but he says organisations only have two choices: shift or shrink because change is like breathing, stop and you will die. Within his department only 80% of the working hours are filled with prescribed roles and tasks.   10% is reserved for unforeseen activities and 10% is left for innovation projects.   The department evaluates solely on results, not on the amount of working hours.   Teams know what results they need to achieve, they decide who does what and get to evaluate their leaders regularly.   The results are self evident: the first year after the changes the department realised a double digit rise in productivity and the benchmarks show that the department's employees are the most satisfied federal employees.   Customer satisfaction has increased dramatically while costs and the number of burnouts have gone down significantly.   Additionally, the problem with attracting young talent has been resolved as 93% of applicants now prefer to work in this department, compared to only 18% back in 2002.

Scaling up

One of the most frequent criticisms of the new work practices, particularly of self managed teams, is that it is simple to achieve within small organisations but when and if these businesses expand, some sort of hierarchical structure will be necessary.

Jos de Blok founded the Dutch organisation Buurtzorg, where he pioneers new ways of delivering home-based healthcare. Within Buurtzorg, autonomous teams of nurses work directly with their patients, in a community-based network free from the traditional management structures prevalent in bureaucratic Holland. Blok, as a community nurse felt that the bureaucracy was disturbing and preventing good solutions.

Blok started Buurtzorg in 2007 with just one team of four nurses. By 2014 Buurtzorg had 9000 nurses in 800 independent teams around the country, supporting 70,000 patients a year with a turnover of 280million Euros. The company still has a relatively small back office team of just 45 and 15 coaches. There is no management or CEO and no management meetings. By keeping the organisation simple they don't need lots of people to control activities and not having meetings frees people to solve problems. This model also keeps overheads low at a rate of 8% compared to the average of 25%, meaning that more money is invested in care, education and innovation. Buurtzorg has three times been declared the Netherlands' 'employer of the year'.

Blok recognised the challenge of attracting young people into the health care sector, the need to be more inspirational and the need to build meaningful relationships. He developed a system where nurses co-produce care packages with their patients in small independent teams of no more than 12 that cover neighbourhoods of 5,000 to 10,000 residents. The nurses organise everything themselves, bringing their experiences together to shape training and planning schedules so that they can design the most effective care packages. By keeping teams to a maximum of 12 they don't need managers and the informal networks are much stronger than formal structures. There is no call centre, patients just call the teams themselves who provide 24 hour care. Sickness rates within teams are low at just 4% compared to an average of 7%. The teams have their own education budgets, with 50% of the nurses being graduates. Outcomes are measured according to the effectiveness of the nurses interventions so the nurses see Buurtzorg as a network for learning instead of a hierarchical organisation.

There is however a potential downside to the new way of working. Since Frank van Massenhove started the transformation of the Belgian Federal Office of Social Affairs, the amount of low-skilled staff has decreased from 30% to only 2%. This is due to a combination of the changes in the way of work and technological changes, but the change leads to a less diverse workforce and might also increase the social problem of lower-educated people becoming unemployed.

The same could be said for Buurtzorg who have a higher number of Registered Nurses than the national average - 70% compared to an average of 10%. Blok however has embraced digital technologies and encourages the development of all nurses through e-learning systems and by sharing experiences and ideas through his blogs. The teams respond to the blogs and collectively shape policies and develop education and training programmes.

Catalyst to change

The catalyst to change is not always a rebel leader. Sometimes simple vulnerability brings about change. By trying to control situations, colleagues, tasks and emotions leaders create, paradoxically, distance instead of connection. With vulnerability comes real connection and in that connection people find trust.

In 2001 Carin Wormsbecher's husband died suddenly, leaving her in charge of his Dutch printing house Drukkerij Wedding. She felt unable to continue managing the company in the same hierarchical way as her husband, she felt she didn't have the relevant experience. She gathered the staff of 30 together to discuss the future of the business and shared her vulnerability by stating that she was not capable of running the company the way her husband used to. She wanted to involve all the employees in making the important decisions and stressed that the survival of the business was highly dependent on the employees themselves. She strongly believed that if the employees focused solely on their own job and expected her to do the rest, failure would be unavoidable. She says that an open and honest attitude towards her employees results in similar behaviours by her employees. This is demonstrated in the way Wedding handles production problems and errors. Once a production error is spotted, the complete team is convened. They sit down together and honestly review the complete process step by step. Whatever happened, the focus of this meeting is not on what went wrong in the past, but what can be improved in the future. They avoid blaming individuals for making mistakes and instead turn it into a learning experience.

