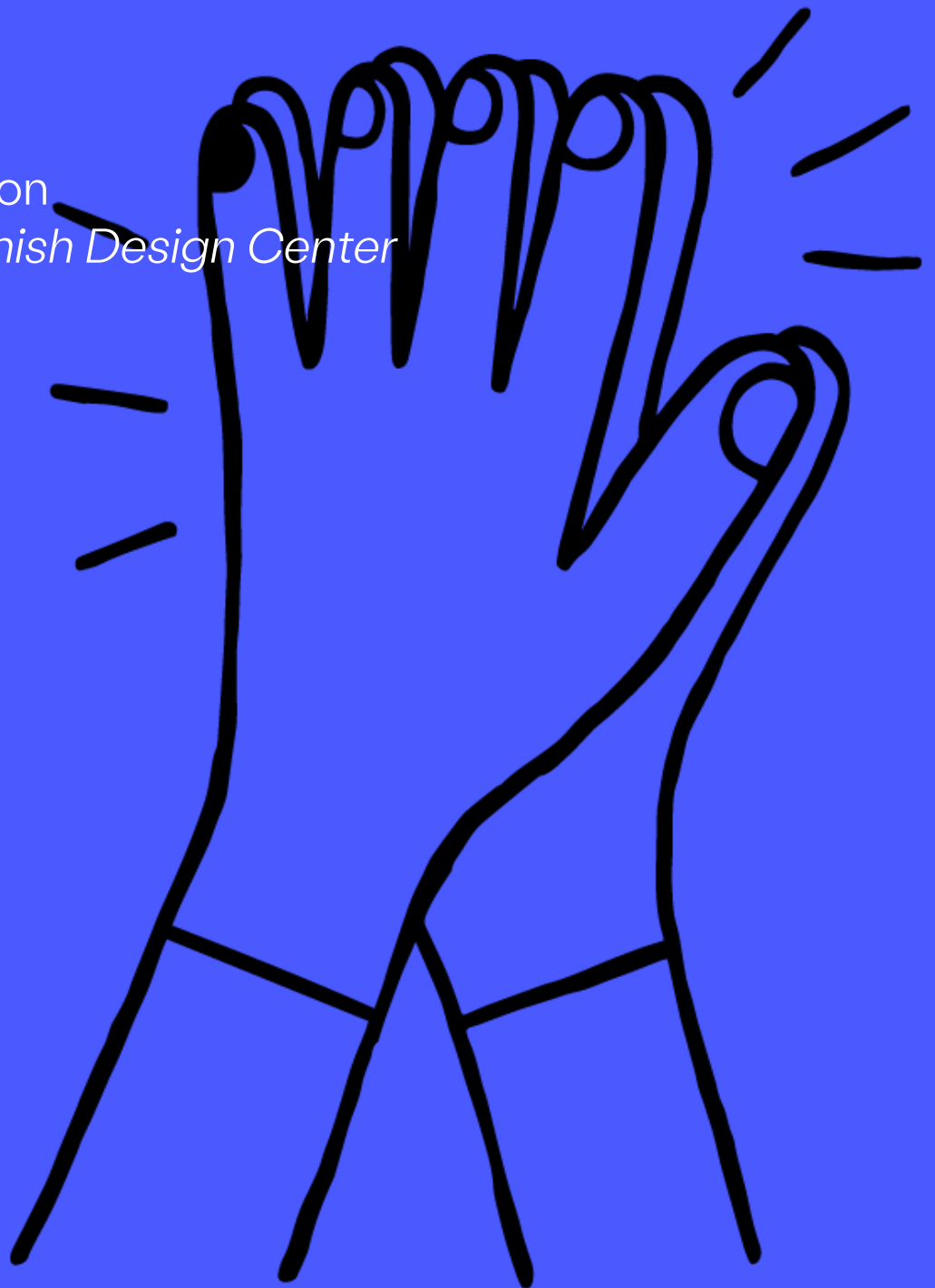


Here Are the New Values That Replace Old KPIs in the *Self-Leading Organization*

DDC

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Many managers question whether their current organizational form is working or whether they should try new ones. But when we want to measure the success of new organizational structures, we still demand the old, hard KPIs. Perhaps we should look at the most essential values of new organizational forms instead. We share three suggestions based on experience

This article was first published in the Danish media outlet Mandag Morgen. [Read it in Danish here.](#)

Few people now doubt that our society has significant challenges. Sometimes, it seems we are facing a “perfect storm” of climate change, well-being challenges, workforce disruptions, and health crises, screaming for solutions and positive change.

