Post-silo Leadership

How an organisation inspires its future

The story of how the Netherlands' leading independent hosting solutions company transformed from silo-thinking to whole-behaviour, systemically connecting all stakeholders to its core purpose

Kathelijne Drenth

Everything started with a call from Jan Willem des Tombe, an energetic guy in his mid-forties with whom I had previously worked. Back then he was still the CEO of PINS, a leading supplier of managed hosting solutions in the Netherlands. In September 2010 PINS merged with IS Group B.V., and under the new name of Internedservices it became the largest independent provider of hosting and managed service-solutions in the Netherlands. In 2015 it became a KPN company.

Exponential growth

Jan Willem des Tombe and his partner Arjan Steevels, founder and manager of what became Internedservices, formed the board of the newly merged and immediately exponentially growing company. Neither of them wanted to step down from the position as CEO, and that is how the new ship came to have two captains. The core question for them both was how to shift from managing day-to-day operations to actively shaping the future of the business. Both believed that growing in uniqueness was the essential strategy if they were to survive in what was a booming market.

In our first meeting in October 2012 Des Tombe described the situation as "either up or out" – to grow or to disappear. There were no alternatives in sight in a very competitive environment. But as the organisation had rapidly become too big for the two to continue to lead it 'hands-on' together, daily business was absorbing the CEOs too much for them to move the company forward strategically together. They felt the need to include the middle management. So far, however, the two CEOs had failed to engage their managers within general staff- and line-management functions in a shared-strategy development process with the objective of inspiring the future growth of the organisation. Two attempts to discuss a future strategy with middle management had fizzled out, even though the non-executive board of directors had been involved. Nevertheless, Des Tombe was determined not to give up on his plan to work together with his middle managers so as to be able to grow throughout all levels of the company.

Time for something new

A few weeks later a second meeting took place in the office of Internedservices in Purmerend, a 600-year-old city near Amsterdam. The spacious open work areas were here and there divided by glass walls. The office design was well thought through, fresh, transparent, playful yet functional. At each floor a large poster with the organisation's values was hanging on a wall. Everywhere I looked I met the faces of inquisitive employees, all greeting me politely.

Des Tombe and Steevels worked next door to each other, collaboratively and co-creatively, and it was clear that they got along well together. Arjan Steevels founded his company at the age of sixteen and was awarded Netherlands' Entrepreneur of the Year in 2011. He had no experience in working with organisational development or systemic business consultants, and it was obvious that he would rather like to keep it that way. A possible contribution by me was regarded by him as a necessary evil and should preferably be limited to one session. In fact both leaders preferred to do everything themselves. Therefore it was crucial to design the developmental process in such a way that the leaders themselves would generate the answer to their own key question of how to grow their organisation strategically. In my experience a corporate strategy development process only succeeds if the board actively co-creates and is fully engaged. It is crucial to involve all board members in the whole process of how they might shift from daily management to strategic leadership, so that they can take full responsibility, knowing in advance everything that is going to await them and their employees. If leaders incorporate and are themselves living examples of what they expect from others, this is much more likely to be lived by their employees in their daily work. This is surely the only way for leaders to fulfil their role in leading their organisations responsibly and sustainably towards peak performance. In meeting with Steevels and Des Tombe I explained: 'Everything that is manifest here today has become what it is because of you, but that which has not become, is because you have not yet become conscious of it, let alone that you have been able to imagine and therefore lead what that could be.'

Although they had together made the company what it was, what was holding them back was that they were not yet fully aware of the organisation's unique value-creation capability and its true potential as a fully-functioning whole-organisation, performing towards peak in all areas. Most specifically I pointed out that the desire to grow the company further could not be answered within their existing silo-thinking, silo-structures and corresponding behaviours. It was time for something new.

The right frame

A process of thinking deeply about what makes a company unique inevitably leads to important insights and discoveries. Companies always seem to know what makes the competition unique, but becoming conscious of their own uniqueness, of their own capability to create unique value, appears to be an interesting challenge. What one is excellent at is most of the time taken for granted, whereas there is usually acute awareness of and focus on what is lacking or going wrong.