Kees Pater also shared his vulnerability with employees of his Dutch cookie company, Veldt, and has seen impressive results. Pater acknowledged after a period of absence from the business that "when I'm gone for a week, the company continues to do just fine. When the production staff is gone for a week, the whole company comes to a standstill." After a period of absence from the business Pater decided to invert the hierarchical pyramid. The operators of the cookie factory are now on top of the pyramid and decide the majority of the issues. Pater finds himself, as the owner of the company, at the bottom of this very same organization chart. He is fine with it, he knows that the 'person behind the cookie' is the most important factor in this business. His role has evolved from being the boss to being a source of inspiration, innovation and rebelliousness and has seen Veldt recognised as the most vital business in the Netherlands. Pater believes "happy colleagues bake tasty cookies."

Whilst some organisations are radically changing norms within organisations some are taking a different approach to creating change. Coca-Cola has been around for 130 years and has 129,000 employees. Distributing its products to stores and restaurants around the world requires a massive supply chain of shipping, bottling, stocking, staffing, sales and marketing, bringing with it massive challenges. Instead of trying to solve its challenges itself, Coca-Cola launched the *Founders platform*, a startup accelerator program where startup founders are given seed funding, matched with resources they need to solve Coke's "billion-dollar challenges" and hopefully grow into self sustaining businesses of their own.

Barclays are also developing physical and digital communities that provide start-ups and businesses with connections and resources to create new innovative businesses. By sharing their expertise and resources Barclays' Rise programme not only benefits the start-ups but benefits Barclays by enabling them to access emerging markets. It also creates a more trusting work environment where employees are valued and supported to become mentors, sharing their expertise and experience. Rise also provides a way for start-ups to connect with other global organisations, a way to tap into the collective wisdom of the crowd and a way to co-create within a supportive community to scale visions to the global market. Derek White, Barclays' chief design

and digital officer explains that "Barclays gets the benefit of these companies being literally injected into the organisation and changing the DNA" of the firm. White also says it is five times cheaper and three times faster for Barclays to work with tech companies to find solutions to its problems, be they cybersecurity, customer experience, or big-data problems, than trying to find the solutions themselves. He acknowledges that being near other innovative companies also helps the flow of ideas and he describes co-working spaces as ecosystems with their own community feel, enabling new ideas to seep into the organisation and broaden the horizons of employees.

Business clusters are forming across the world using a variety of space and models from co-working hubs to tech clusters, creating physically and digitally connected collaborative communities. Nearly 80% of companies located at the Sci-Tech Daresbury site in Cheshire collaborate with a university or the research organisation on site while 60% collaborate with other business tenants. Tech North digitally connects the seven tech clusters in the North of England and offers a programme of events and activities to shine a spotlight on the activities of the Northern tech community. Hubs are also leading the way in community engagement with open days, events and school visits sharing their passion for the work they are doing and inspiring the next generation to think more openly and creatively about the world they live in.

These organisations have one thing in common. They are all drawing on collective wisdom to co-create innovative solutions, products and services that make more effective use of both tangible and intangible resources. They are investing in the social capital of their organisations to build trust and connections so that members are confident to take risks and innovate and are not mired by mundane means of measurement, rigid management and accountability.

Education

These new emerging work practices are however at odds with the norms and values of our education system. Organisations such as the RSA can only go so far in influencing organisations to change working practices. The real change will only come about when the education system reflects the 21st Century world of work in a more collaborative, connected way.

Ricardo Semler of SEMCO for example not only wanted to redesign his organisation for wisdom but he wanted to redesign the education system in Brazil. SEMCO set up a foundation to change what Semler saw as an obsolete education system that saw children going from maths lessons to science lessons to history lessons. A process Semler describes as 'very silly'[8] so he started thinking what a good education system could look like. He brought educators and ministers together and asked 'if we were to design a school from scratch what would it look like?' Together they created Lumiar. In a recent survey jointly conducted by Unesco, Stanford University and Microsoft, Lumiar has been chosen as one of the 12 most Innovative Schools in the World. The survey assessed hundreds of schools around the globe with the purpose of putting in place a supporting program in which such schools relying on state-of-the-art technology and with an eye to the future could work together despite their diverse cultures. Even in this shortlist of 12 innovative schools participating in the program, Lumiar ranked first.

