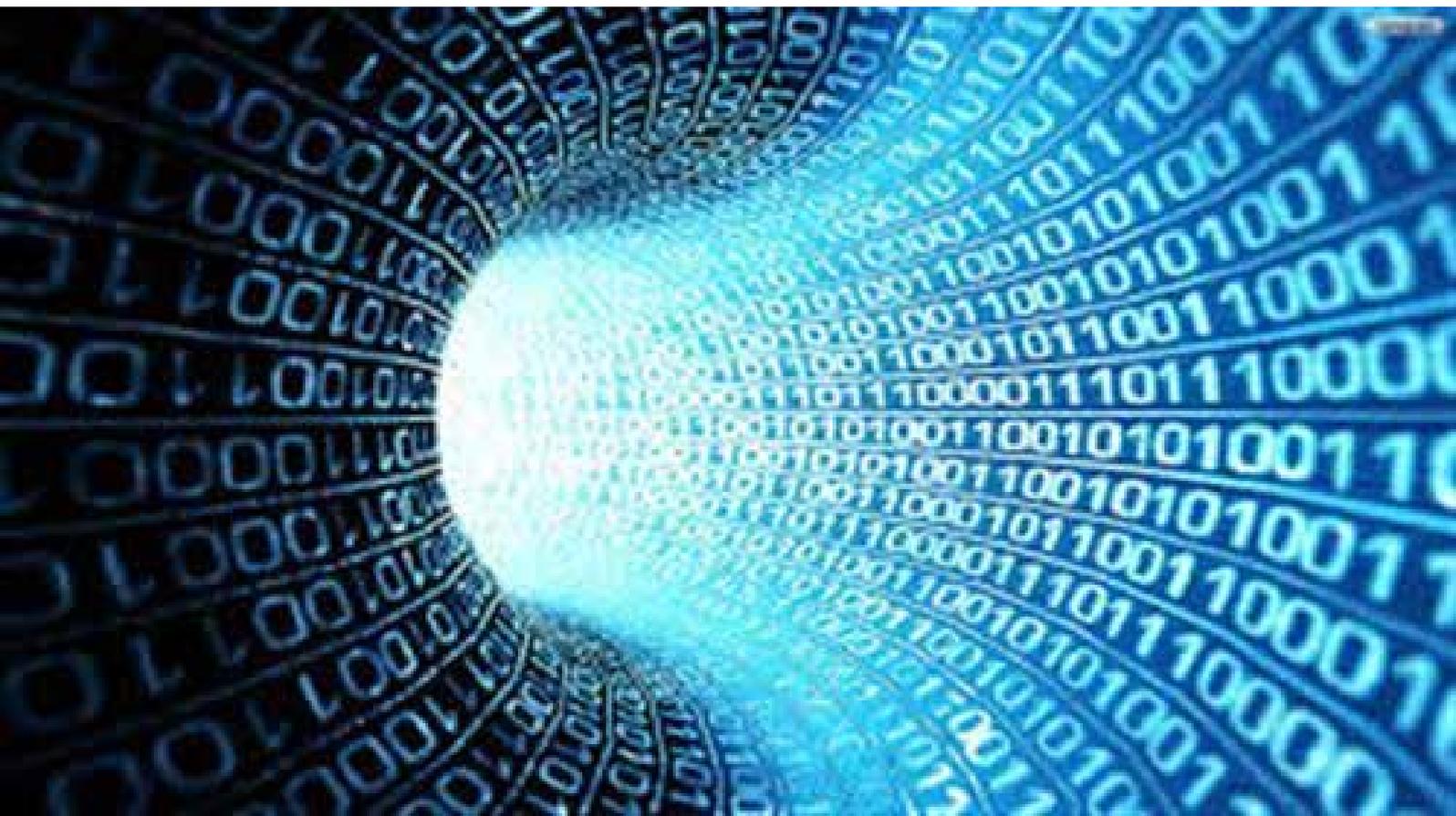


The Executive Epidemic

Unsustainable Overload

Idea Resistance
Perverse Incentives
Frustrated Value
Career Risk



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In Brief:

New knowledge, applied, empowers existing leaders to drive more effective innovation investment.