Creating something that is unique will succeed only if the organisation's capability to create unique value is consciously built within everything that is being done in the organisation,

ultimately manifesting itself in every product and every service, so that this value will to be experienced by the customer. For example the uniqueness of a car brand is reflected in every aspect of its appearance, performance, ride, style, comfort, economy, appeal and quality, and all of that must come together, packaged for the customer as a seamlessly integrated and complete experience when buying and using the car. In order to grow strategically, one first needs the right frame to be able to discover exactly what the organisation's unique capability is to be able to organise activities in such a way they all fit together offering an excellent product or service that optimally satisfies customer needs.

Steevels and Des Tombe did not lack the capability to reflect together, an important prerequisite in order to further develop themselves and lead an organisation forward. For instance twice a year they had the habit of travelling together for several days, to thoroughly discuss the company. Good food and occasional museum visits were also part of the programme. What they did not have, what they missed and what they were looking for, was a solution-oriented approach to bring their whole organisation strategically forward.

Practice shows that any attempt at whole organisational strategic growth inevitably fails when the tendency to silo-thinking and therefore silo-behaviour dominates. The organisational framing and therefore structure is unsuitable and cannot go beyond sub-optimisation. Although each and every individual in an organisation that is dominated by Taylorian silo-structures gives his or her best, overall performance will rarely be better than average or sub-optimal. The consequences of silo-management are usually a growing frustration with and lack of understanding of the work carried out by employees in other departments. Each silo department has its own ideas, objectives, terminology, its own language. The commercial department has a different focus, a different dynamic and speaks a different language than, for example, the technical or business development departments. This raises an essential question: What is the overarching inter- or cross-departmental purpose of the whole organisation? For top management the question is not only about how to define the 'why' of the company's existence, but also what exactly it is that fundamentally differentiates it from its competitors. It is the answer to this question that provides the higher corporate purpose that can overarch and connect all of the individual silos, and can lead to real whole-organisation performance. And in order to move forward, those strategically responsible for their respective disciplines need to be involved in the process of coming to this whole definition and to start taking responsibility for developing the whole organisation together.

Des Tombe knew of the direction of my work, and it was within this context that he had requested our first orientation conversation. He specifically wanted to discuss the possibility of engaging with the core purpose Value Frame to map, across twelve non-negotiable principles, Internedservices' unique capability to create value, and to identify the real potential that they were carrying.
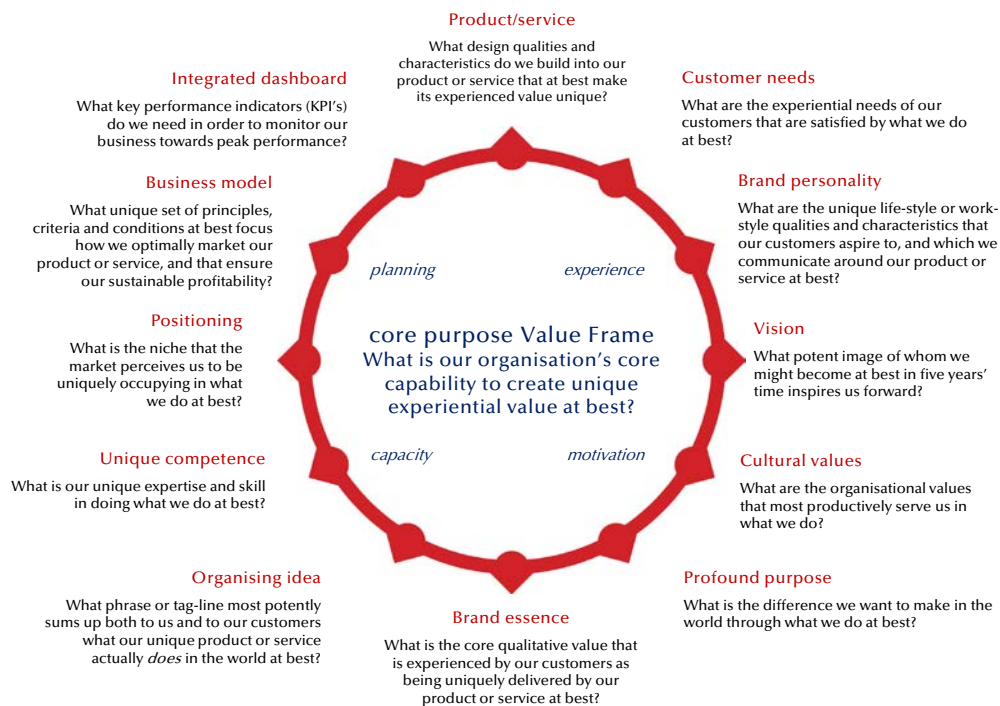
Figure 1: Key questions of the Value Frame which will lead to the twelve non-negotiables of core purpose