As humanity, we basically have one central resource to help us address the challenges: to organize ourselves so that a group of people can cooperate as best as possible.

But what type of organization and leadership model can unleash all the creativity, intuition, intelligence, and humanity we will need to collaborate effectively and address our most pressing challenges? Will the type of organizations we have used so far also be sufficiently relevant and impactful in creating the massive changes toward a sustainable society that our 21st-century world cries out for?

New figures from the Danish Management Association (Lederne) from June 2023 show that many companies and organizations question whether they have the correct organizational form. In a new survey of almost 1,500 managers, half feel that their organizational structure is only to a lesser extent (40 percent) or not suited (10 percent) to solving their tasks and fulfilling the company’s strategy. At the same time, a full 61 percent expect that changes will occur in the future that necessitate a change in their organizational form.

Towards the company as an organism

As many readers will know, my organization, DDC – Danish Design Center, has experimented with a more decentralized and free management and organizational model for some years. We believe people are competent and decent and want the best for each other – and we use our core human perspective as a leadership principle.

At DDC, everyone chooses their personal leader and work area, and we build as few systems as possible. The goal has been to create an

organizational form where decisions are made by those closest to the problems. We have done it because we want to be at par with our strategy, which focuses on unlocking increased innovation and sustainable growth for Denmark and the world through design.

My colleague Sune Knudsen and I have described our managerial experiences with radically rethinking the organization in a new book, ‘The Organization Was Set Free – and Leadership Had to be Rediscovered.’ That has led to much debate and invitations to seminars and presentations.

For example, with the Danish daily Mandag Morgen, I participated in a well-attended session during Folkemødet on Bornholm about new management forms. One question in particular came up repeatedly among the many topics discussed: What characterizes a self-leading organization regarding value and value creation? How is success measured?

From the usual parameters to the ones that count

There is little doubt that no organization is viable in the long term without healthy finances. That also applies to DDC, and it has sometimes been difficult for us to make ends meet in the strategic transition we have been through. Fortunately, we have had the opportunity to invest in our change process, and as a non-profit organization, profit is not a priority in itself. In other organizations, a larger or smaller financial profit will often be a central goal. But in the future, economic growth may lose its status as our society’s number one indicator of value creation.

