

## Companies at a crossroads



As in the previous years, the challenge of finding the right employees is still one of the main priorities for companies, no matter the industry they are active in or the quality of their employees. According to a Gallup survey this situation is growing worse by the year. While in 2016, 70% of employers were dealing with the challenge of recruiting the right people, this percentage has gone up to 81% in 2018. Furthermore 27% of those still living in Romania in 2019 intend to leave the country. And for those whose ages are between 15-30, the percentage is as high as 40%.

Seeing as the context is not a favorable one, we consider that it is time to truly focus on finding long-term solutions. Some of them can be found in an area which up until now has not received too much attention, that of non-financial incentives.

Actually, if we continue to respond to this huge challenge with nothing else except financial rewards, the odds of losing the race are quite high. Because for a growing number of people, work is not just about money anymore. Especially since for white collar positions – for example in the financial, IT and telecom sector – the differences between salaries here and those abroad tend to become smaller by the day.

Organizations will be going through a change process. And the speed of this process is unpredictable. Just like the speed of change in the tech field. One of the most important books that addresses these challenges is **“Reinventing Organizations”** by Frederic Laloux, a former consultant for McKinsey. The book argues for the necessity of a revolution in the way companies throughout the world are structured-

In short, the main idea discussed in the book is that the organizational model we inherited at the end of the 19<sup>th</sup> century, the one in which the boss knows everything, can no longer survive. In other words, the organization based on a pyramid type hierarchy is living its last days. And those who refuse to face this reality are already starting to feel the consequences.

**Laloux asks both himself and us a very pertinent question: *Who runs the human body?***

If we say that only the brain does that, we would be wrong. We have a sum of subsystems which make up everything in our body and are always in contact with each other in a very dynamic way. There is no single entity driving the entire body – we have a digestive, cardiovascular, or muscular system and so on. Companies of the future will most likely function in the same way, integrating in a coherent way various autonomous subsystems. Some are already doing this now.

The change won't be easy. In practice, there will be a transition from a command and control leadership style based on the assumption that the boss knows everything, to a new way of doing things based on collaboration, involvement and the motivation of people. This new system will have two key elements. The first one will be the individual modesty of those at the top, based on accepting their own limitations and the necessity of collaboration. The second one will be the understanding and acceptance of the fact that employees no longer work for managers and shareholders, but work with management towards a common goal.

## A state of wellbeing

When will these trends, highlighted by Laloux, become a reality for us as well?

For now, those that are running the organizations don't seem to be fully aware that their employees' wellbeing represents an important factor for success. Unfortunately, the current context is not very helpful, because there seems to be a slowdown in the interest of companies towards their employees' development and wellbeing.

In a time where unpredictability, already present since 2008, was increased even more by various major geopolitical shifts and local legislative measures, companies from sectors such as telecom or finance, which were usually at the forefront in this area, seem to be slowing down their investments. On the other hand, in some companies, especially in the technology industry, the first steps towards the organization of the future are already being taken.

The good news is that the speed of change will be faster than we had anticipated. When companies start losing good people due to corporate dysfunctions, they will be forced to embrace the change or disappear.

Change also comes at a cost. That is why it is important that companies create a framework in which people embrace the change, rather than it being forced upon them. If some higher-up comes, many times from thousands of miles away, and forces a change with regard to which I wasn't asked for my input, it is normal that I will be lacking in commitment and involvement. Let's not be surprised by the fact that, in Romanian companies, the share of employees who are truly engaged is only 12-14%, according to a Gallup research, the rest being passive or actively disengaged.

## Getting rid of bad habits

Another element which should disappear is this obsession for growth at all costs and the preconception that the future can be sketched in the form of a business plan. For more than 100 years the focus has been on expansion. If we analyze countries which for many of us represent good examples and role-models, one can see a lot of interest and actions centered around sustainability.

We can't grow forever. Why is it mandatory that a company always grow? We have to start learning, just like the title of a book, what "**Just Enough**" means. We don't need to have an ever-increasing market share as our main focus. And if our role-models of success will continue to be outliers such as Steve Jobs, Bill Gates, Jeff Bezos & Co., the chances of succeeding will be very small and non-sustainable.

An example of such a reflex, which is no longer connected to reality, is this obsession for the business plan. As an executive coach I have clients who are being asked by headquarters in July-August to set their financial targets for the next 18 months in a context where **volatility, uncertainty, complexity and ambiguity (VUCA)** are the only certainties. After that you have a series of readjustments of this plan and the necessity to motivate why the objectives you proposed are no longer reachable when many times the reasons for this are not under the influence of the company.

At the same time there are companies who, recognizing that they cannot predict the future, develop a more organic way of working and planning. They make sure they are always connected to reality and apply lean or

agile ways of working.

In conclusion, it is my opinion and hope that, despite a lot of people's efforts, change and progress can't be stopped. Looking back at the history of humanity, we see that evolution is unstoppable. This is a truth and a challenge for us and our companies as well as those we are helping to develop. At the same time, it is an opportunity to change the way we work by changing ourselves, which will ultimately lead to a higher level of involvement and satisfaction.