'Bring out our best together'

The organisational development process that I designed for Internedservices was titled 'Bring out our best together – the whole is more than the sum of its parts'. The process started with individual interviews with the new management team, namely the eight heads of departments and the two CEOs. Interviews comprised 30 questions spanning three categories:

1. **Getting to know each other and the current situation:** Who are you? What is your work? How do you perceive the organisation? What do you think is working well and what could be improved?
2. **The future:** Imagine the company is developing well over the next two years: What would it look like in two years' time and what would differentiate Internedservices from its competitors when performing at best?
3. **How to get there:** How do you imagine achieving that situation? What needs to be done and what changes will be necessary?

The development of the core purpose **Value Frame**

The core purpose Value Frame was originally designed to empower the leadership of an organisation as one identity and brand. This was largely inspired by the increasingly apparent collapse in the effectiveness of silo-based command-and-control management for leading organisations. The Value Frame is a proprietary but comprehensive open source instrument and process for conscious coherent collaboration and action throughout an organisation, leading to systemic performance.

Over the last ten years the Value Frame has been successfully introduced with clients large and small in many different countries, and many consultants have been trained in its introduction. It is based around twelve core questions, each relating to a conventional domain of management activity, for example positioning, cultural values or business model. The answers to these questions together describe the unique value-creation capability of the organisation. Defined as at peak performance they generate traction. Experience has shown that these twelve domain definitions are MECE, mutually exclusive yet collectively exhaustive, that is, they are all different to one another but together they embrace everything that is possible. As such they not only describe the whole organisation but are also, uniquely in management science, of a single taxonomy. They map an organisation's value-stream as *one* genuinely *systemic* capability. In practice all of them are relevant and valid and invite collaboration and cross function co-creation, resulting in the growth in uniqueness of both people and organisation.

In that an organisation's product or service must be uniquely differentiated if it is to survive in a ruthlessly competitive market-place, mapping its *unique value-creation capability* across all of the twelve domains effectively represents its *core purpose*. That whole-organisation purpose is always to perform its unique capability at best, to become all that it is capable of becoming. These twelve definitions of core purpose are therefore often described as the organisation's *non-negotiables*. They serve as the core principles within the parameters of which every decision and action must be designed, optimally supporting and contributing to the achievement of the organisation's core purpose. By ensuring compliance with the non-negotiable principles, CEOs can lead the entire company coherently, consistently and sustainably, in a world that is continuously changing.

In this world in which decision-making has by necessity to be scalable, even down to the shop-floor, enabling immediate and independent adaptation of strategic plans in response to constant disruption, the Value Frame provides safe parameters of both capability and purpose. It offers stable foundations for autonomous changes and innovations that are nevertheless fully aligned and coherent with the leadership's strategic purpose. A Value Frame application has been developed to help scale the process, both as a stand-alone solution and as a plugin for collaborative software such as IBM Connections.

'The whole is more than the sum of its parts'

The interviews with all the members of the management team proved to be very rich and valuable. The assurance that their answers would be anonymous prompted everyone to talk openly about their experiences and to express their ideas. Every contribution presented a piece of the whole, as in a puzzle. The impression of current obstacles and changes that were necessary for a breakthrough in the company's growth was confirmed by the interviews. It also became clear that despite all the goodwill and the two CEOs' attempts to further develop the organisation, the silo-structure was making further growth simply impossible. The vertical and hierarchical structure of the silos had outlived its usefulness. The employees could therefore no longer fully identify either with their work or the company as a whole. And the consequent lack of connection and mutual understanding between silo departments served only to increase the mistrust.