The perspective from which you understand a challenge is the greatest success factor in the action that follows.

A global breakthrough arising from Australian doctoral research engaging many of Australia's top leadership brings insightful new perspective that opens pathways for effective action.

It provides a prescription for:

- Reduced stress
 - Greater value contribution
 - Ability to engage effectively with new ideas
 - Reduced risk of serious failure
 - Better mitigation of external risk
 - Greater innovation performance
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- Sustainable, fulfilled, motivated work-life
 - Sustained high-performance value-creating organisations

The Executive Epidemic

Leaders at all levels are unsustainably overloaded.

They cannot continue at this pitch.

They cannot do more.

It is not enough.

It is not working.

Being a highly effective professional is no longer sufficient.

The 'master' of effectiveness, Steven Covey (7 habits of highly effective people) wrote "Effectiveness does not suffice in the knowledge worker age...The challenges and complexity we face today are of a different order of magnitude."

We need new integrated team practices, not heroics

Heroics injures people and organisations.

Design for Leadership

"We are battling to meet 21st Century challenges with, at best, 20th Century decision-making and reporting systems."

Prince Charles, 2004

"As we advance deeper in the knowledge economy, the basic assumptions underlining much of what is taught and practiced in the name of management are hopelessly out of date... Most of our assumptions about business, technology and organization are at least 50 years old. They have outlived their time."

Peter Drucker, 1998

Organisational Mis-design

Our large organisations are not designed to allow leaders to be effective, or to allow leaders to succeed, in the current conditions

Our leaders are being suckered

The old processes of decision-making means that leaders are called on to make decisions on the wrong issues, at the wrong time and with the wrong information.

Old delegation is dead. The idea that you can completely understand and communicate a goal, or completely de-risk a decision is no longer valid. Leaders cannot set-and-forget. They are being forced to remain intimately engaged with everything all of the time.

Our leaders cannot succeed in the existing paradigm

**Do we need to swap out for better leaders?
Or, do we give them more training?
Or, do we work them harder?**

.....No

It's time to upgrade the intangible value-creation machinery that "is" our organisation.



Design for Contributing Value

Why Do Good People Fail?

Our organisations are largely made up of the best people, at the top of their profession, highly motivated and well intentioned. They are making the best possible decisions with the information provided, and within the integrity of their role.

- The fact that these are regularly the wrong decisions is evidenced by low levels of sustained organisational performance.
- Our decision-making processes bring issues at the wrong time, to the wrong people, and ask them to make inappropriate commitments to inappropriate options.
- People have inadequate information insight to be able to make decisions that optimise long-term organisation-wide value.
- Our processes do not allow people to effectively prosecute the purpose of their role, or contribute the potential of their intellectual capacity.

Sometimes staff know they are making a poor decision, but cannot do otherwise without compromising the integrity of the role they are hired to do. We cannot ask them to risk their job or the company by 'just doing what they know is right'. Sometimes they are just a small cog in a vast machine.

Most staff at most levels are generally frustrated at work. They have latent skills and capacity that they choose not bring to work. And yet, researchers such as Dan Pink have shown us that we are most strongly motivated by our ability to contribute real value. We are disengaged, demotivated, stressed, and even injured by frustration.

Addressing this crisis is a national priority.

Unlocking the intellectual potential of a national workforce is the cornerstone of success for a high-performance knowledge economy.

"The person who figures out how to harness the collective genius of the people in his or her organization is going to blow the competition away."

Senge, 1994

Design for Ideas

“You can present, the best idea, for the most important survival issue, all pre-worked on a silver platter. The exec ‘gets’ it. Understands how vital and practical it is... a no-brainer. But then this look comes into their eyes that says “I’m responsible for this, it’s not someone else’s. But... I have no idea how to make this happen in this organisation. Its not worth my career to try to introduce it”,

Serial Innovator.

