



SCALE  
IDEAS &  
IMPACT

# Scaling Organizational Design, Talent & Incentive Principles to Build a Collaborative Workforce

## CASE CONTEXT

A senior executive changes the organizational structure and culture to scale expertise, gain efficiencies and grow the business. She set expectations and incentives for the firm's practice leaders to collaborate, not compete. Hiring practices, too, emphasize collaboration and network building.



FEMALE

Level: SENIOR LEADER

Industry: PROFESSIONAL SERVICES

## HIGH-PERFORMING LEADERS LEVERAGE NETWORKS TO DO 5 THINGS

Based on 20 years of research in more than 300 organizations, we know that the quality of your professional relationship play a significant role in your success. We have extended this research to describe the way high-performing leaders leverage their networks to: Innovate, Execute, Scale, Thrive and Adapt.



Myla runs two large practices in a global engineering firm, with about 1,500 staff based in two countries. She is equally comfortable engaging with clients, steering projects and running operations. As a senior leader and partner, she sits on the board and is involved in high-level strategy work. Over the last five years, she instituted a shift in organizational structure and culture to manage growth, gain efficiencies and scale expertise. The key to success was collaboration. "When we have a more collaborative organization, I see several things ... The management team is well-connected. If one of them has a problem, you see the others diving in and trying to help them, as opposed to standing back and saying, *It's not my client. It's not my problem.*" Employees are positive, giving praise and engaging with constructive ideas to make the company better. Stress is visibly and measurably reduced. "When we are not working well, you see a lot of sickness, a lot of absenteeism and a high turnover." And the real test is results: "When the financials are good, and we hit our targets every single month."

The changes began when Myla consolidated eight separate practices into one to leverage expertise to effectively scale work and gain efficiencies. "If you want a true collaborative team, they have to all be incentivized for the overall good of the business ... Before, each business unit leader had their own staff that was responsible for winning their own work. What that actually created was competition. If somebody was failing in their area to meet that project, there was no incentive to help them at all. If you gave your people to help them, all that meant was your results would not be as good because you were losing good people. And theirs would look better." As a result people were isolated, there wasn't a lot of knowledge sharing.

Myla restructured performance goals and incentives. Achievement is no longer based 100 percent on their respective group's performance; every leader has three targets. "One-third is based on their financial performance. Another third is based on the performance of the whole practice. And another third is based on their behavior and attitudes towards colleagues: *Have you shared staff when needed? Are you helping someone else win work in their area?*" The behavior element was new, and Myla made it clear she was serious. "If you get good results but have bad behavior, it's a no brainer, you're out ... It used to be people would say, *Hmm, I'm not sure about that one. They get results. Should we keep them?* My answer is no, because you don't have a efficient, happy business if you don't have the right behavior ... When you've got the right behaviors in your leadership, it really does create a difference in your workforce."

Recruiting newcomers has also changed. When looking for junior staff, interview teams assess both technical competence and collaborative behaviors. With more senior recruits, the interview is more extensive, with the candidate spending a day on site. The focus is on behaviors and cultural fit. “What they don’t know is that our receptionist and admin staff are part of the assessment process ... At the end of the day, I will chat with them and say, *How did it go? Were they polite to you? When you struck up a conversation, did they have a conversation with you? How did they interact with people? Did they ask questions?* ... They feel completely part of the interview process and give you quite a lot of insight to how a candidate engages with people.”

When employees do join the firm, they are guided to establish a network within the practice, not just within their group. “We are an incredibly networked organization ... It makes people effective. It pulls them into work they want to be doing. It gets them access to information.” People stay at the firm, rather than being recruited away, because their network becomes so valuable. In one case, a long-time employee left to gain experience in another firm. He worked from a home office and wasn’t engaged in his work or pulled into new networks quickly. He kept returning to his old office for the interaction, before Myla had to draw the line. “People here have come to rely on the network, on collaboration. It’s common for people to say, *I wouldn’t be half as effective somewhere else as I am here because I know who to talk to when I don’t know the answer.*”

As the company has scaled a culture of collaboration, Myla has seen one drawback: people who are very good or who become well known can start to get overwhelmed with demands. “It’s not just the internal requests. Sometimes, our clients demand a particular individual ... Because these individuals are so conscientious, they want to go and service the client.” As an organization, Myla is pushing to diffuse expertise and reputation across the system, which requires individuals to trust others to do the work and for new people to have confidence to step in. “Open space sessions” are one way the company is building capacity and helping to buffer and protect these valuable employees [see sidebar.]

## Network Insights

- **Organizational design can create collaborative barriers that sub-optimize performance.** When staff, innovations or best practices are not moving across organizational lines, it is a key marker that the current structure is impeding ability to get benefits of scale.
- **Incentives at the leadership level play a significant role in collaboration.** Reward systems that are primarily based on individual unit performance will result in protective, narrow behavior. Instead, reward 1/3 for unit performance, 1/3 for organizational performance and 1/3 for behaviors.
- **Be clear you will dismiss people for poor behavior—even if results are good.** It sends a clear cultural message that will pay off over the years.
- **Hire for collaborative behaviors and help newcomers build vibrant networks within the first 9 months.** The network becomes an asset for success and a key to retention.
- **Help key contributors reduce collaborative overload, so you don’t lose top talent.** This ensures retention and also provides opportunity and development for others.

## Scaling Expertise Via Organic Interaction in Peer Networks

Overload was a problem. Stars in their field built reputation that pulled them into more and more client work. New leaders were taking on responsibilities and roles that were unfamiliar. To balance workload, share insights and build reliable peer networks, Myla instituted “open space sessions.”

A group of 10-15 people who have similar work or similar challenges are brought together for informal, two-hour sessions facilitated by leadership. A session may be based on a technical topic or a theme, like managing a global team. One series of sessions was, *What does it mean to be a good line manager?* “We had young line managers, middle managers, experienced line managers, all together ... We said, *Being a good manager is about understanding the needs of your people, which means you have to get to know them.*”

In these groups, people learn best practices and create networks they can rely on to solve problems moving forward. The conversations are structured so people can be open and authentic about what works, as well as their struggles. “It helps people talk about issues and talk about common things. I’ve seen people just generally start to feel a lot better and manage their work more effectively when they have people to turn to.”

### ABOUT THE RESEARCH & ROB CROSS

Building on 20 years of research with more than 300 organizations, the Network Leader Research Project seeks to understand the approach and strategies that enable certain leaders to consistently achieve peak performance. The research includes 160 in-depth interviews conducted by Rob Cross, a Professor of Management at University of Virginia’s McIntire School of Commerce. The Connected Commons is currently focusing its research on leadership effectiveness, talent optimization and organizational alignment and change—three areas where network insights can clearly drive performance. For more information visit [www.connectedcommons.com](http://www.connectedcommons.com) or email Rob at [rlcrossjr@gmail.com](mailto:rlcrossjr@gmail.com).