The first joint meeting with the ten senior executives was held in their conference room. In a brief presentation I outlined the reason for the collaboration between myself and Internedservices. With reference to the previous unsuccessful attempts to identify a clear and cohesive strategy, I explained how necessary it is to elicit the possibilities of strategic growth *together*. I also summarised the tenor of the interview statements, namely that all the respondents wanted to grow both with the organisation as a whole as well as in their individual leadership of their employees within their own departmental management structures. What, however, was very different were the views on how that could be achieved. In the ensuing discussion it became very apparent that the strategic growth of the company made very different demands on managers than the day-to-day management of operations. No one was to blame that they had not yet succeeded, all that was lacking was a whole-system frame making explicit what cohered everything at core, and the design of a collaborative process within which to successfully address the need for growth.
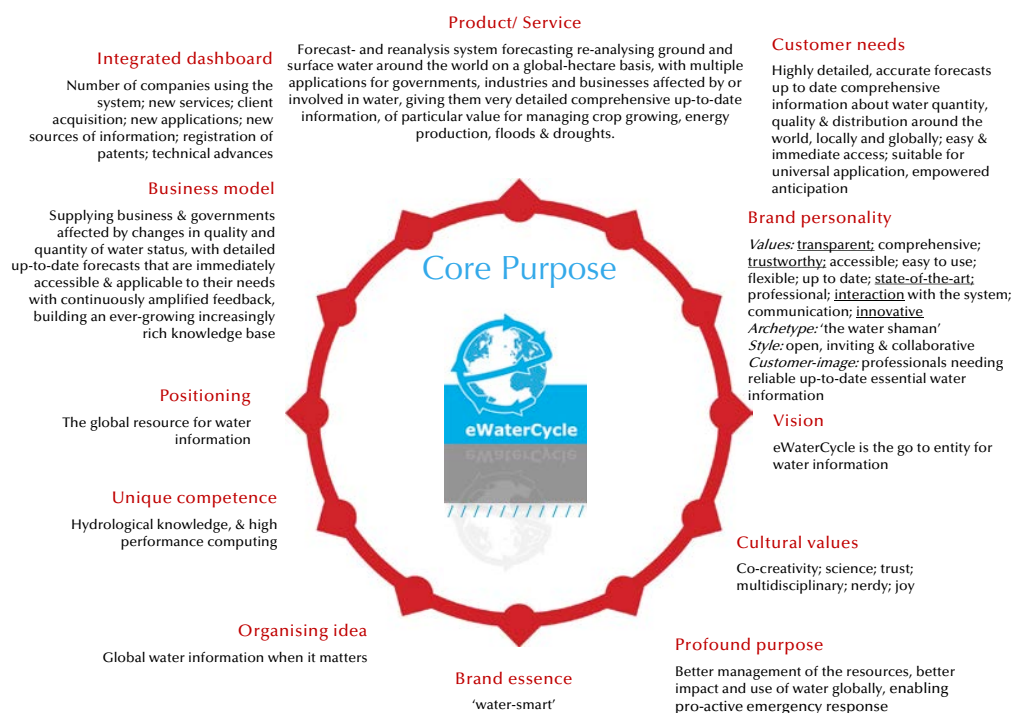
Core purpose as an integrating principle

Twelve core questions in the interviews focussed on defining the organisation's unique value-creation capability. Each question refers to a conventional management term such as positioning, cultural values and brand personality. Twelve answers are identified, each defined in terms of the organisation's performance at peak. In presenting the twelve as a whole-system narrative, the company's unique identity and purpose as expressed within one coherent value-stream becomes clear. The experience of discovering this common value-creating intention and purpose is for many both a surprise and a genuine relief, and is usually the beginning of a new co-creation, one that is genuinely constructive and focussed on the company's capability to create unique value and make a unique difference. As a consequence the company increases its experience and understanding of itself as one

whole value stream. Once the uniqueness of a company is explicitly defined together in this way, with the focus to consciously build these twelve unique principles into the daily operations, the company can then begin to be led towards performing its uniqueness at peak. Leaders and employees who are able to embrace these principles in their own daily performance and actions, live and pro-actively create this higher differentiating purpose of the company. The organisation's products and services then increasingly and deliberately carry its optimal unique value, and deliver the experience of that so as to enrich the lives of its customers. This surely is the existential foundation (and core purpose) of any company.