“It is safer to fail within expectations than to risk succeeding outside of them”

Matthew Kiernan

Idea Resistance

The ability to turn ideas into sustained strategic value, consistently and at pace is the fundamental characteristic of highly successful value-creating organisations.

The Australian CEO with arguably the best sustained value-creation track record says success “is all about optionality”: Awareness of what is happening in the environment. Making sense of what you see. Making timely informed decisions. Ability to execute. Constant monitoring. And Repeat.

But, our executives are too busy to hear new ideas; our organisations are too busy to engage with new ideas.

Organisations with Idea Resistance who cannot hear and engage new ideas are dying.

We are working harder, not smarter. Our hard work is making our work harder to do. It is making us less effective. We are spending well, and trying hard. But the INSEAD Global Innovation Index 2016, rates Australia’s effective innovation performance at number#73 just behind Pakistan & Zambia.

Our organisations don’t know how to engage effectively and efficiently with new ideas.

Overburden responds to new ideas as an assault – and is hostile in response.

For executives the golden rule, as they try to cope, has been “focus”. Do what has been agreed. Do what you have been told. Do not question the wisdom of current action no matter how stupid it looks, or regardless of what you have learned. Our KPI bonuses focused on completing agreed action re-enforce these perverse incentives. Questioning the status quo, learning, and contributing is dangerous.

Career risk is the biggest barrier to innovation.

The pressure of overburden in our organisations is at explosion point.

Everyone – managers, innovation specialists, even the CEO and Chair have their hands tied.

Design For Change

Change Resistance

The very human response as we try to cope with the 'different order of magnitude' of challenge has been a disciplined obsession with focus.

This is a fallacy.

It locks us in to repeat our mistakes.

Focus is the opposite of the open thinking, experimentation, learning, optionality that we need to be successful in dealing with our markets, and in dealing with our own operational practices. It dooms us to Albert Einstein's definition of insanity: "doing the same thing, and expecting a different result".

We have been resistant to change, because:

- **We are designed and built that way.**

Our organisations were set up to operate within stability and do not know how to respond to different conditions.

- **We have had no options.**

Until now, there has been no model that shows us how to organise ourselves, at scale, for a new order of constant change, constant learning, and sustained effective re-invention.

- **We have had no measures.**

Until now, we have had no way to determine if we were doing well enough. Of targeting, evaluating and proving the impact of new practices. "What is measured is done" (Peter Drucker). What have we been doing, if have not been able to measure our effectiveness?

Design for Visibility

What is Measured is Done.

“THE RATE OF PRODUCTION”

If we were directors of a manufacturing company, we would know the throughput of our machines, the cost of an upgrade, and the market conditions... and we would make explicable decisions.

However, it turns out...

We are captains of complex intangible value creation machinery, but:

- We have no visibility of our rate of production
- We cannot design, cost or measure the effect of upgrades
- We cannot consider the business case for investment, or the gaps in capability

And, in the current machine design, no one is accountable for doing so.

A Vision For Design

From Outmoded to Optimised Re-invention

The structures we have historically used to organise human labour to effective outcomes (our organisations) are out of date. Our organisations are no longer fit-for-purpose. They have many good quality characteristics, and should be upgraded, not discarded.

Highly effective sustained value-creation is delivered through virtual structures, that enable the collaborative building of knowledge (“integrated insight” or even “integrated foresight”), that enhances distributed decision making.

To operate at high-performance, all staff must be empowered (enabled and measured – not just authorised to act blindly) to make good decisions on the important issues, at the right time, with the right information.

Organisations need to refresh the definition of roles, enabling staff to overcome the noise and return effectively to the (often forgotten) PURPOSE of their role.

Our organisations are primed and ready to make this happen... but lack a model to guide them. Rational movement towards a new effective practice will alleviate some of the pent up frustrations and relieve organisational pressures.

**The only way to get a large organisation to change
is to get it to change itself.**

The capacity for re-invention is the hallmark of a future-proof sustainable organisation.