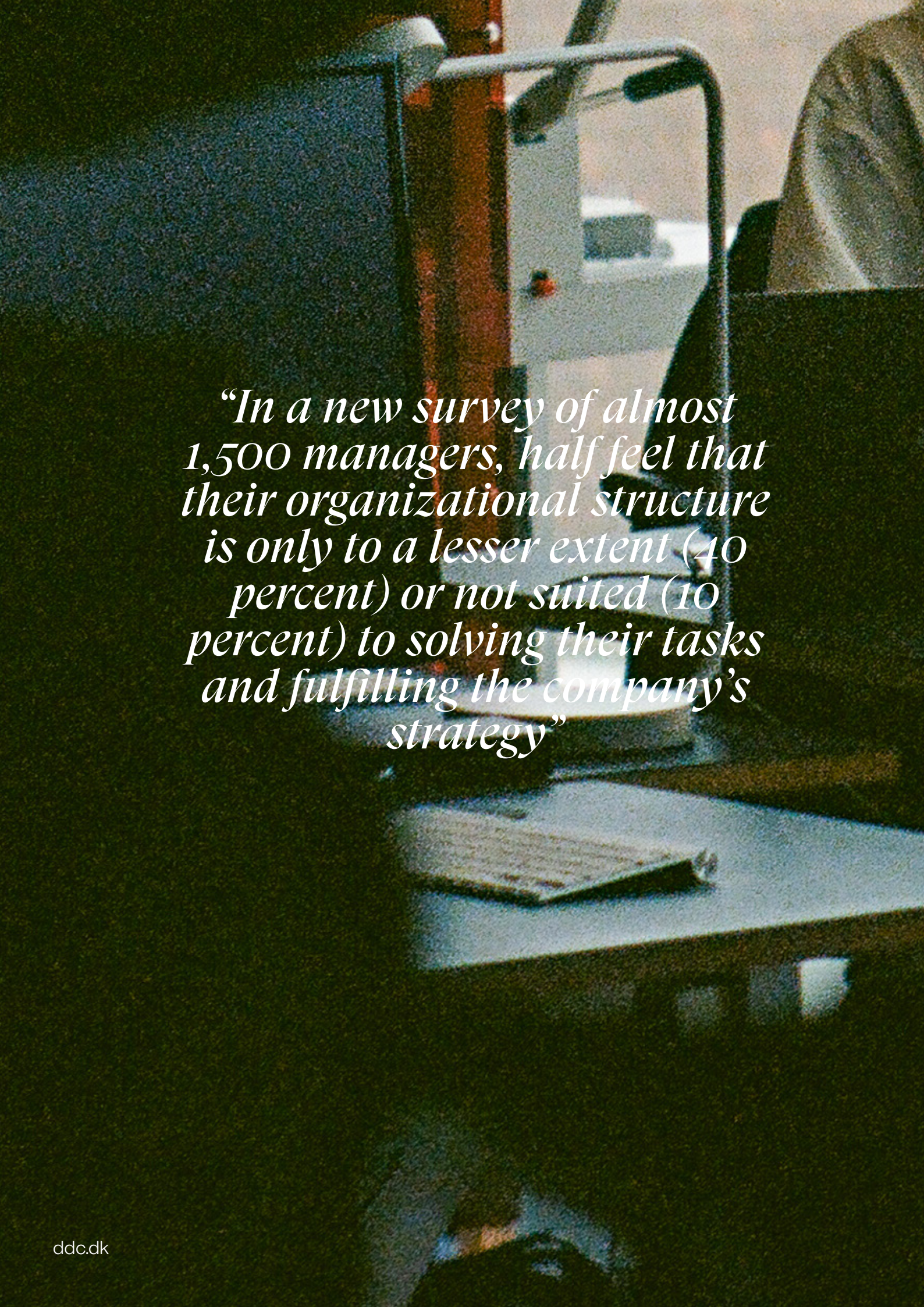
Even so, I often get questions about the hard KPIs when people want to know what characterizes a successful organization. These are the simple, measurable parameters such as sales, market share, employee satisfaction, etc.

But could other parameters – that in a modern business are at least as necessary but rarely asked about when the question of success arises – start guiding the conversation about success in rethinking management and organizational forms?

The experience from our organizational experiment at DDC points to success on at least three parameters – parameters we rarely measure in today’s organizations.

1: More innovation in the face of complexity

In my world, the first place to start when discussing an organization’s value creation is in the ecosystem: Does the organization create value for its customers and business partners, and does that value match its strategic goals?



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Our strategy dictates that we must be Denmark's and the world's laboratory for innovative design approaches that can help companies and organizations create innovation and sustainable growth. It is not easily measurable. Still, we can ascertain that the collaborations that DDC has entered into in recent years with business partners and in the public sector have a significantly greater level of innovation than when we were organized more traditionally.

They embrace a high degree of complexity, as when we lead the mission-driven program Decoupling 2030 with a large group of partners. The program will contribute to decoupling energy consumption and climate footprint from economic growth for 4,000 production companies. The Danish Industry Foundation finances the program. Or when we support Aarhus Municipality's ambitious work to convert seven fields of "wicked problems," such as young people's well-being, future democracy, and workforce, into a portfolio of new solutions for citizens' everyday lives.