Every core purpose that has been defined with or for an organisation using the Value Frame is by definition usually highly confidential. After all, it is about how the company is in essence differentiated from all of its competitors. The core purpose of Internedservices is strictly confidential. But to demonstrate what a core purpose looks like in practice, Figure 2 shows that of the Innovation "eWaterCycle", a university-based initiative for a worldwide forecasting and analysis system of ground and surface water.

Product/ Service

Forecast- and reanalysis system forecasting re-analysing ground and surface water around the world on a global-hectare basis, with multiple applications for governments, industries and businesses affected by or involved in water, giving them very detailed comprehensive up-to-date information, of particular value for managing crop growing, energy production, floods & droughts.

Integrated dashboard

Number of companies using the system; new services; client acquisition; new applications; new sources of information; registration of patents; technical advances

Customer needs

Highly detailed, accurate forecasts up to date comprehensive information about water quantity, quality & distribution around the world, locally and globally; easy & immediate access; suitable for universal application, empowered anticipation

Business model

Supplying business & governments affected by changes in quality and quantity of water status, with detailed up-to-date forecasts that are immediately accessible & applicable to their needs with continuously amplified feedback, building an ever-growing increasingly rich knowledge base

Brand personality

Values: transparent; comprehensive; trustworthy; accessible; easy to use; flexible; up to date; state-of-the-art; professional; interaction with the system; communication; innovative
Archetype: 'the water shaman'
Style: open, inviting & collaborative
Customer-image: professionals needing reliable up-to-date essential water information

Core Purpose

eWaterCycle

Positioning

The global resource for water information

Vision

eWaterCycle is the go to entity for water information

Unique competence

Hydrological knowledge, & high performance computing

Cultural values

Co-creativity; science; trust; multidisciplinary; nerdy; joy

Organising idea

Global water information when it matters

Profound purpose

Better management of the resources, better impact and use of water globally, enabling pro-active emergency response

Brand essence

'water-smart'

Figure 2: eWaterCycle, optimal performance

This example of a Value Frame is published with the permission of
Prof.Dr.Ir. Nick van de Giesen, Civil Engineering & Geosciences, TU Delft, The Netherlands

To accelerate the process of definition, it can be helpful if the company's core purpose is also researched and defined by an external expert. 'Expert' definitions offer a viewpoint based on a

deep understanding of the twelve non-negotiable principles, and on what a 'good' definition 'looks' like. As such it can help shape and focus the leaders' own definitions. For the sake of strategic growth, however, it is important that the top management team members themselves all first engage with the core questions and work towards defining the twelve non-negotiables on their own.

The twelve non-negotiable principles – from theory to practice

In the first strategy meeting we had together the answers of all ten key executives that they had given in the individual interviews were subject to dialogue. After sharing all the outcomes to the question 'Imagine the company is developing well over the next two years what would it look like in two years' time?' and co-creating a shared rough vision together, we focussed on defining what would differentiate Internedservices from its competitors when performing at best? The twelve core questions about the organisation's core capability at best were presented anonymously. Executives then gathered in four small groups. Each of the groups was asked to work on three of the twelve answers, engaging with the ten different responses on each question given by them. The brief was to formulate, a common core answer for each of the assigned questions, based on these responses.

After one and a half hours the groups presented their results. Led by Des Tombe all key definitions were successively sharpened and compressed into the core design principles of Internedservices as defined within each of the twelve non-negotiables. The definitions that had been developed in the small groups were sometimes still somewhat imprecise and needed further adjustment. And yet from the set of all twelve definitions, already the characteristics of their unique value-creation capability as at peak performance, its core purpose, were beginning to emerge with clarity and potency.

> ### Internedservices
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> Founded in 1996, IS Group B.V. grew through mergers and acquisitions to become the largest independent IT & cloud service provider in the Netherlands. Now called Internedservices, it is specialised in managed hosting, online working spaces, security and connectivity.