**Governance of Value Creation shows you where to start, and how to
develop the capacity for continuous optimising re-invention.**

Breakthrough Research

Breakthrough: Governance of Value Creation

2017 Doctoral research at La Trobe University, Melbourne, Australia, involving directors at nine of the ASX10 (seven at Chair) amongst 60 expert interviews, has delivered a breakthrough in the long sought-after link between governance practice and organisational performance. Governance of Value Creation: An integrated multi-disciplinary governance model for sustained value creation in large scale organisations.

Governance of Value Creation is a future-oriented equivalent to Financial Governance. It enables accounting-style understanding of the (risk and uncertainty mitigated) future value of all of the work of an organisation, a collaborative network, or a market sector.

It enables leaders to assure the 'Future Fiduciary' question 'Are we optimally invested in our own future'. And, it enables consistently enhanced decision-making throughout an organisation in continuous support and optimisation of better future outcomes. The practice enables communication and communities of collaboration on multi-bottom-line (societal, environmental, and other outcomes as well as financial measures) across multiple future timelines.

Governance of Value Creation:

- Enables leaders to run more effective organisations focusing on productivity as the achievement of more valuable outcomes (not just cutting cost).
- Creates organisations that can value, and reliably achieve value from ideas, opportunity and technology, and the full potential of staff and community.
- Enables investors to value organisations on auditable evidence of delivering the best future prospects (costing future risk).
- Enables governments to engage in social-value outcome stewardship of collaborative action occurring across collaborative networks and markets.

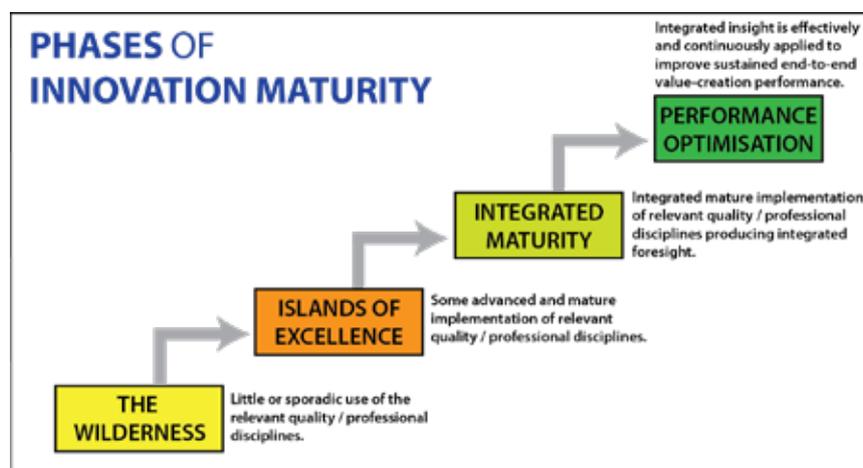
And, it enables citizens to understand, build trust and participate in what their public and industrial institutions are doing and actually achieving towards making a better world.

The Diagnosis

Innovation Maturity

The Innovation Maturity model was developed to assess the extent to which an organisation was designed and constructed to operate effectively for sustained high-performance creation in the current operating environment.

Analysis undertaken in the research shows that most large-scale Australian organisations are at a level of Innovation Maturity known as Islands of Excellence.



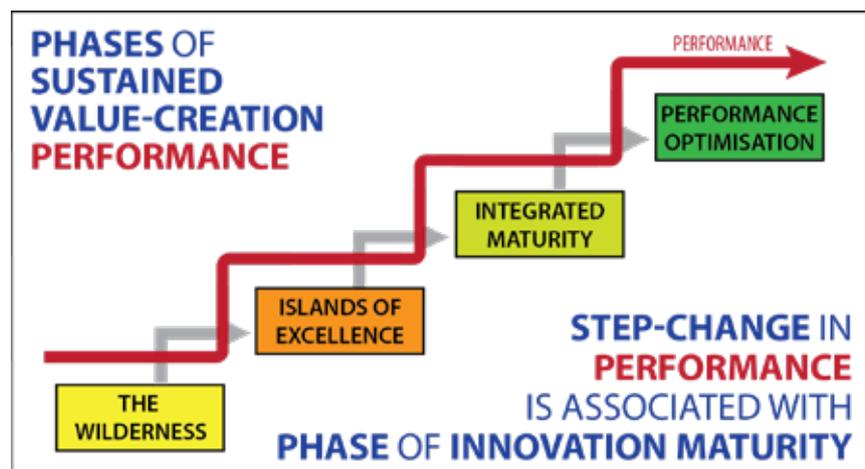
These large organisations are really good at many things. They are well resourced and have expert staff. When they put their mind to something they can create excellent outcomes... but they fail to 'bring it together' to consistent performance.