At Lumiar the role of teacher is divided in two. The role of the first part, the Tutor, is to look after the child, get to know them, support them and understand what is going on in their lives outside of the classroom. Tutors do not teach. Instead, they bring in Masters who have two things, passion and expertise. They use senior citizens, the 25% of the population with wisdom that no-one wants any more. They are encouraged to come into the school and teach the children whatever they believe in, not restricted to what they did during their working life, so they have violinists teaching maths for example.

They don't worry about the course material anymore and age groups. They have broken the curriculum down into 700 tiles or parts of a mosaic, the contents of which students need to be exposed to by the time they are 17. When one person isn't interested in one part they can leave it and come back to it the following year. By not having fixed age groups six year olds can be working alongside 11 years olds which eliminates gangs and division. Working as a team, Masters and Tutors rely on Information and Communication Technologies (ICT) to enrich individual and collective learnings and student's progress is monitored by an app that the students use themselves. Lessons may for example be learning to build a bicycle but it teaches the curriculum at the same time - as Semler says trying to build a bike without knowing π is impossible.

Lumair views life as consisting of 10 threads. They question how we measure ourselves as humans so there's a place there for maths and physics, how we express ourselves and that's the place for music, literature and grammar. And then there are all the things that we seem to have forgotten about in life that we know nothing about such as love, death and why we are here so they have a thread in school for all the things they don't know about. The students also create the rules and by saying to the students 'yes sure you can hit yourselves on the head for a week but just try it', they come up with the very same rules that standard schools have except that they are theirs and they have the power which means they can and do suspend and expel students. The results are clear. Instead of the national grade rating of 43 out of 100,

8 http://www.ted.com/talks/ricardo_semler_radical_wisdom_for_a_company_a_school_a_life#t-503006

Lumair has a rating of 91 out of 100.

Inspirational individuals are needed to inspire decision makers to re-imagine what the education system in the UK could and should look like if our next generation is to be capable of working collaboratively to co-create solutions to tomorrow's challenges.

Conclusion

We live in a disruptive era, on the brink of unprecedented constitutional, economic, environmental and societal change. We need new, more collaborative work practices that draw on the collective wisdom of self managing teams to combine resources in new ways. We need to develop innovative solutions to new challenging and complex problems, but leaders who prefer to maintain the status quo to protect their own positions and sceptical employees are resistant to change.

We need to refocus on our priorities if we are to improve productivity, raise prosperity, reduce inequalities and connect with and improve places and the lives of people previously left behind. We need to redefine what success looks, sounds and feels like in the 21st Century, how it is measured and reported on. New work practices are disrupting and blurring roles, redefining norms and harnessing the power of intangible, fuzzy hard to measure resources such as trust and collective wisdom. Successful leaders are inspiring others to believe what they believe, to see the world from a different perspective by focusing on **why** they are doing what they are doing. They are moving away from traditional practices and norms and developing new ways of combining tangible <u>and</u> intangible resources such as trust and networks more effectively.

The RSA with over 28,000 Fellows around the world is ideally placed to help spread the word of what pioneers are doing and to share their unique approaches to education and work. Creating cultural change is challenging but with the support of RSA Fellows leaders can start by:

• Identifying and understanding **why** they want to disrupt the cultural norm and create change within a place or organisation (NB making money or cutting budgets is the result, not the inspiring driver)

• inspiring others to believe what they believe by sharing stories, values and beliefs as to what success means to them

• creating a more trusting, psychologically safe environment that rewards collaboration and self management over competition, that connects individuals, enabling them to co-create innovative solutions that combine tangible and intangible resources in new ways

• disrupting and altering the culture of their own organisation by supporting projects initiated by individuals outside of the core team and sharing resources, connections, experience and space with start ups and other external organisations.

The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) believes that everyone should have the freedom and power to turn their ideas into reality – we call this the Power to Create.

Through our ideas, research and 27,000-strong Fellowship, we seek to realise a society where creative power is distributed, where concentrations of power are confronted, and where creative values are nurtured.

The RSA Action and Research Centre combines practical experimentation with rigorous research to achieve these goals.

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