Successfully working innovatively with complex problems requires that employees are free to make decentralized decisions. They collaborate across organizational and professional environments in the organization, and they can navigate independently under challenging choices in and out of dialogue with the collaboration partners.

That far from always happens in hierarchically organized organizations, where critical decisions typically have to go up to be discussed in a management group before they are sent back down to the foot soldiers. Correspondingly, teams and departments may be interested in keeping knowledge to themselves to optimize their operations.

That does not happen to the same extent in the self-leading organization because purpose and value creation are what the colleagues navigate after. The effect may be difficult to measure. However, more innovation in the face of complexity should be valuable to most organizations

2: Increased implementation capability

In a self-leading organization, everyone can, in principle, make decisions about everything – as long as they consult sufficiently. Consulting – or seeking advice – is asking others for input. That means that professional knowledge and assessments are obtained from colleagues who can qualify the decision – and from colleagues who will be affected by it.

At DDC, we do not have rules for what a good consultancy process looks like, but a valid principle is that the bigger, the more strategic and financial

the decision is, the more colleagues you should ask for advice. Some may object that such a 'Swedish' decision-making model leads to unnecessary inertia and lengthy decision-making processes.

It is not entirely wrong that it may take longer to arrive at a basis for a decision when many must be heard first. However, the consultation process does not only mean that all relevant professional perspectives and roles in the organization are included. It also entails radical transparency and involvement, which means the entire organization is informed and can support it once the decision is made.

That is in contrast to traditional organizations, where a small circle of managers close the door and make decisions on behalf of others – and where the difficult work of orientation, involvement, and 'change management' only starts when white smoke emerges from the management corridor. Such implementation from above also often meets more resistance.

In contrast, the 'reversed' decision-making process in self-leading organizations means that the implementation took place the second the decision was made. That naturally results in massive efficiency gains, which go hand in hand with increased legitimacy and ownership.

For example, we had to find financial savings at DDC after canceling a long-term project. Here, the colleagues jointly chose that voluntary resignation could be a relevant answer to the problem. Once this was decided, and a handful of colleagues chose to make use of the scheme, the resignations were not controversial in the eyes of most. The organization subsequently handled the process excellently and with great accountability to those who quit; those who stopped were similarly caring to the colleagues they left. Often, it is almost traumatic to resign from a workplace. Here, the farewell reception felt more like a celebration of good people who now just wanted to try something else.

3: Attracting and developing talent

Saying goodbye to colleagues is one thing – attracting and hiring new talent is another. Here, you can measure the value of the self-leading organization as follows: Have we become worse or better at finding and hiring the best in our field? And do they thrive once they have become part of the organization? Our experience is positive: As we have also described in this article, rethinking the hiring process has been successful.



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At a time when attracting talent, especially among the young generation, is an increasing challenge, every organization must ask itself: How do we become the workplace of their choice?

The view of people in the self-leading organization dictates that we look at humans and not CVs or test results. For example, the employment interview at DDC takes place in a café, where we, as people and employees at DDC, share what we are passionate about – and, in the interview, find out whether the candidate is passionate about the same. The case exercise, which many companies require, is not an imagined problem but an actual workshop where the candidate solves a problem with the team they will have to work with once hired – because the best job interview is doing the job in question.

But of course, this also applies more broadly across gender, age, ethnicity, and so on: How do we become a place where talented people want to give their precious time, motivation, and creativity? That does not mean that one necessarily has the privilege of keeping the talent forever. But it does mean that amazing people choose to give their value to the cause and the community for a while. And that makes a world of difference.