Putting in more effort in this way will just make them more excellent at their islands. They may work very hard, and with great skill, but will not achieve the 'phase-shift' to the next level of maturity.

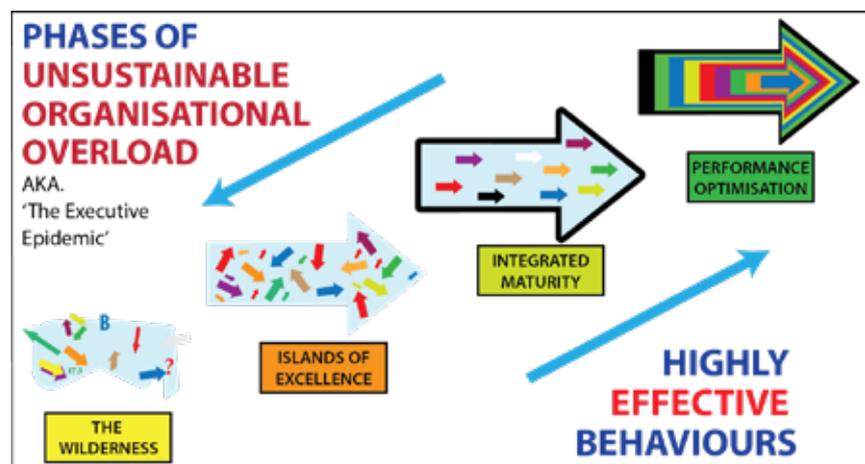
The Diagnosis

The research demonstrates that step-changed increases in Performance is associated with step-changed increase in levels of Innovation Maturity.

Organisations working hard without a model, will fail to shift phases of maturity, and will fail to shift to higher phases of performance.



And, the research demonstrates that the unsustainable organisational overload of the Executive Epidemic is also aligned to phases of Innovation Maturity. At higher levels of maturity, organisations enjoy more effective alignment between disciplines, and lower levels of duplication and discontinuity.



The Prescription

Governance of Value Creation

An Australian research breakthrough has given us a new and effective treatment for the Executive Epidemic through the use of the Governance of Value Creation model.

Governance of Value Creation develops the evidence base required to enable:

- **Collaborative value creation, and**
- **Distributed enhanced decision making**