Despite the very different personalities and their various working fields, there was a high level of agreement on the whole 'big-picture' of Internedservices - a real revelation for everyone. This is a phenomenon that is present in all companies with whom we have used this process. This mapping of the non-negotiables empowers executives to become fully conscious of the potential core capability at best and uniqueness of the organisation, both strategically and

organisationally, and creates a framework for decisions and actions that is based on the connectedness of the whole rather than the separation and mutual insulation of departmental silo-structures.

Now that the agreed vision together with the common core purpose had been co-created and defined, the question of the *how* of the planned future growth came into view.

Growing together – but how?

The question of the how of strategy can only be worked upon when the vision, that is, the direction in which it should go, and the potential capability of the whole company to create unique experiential value (which is its core purpose), both become clear. It did not take long for all ten participants of Internedservices to realise that growth can only occur if all of the leaders – in terms of their contributions to the entire organisation – were to further develop their individual capability, and bring their expertise in each of their respective disciplines fully into the team.

So far, it had been common practice for the leadership team to evaluate each other only from the perspective of each individual's discipline, and within conventional silo-thinking patterns and mindsets, all of which was actively counterproductive in relation to any efforts made to grow together. It is obviously much more effective to work together, and to jointly pursue their common higher goal, if one is to bring out the best in one's colleagues, and to make optimal use of their competences. But how do you do that? Helmuth von Moltke's famous dictum is truer than ever – 'no strategy survives first contact with the enemy'. The world today is a system that is too open, too complex and too fast-moving for one-dimensional concepts and frameworks to work. Highly planned and rigidly directive instructions have to give way to a distributed and shared decision-making, but that can only happen successfully within a whole-system context.

'Anyone who can share can multiply'

Steevels and Des Tombe actively participated in the process. Together with their managers they ensured that the core purpose and the processes ensuing from it were communicated comprehensively throughout the Internedservices organisation. After each meeting the two CEOs assessed the protocols and communicated these further throughout the company. The transparently committed involvement of the two CEOs radically strengthened the effective and dynamic development process.

to whole

integrate

align

refine

define
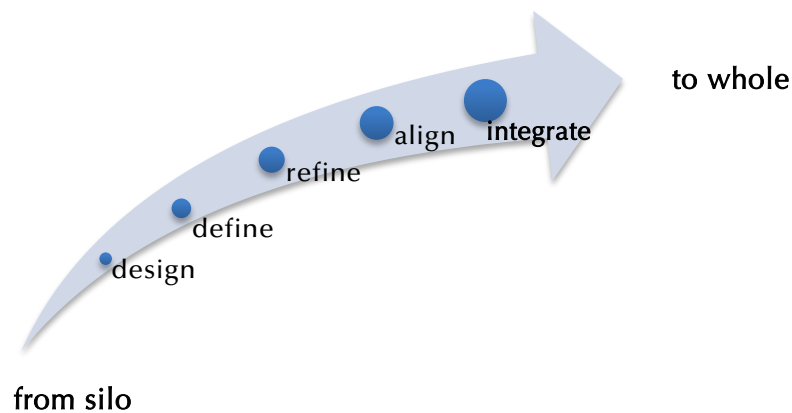
design

from silo

FROM SILO ......

Conceptualising with the CEOs
- Describing the current situation and defining the problem
- Defining the future situation when the problem is solved
- Discussing conditions for the co-creation

DESIGN
Designing a whole strategic process to overcome the immediate problem in a way that it optimally contributes to the organisation's future performance
CEOs' commitment to lead the strategic process

Interviews
Interviewing the board and management team individually

DEFINE   (February day 1)
1. Co-creating a common vision including strategic cooperation
2. Co-defining core purpose at peak performance
3. Comparing the internally defined core purpose with the one created on the basis of external research

REFINE   (March day 2: 13.00 – 18.00)
1. Enriching & refining the shared vision
2. Refining the core purpose
3. Sharing ideas how to make the vision come true, evaluating them against core purpose at peak performance
4. Prioritising the ideas
5. Deciding on and committing to the 'to do' actions