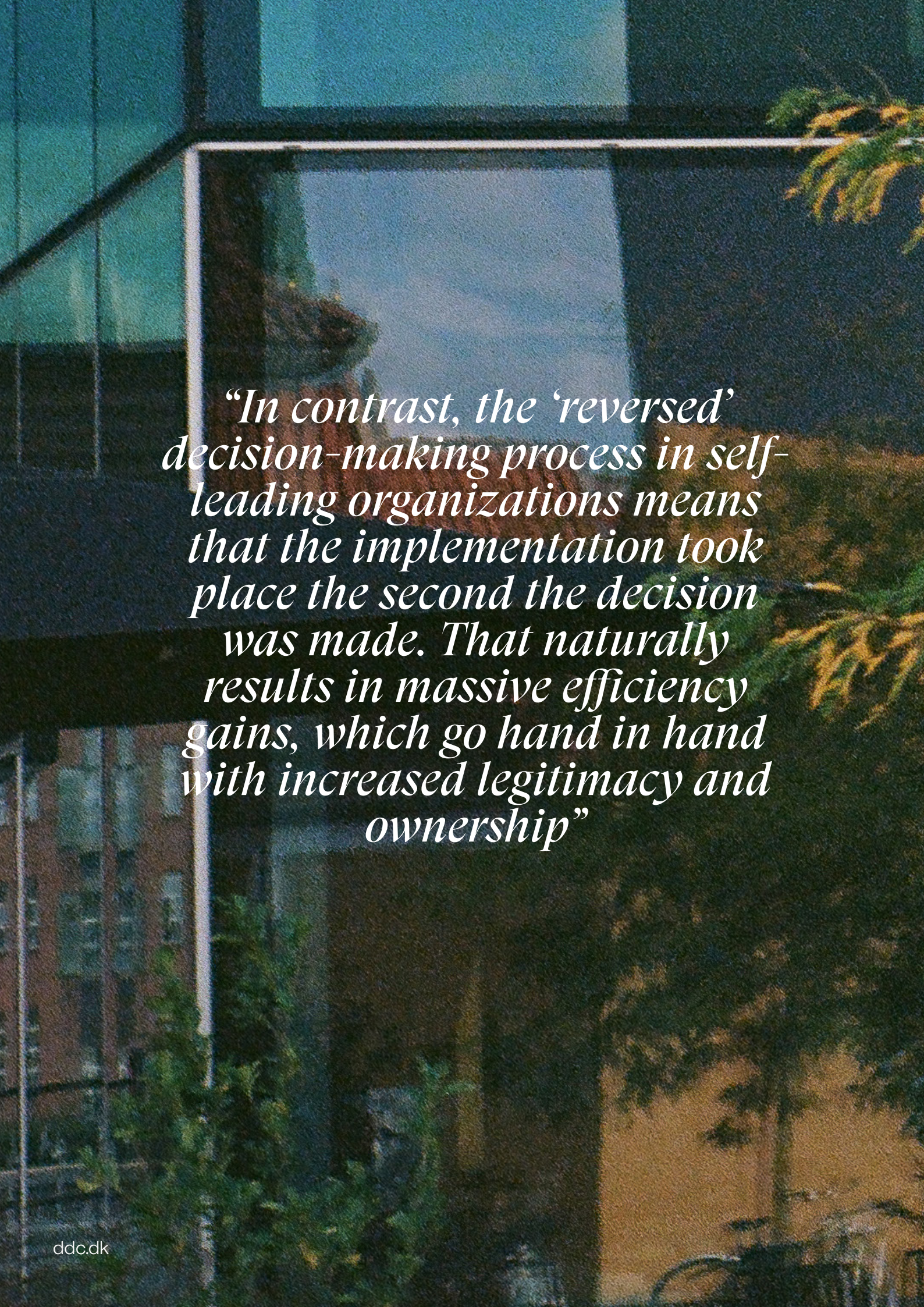
We create value when we are free from power and control

After all, organizations are communities of people who come together to create value in the world. They are collectives of people who seek to cooperate with other collectives of people to the best of their ability: customers, citizens, business partners, and suppliers.

Therefore, it makes sense that self- or co-leading human organizations have better prerequisites for creating value because they support the dream of making a difference together. Free from hierarchy, power, and control. Free from inhumane systems.

The choice is easy. As a colleague recently said to me: “Christian, we have to decide whether we want to lead out of fear or out of love.”

What is your decision?



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