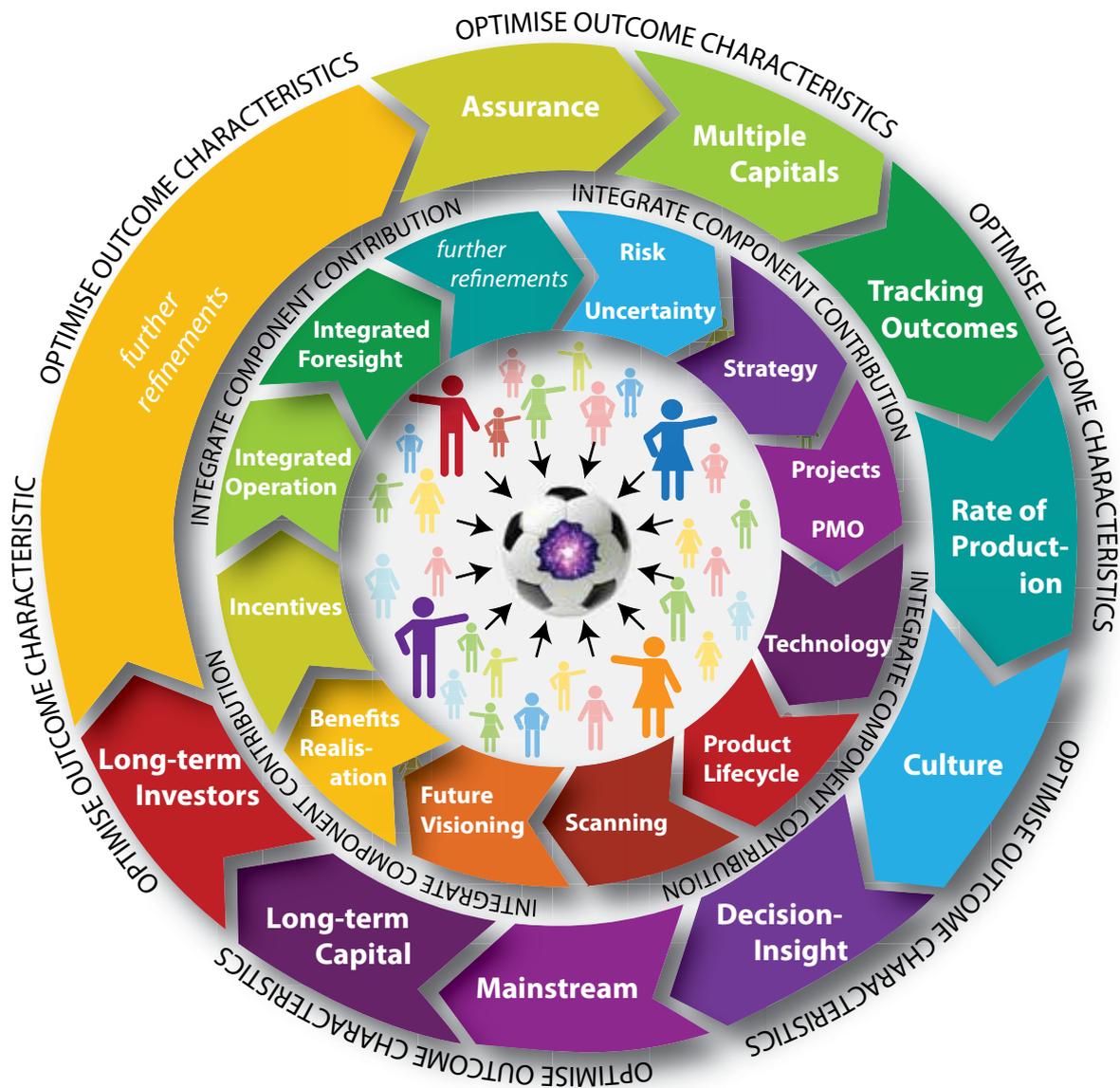
Governance of Value Creation is an integrated model for sustained high-performance value-creation, and the collaborative, disciplined, assurable creation of information-foresight to empower enhanced distributed decision-making.

It enables everyone working with the value-creation machinery to engage the contribution of their own role within an assurable collaboration to address the “Future Fiduciary” question “Are we optimally invested in our own future?”.

It enables everyone to consider the impact of any decision they make within the context of long term strategic value creation. “Does this improve our portfolio?”. And it aligns the contribution of all disciplined knowledge workers to improve share organisational knowledge, enabling continually better decisions. It guides the design of organisational capability so everyone from the Chair to the shopfloor knows how to bring new ideas into the organisation in an effective, scalable and high-performance setting.

Governance of Value Creation creates a disciplined culture where ideas can be injected and progressed on their merits, and the value of action is visible to all.

The Prescription



Governance of Value Creation is a future-oriented analogue to Financial Governance.

Financial Governance (accounting) is made up of a suite of disciplined practices, that integrate together and provide integrated insight through a P&L and Balance Sheet and a few other instruments.