ALIGN   (April day 3: 13.00 – 18.00)
1. Enriching the vision
2. Accomplishing the core purpose
3. Co-creating ideas into strategies evaluating them against core purpose to grow towards peak performance together
4. Deciding on and committing to the 'to do' actions

INTEGRATE (May days 4-5: evening, morning, afternoon)
Off-site together, growing in uniqueness by growing as one team
1. Retelling the vision
2. Giving and receiving collegial feedback in pairs switching every fifteen minutes nine times.
3. Retelling the core purpose at peak performance
4. Developing individual portfolios to shift from managing to leading, discussing how the growth in leadership will contribute to the growth of the whole organisation
5. Defining what is the shared potential for growth in relation to peak and how best to grow co-creatively in coherence together

.....TO WHOLE

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The previous page shows the overall iterative process. This overview is a guidance that can be processed step by step. Design, define, refine, align and integrate their core capability - this is the targeted sequence for the conversion from silo-system thinking and behaviour to whole-system thinking and behaviour. What the process evokes is engagement, connection, alignment and convergence with core purpose, and making it happen.

After the common image of the aspired vision had been made concrete and the core purpose of Internedservices had been defined, the atmosphere between the managers and the CEOs improved significantly. Confidence and energy increased and the reciprocal understanding of the work grew. Individual initiatives appeared – within the various departments portfolios were being adjusted, together with the informed support and involvement of all of the employees.

Eventually all would be included in order to ensure that work processes would lead to optimal and unique performance, as defined in the organisation's core purpose. Des Tombe's personal motto 'Anyone who can share can multiply', could be experienced as a reality. The felt intention to fully involve all of the managers of the departments in the process, and the convergence between employees and their actions through their new overarching participation in the management team, all influenced the whole organisation. The core purpose of Internedservices was used as an objectifying 'compass' to check and assess the value of every significant proposal, strategy, decision and action.

Applying the Value Frame

A whole-system big-picture of a company at best offers the opportunity to discover areas for development in which it can continue to grow as of today, bridging the gap between the now and the future at peak performance. For each employee, it is an ongoing learning process to use these development areas deliberately and consciously. With a growing process of knowing and integrating the principles of a company's core purpose, and cross-function co-creating and taking initiatives to develop towards performing uniquely at peak together, its sustainable value-creation performance begins to increase. This means that not only do customers increasingly associate unique positive experiences with the company's product or service, but all stakeholders also experience reward and benefit.

A core application of the Value Frame is that of compiling radars, evaluating either current overall performance or the likely performance of proposed decisions and actions in relation to the non-negotiables. The gaps between the radar and peak performance definition invite the re-design of more appropriate strategies, decisions or actions that will bring performance closer to peak within every domain.
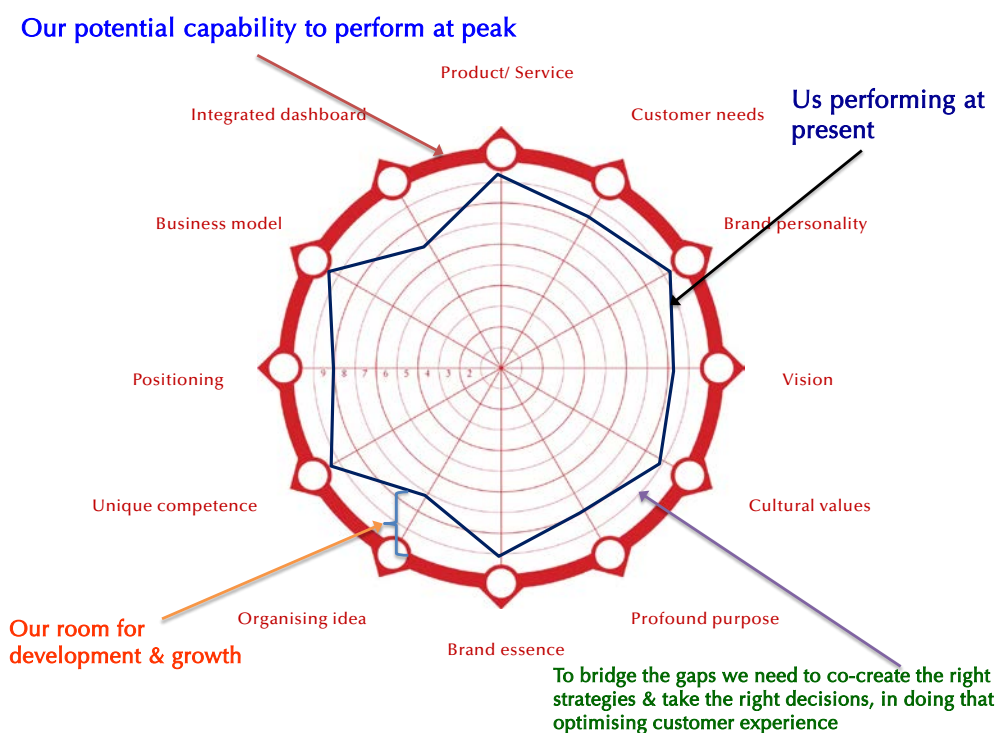
Figure 3: Scoring of actual performance in relation to the potential of peak performance, and the intermediate gaps offering room for development and growth.