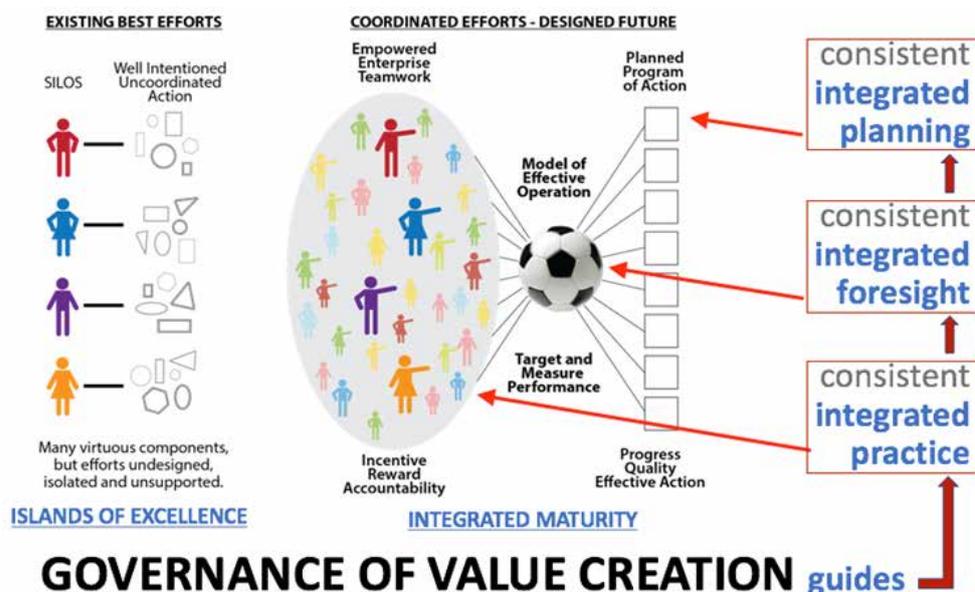
Governance of Value Creation is made up of a variety of standardised disciplines that, within the current practice of our organisations, do not integrate, and provide no insight. Now they can.

The Prognosis (with treatment)

The Executive Epidemic results from 'flying blind', best effort, heroics.

Governance of Value Creation provides the blueprint for the alignment of collaborative action, and the consistent prioritisation of value.

In the current frame, isolated champions are putting in their best efforts without support, and without the authority or personal capital to break down silos and change behaviours. They may seek to be heroic, or simply put their best efforts into the bottom drawer. Evidence shows they are mostly correct in what they want to do – but lack alignment, integration and collaborative action with other disciplines.



Governance of Value Creation shows us how to operate effectively at 'higher orders of magnitude'.

It guides us to develop consistent integrated practice. It provides a blueprint for effective process driven collaboration that demonstrates how each disciplined contribution engages and interacts – at the right time – addressing the right issues – committing progress within the context of the next point of review.

It guides us to develop consistent integrated foresight. It provides a blueprint for effective collaborative creation of knowledge supporting enhanced decision making for all. It demonstrates how the value of experimentation, learning and each disciplined contribution adds to collective understanding and sense-making of uncertain futures.

It guides us to develop consistent integrated planning. All large organisations know they have issues and are deeply committed to transformations. Governance of Value Creation shows how to design aligned improvement efforts that are focused on shifting the organisation to higher phases of operation.

The Side Effects (and they're all good!)

The Governance of Value Creation approach does not need you to invest time you do not have.

Tackling the issue from a new perspective, this prescription coopts your existing efforts, and the existing efforts of your colleagues, towards more effective integrated outcomes. It does not require the learning of new theories, endless workshops, or collaborative indoctrination. Elite coaching will help you guide your part of the machine, and your existing efforts towards the aligned model. It makes you more effective and successful.

The approach does not need more organisational effort, new complicated strategic themes, or more cost.

Governance of Value Creation enables the organisation to achieve much more out of the effort it is already putting in to organisational improvement, growth and innovation. It makes the organisation more effective.

It is a commonly held that increased performance requires increased risk. Research demonstrates that this is NOT true.

Existing decision-making practices have been shown to favour projects that have higher levels of value-destruction, over projects with better prospects and lower down-side risk. Governance of Value Creation helps achieve better decisions. It helps the organisation commit, learn and change course more easily. It brings focus to the effort that is most successful and most valuable.

Effective futures facilitate people working smarter not harder.

Governance of Value Creation increases knowledge-value productivity. **Scale-up.** It provides the business case for bringing ADDITIONAL assistance (new jobs!) where real value is being created. **Risk down.** It provides the risk-case for failing to bring in additional assistance as value grows. **Wage Growth.** It provides the KPI measurement to support higher rewards for the contribution of value within a process. **Knowledge.** It provides the measurement of the value of intelligent contribution to reward knowledge workers on more than just attendance. **Productivity.** New knowledge redefines productivity as the effective creation of new sustained strategic value... not simply the removal of cost.

Purpose and motivation.

Governance of Value Creation enables optimisation across multiple bottom-lines. Not just financial measures, but stakeholder, environmental, intellectual and human capital can be targeted, measured and tracked. Priorities and trade-offs, and the implications of decisions can be readily seen. A range of societal measures can be addressed and optimised to improve stewardship in the government environment or corporate social responsibility (CSR) and stakeholder license to operate in the corporate sector. Organisations who can express their purpose, and who can engage their staff and stakeholders in the efforts to achieve those purposes, are shown to be successful and personally fulfilling for staff.

Conclusion

The structures we have historically used to organise human labour to effective outcomes (our organisations) are out of date. Our organisations are no longer fit-for-purpose. They have many good quality characteristics, and should be upgraded, not discarded.

Attempting to remain competitive and effective using these old-order organisations in the new-order environment is the major cause of the Executive Epidemic

New research gives us insight on how to upgrade our organisational machinery.

Upgrading our operating machinery appropriately for the current commercial environment, and the practices of a knowledge-worker economy:

will enable higher levels of sustained value-creation performance.

will enable us, its human components, to be less subjected to stress-fractures of the Executive Epidemic.

Upgrading our organisations, as guided by the Governance of Value Creation blueprint will enable us to be more effective, contribute more, and be more fulfilled in our working lives.

The Australian Institute of Performance Sciences



The Australian Institute of Performance Sciences (AIPS) seeks to realise the economic and social benefits (the impact potential) of the Governance of Value Creation breakthrough for the sustained prosperity and economic wellbeing of all Australians.

The AIPS can be thought of somewhere between the collaborative development of Accounting Standards and the Australian Institute of Sport. It facilitates the ongoing collaborative development of leading-edge practices... and delivers coaching for high-performance use by elite practitioners.

The AIPS is an independent, for-industry-by-industry organisation, funded by industry subscription across the top 500 participants in the Australian economy. It is independent, not-for-profit, led by an independent expert board. It promotes enhanced collaborative innovation practice for evidence based decision-making across all sectors of the economy. It is not a lobbyist for special interests.

The AIPS aims to 'move the needle' on effective innovation performance in the 'top 500', the 65% of GDP made up of large corporates, government jurisdictions and large-scale investors.

Economy-wide change will be achieved by collaborative development of leading-edge practice and coaching 'elite practitioners' on their high-performance use. It will focus on enabling them to achieve the potential 'step-change' in performance identified in the research. Smaller organisations, particularly in the services sector and the 'ideas economy', will follow.

By increasing corporate capabilities, and the evidence to support it, to 'investible quality', the AIPS expects to stimulate \$100bn in additional annual corporate investment focused on innovation, productivity and export growth.

The AIPS is a cross-industry collaborative initiative. It requires no corporate welfare, no blank-cheque programs, no new policy, and no legislative change.

New knowledge and collaborative action will influence economy-wide highly-effective Value Creation.

The AIPS will drive the knowledge to make large-scale organisations more effective at sustained value creation, and enable them to produce assurable evidence to justify further investment.

In complexity, leadership must become both art and science.



Governance of Value Creation and the Australian Institute of Performance Sciences are presented as an alternative approach to economic development, enterprise productivity, public sector reform and the competitive transformation of the Australian economy.

COLLABORATIVE PARTICIPATION FROM ASX200, INVESTORS AND GOVERNMENT WILL HELP BUILD SUSTAINED SUCCESS IN THE AUSTRALIAN ECONOMY