The successful transformative renewal of Internedservices

True co-creation can only happen when the core purpose of an organisation is clear for everybody. Overcoming silo-thinking and coherently co-creating the whole ultimately manifests in the organisational structure, but it is not created by structural change itself, it is the consequence. Back in 2013, the IS Group B.V. still comprised the subsidiary companies IS Channel, IS.NL and IS Enterprise. Today there is only one overall organisation, Internedservices. But it was not the change of the structure that generated break-throughs in silo-system thinking and behaviour, rather the exact opposite. Consciously working with the non-negotiable principles of the whole organisation's core purpose has led to convergence, coherence and focus around the value-creation of the entire company. The need for adapting the organisational structure emerged naturally *as a consequence* of this and became almost easy. The potential for this development was present from the beginning onwards, not least in the expressed willingness of all managers and employees to develop and grow.

Jan Willem des Tombe, CEO

'To work with the twelve non-negotiables was an amazing experience. I would have never thought that it is possible to initiate such fundamental progress within such a short time-frame. The result: more identification with the company, more solidarity and a vision that is embodied by everyone. Now, we are able to give feedback freely without feeling attacked. We are working better with our customers and have profitable sales talks. We applied what we have learned. Our target-orientated internal management has led to optimised results. It made it easier to track revenue and sales targets, and therefore they are more attainable.'

Arjan Steevels, CEO

'Before we started the process, I was really sceptical. I thought we would forget about the core purpose definition as soon as the consultant would leave. However, none of that came true. We didn't invent anything new with the silo-to-whole approach method, but we became aware of who we are and why we are like that. The new-found knowledge about our core purpose strengthens the ties in our team. It not only shows us where we come from (core) but it shows us what makes our company unique and what we are trying to achieve (purpose). This is really useful in the daily decision-making process and lets us focus on things which lie ahead of us.'

To focus on common goals and to acknowledge that the whole is much more than the sum of its parts has resulted in the successful development of the whole of Internedservices. Whole-organisation transformation and innovation is only possible when all leaders and employees are seen by all stakeholders, including customers and business partners, to act according to the core purpose of the company, beginning with the board. And in the case of Internedservices both CEOs were indeed seen and experienced by everyone as two very different individuals yet acting as one, as an indivisible unit of intention and leadership. The very important point is that *people* eventually only follow other *people*, not models or trademarks. Both leaders set the example in consciously bringing their organisation further, and inspiring and building its future.

A whole-organisation is a group of individuals with a clear shared intent and focus on delivering unique experiential value to customers, working together systemically and single-mindedly, aiming to perform at peak in everything they design and do, for the benefit of all stakeholders. Silo-management is rapidly dying, and organisations nowadays will only thrive in the disruptive world we live in if their leaders have the courage to lead systemically, literally as a 'whole' organisation.

The Twelve's most recent publications are:
From Silo to Whole: how success thinks in our post-silo world
Mapping Core Purpose: finding coherence in a disruptive world
Mapping Systemic Capability: the stable foundation for agile innovation
Open Teams: a guide to systemic performance in a disruptive future

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