Businesses of tomorrow: creating the ‘hybrid organisation’

Scott Dodds, General Manager of Marketing & Operations for Microsoft UK, discusses the company’s ‘hybrid organisation’ project, which envisages the businesses of the future.

Last year, Microsoft launched the concept of the ‘hybrid organisation’. Bringing together experts from the fields of social change, workplace design, technology, public sector development and economics (including the IoD’s Graeme Leach), the project identified several characteristics of businesses and organisations that are best placed to thrive in uncertain times.

Hybrid organisations, the project concluded, were those that combined the three elements of people, workplace and technology. Successful organisations would be those that freed their people to work in the way they would be most productive, measured them by outputs not inputs, empowered them through innovative and flexible workplace design and supported them via a range of technologies and tools that helped them do their jobs more effectively. Forget ‘business as usual’...

WHAT IS A HYBRID ORGANISATION?

The term ‘hybrid’ means many things. At a basic level, hybrid is defined as ‘of mixed origins’, ‘composite’ and the ‘interaction of two elements of incongruous kinds’. What emerged from the papers generated by the project and its resulting discussions was that incongruity or difference is an important element of a hybrid organisation. Most notably, this included the successful mixture of people with different working styles, needs and attitudes.

A hybrid organisation is one characterised by fluidity, not rigid structures or linear processes. Evidence of this change is starting to be seen in many businesses – whether that be in flexible working policies, virtual teams, the dissolution of compartmentalised office space or the emergence of cloud computing.

The key to success in this environment is to break down the
The Hybrid Organisation in practice
operational and physical barriers between the organisational functions of people, operations and technology. If organisations don't start to do this they will become constrained by their inability to respond to change, find it difficult to recruit talent and lose market share as more agile organisations spot and exploit market opportunities.

The conclusions from the first phase of the hybrid organisation project are grouped below into a 20-point plan, structured around five core themes.

SOLVING THE PEOPLE PUZZLE: CHANGING WORKING STYLES AND WORKFORCE DEMOGRAPHICS

Being careful not to overemphasise the issue of generational clash, there are some tensions emerging in workplaces between those who like to work flexibly and collaboratively, and those who feel most comfortable with the routine and uniformity of the traditional workplace.

The biggest barrier to an organisation becoming hybrid is management attitude. Supporting different employees doesn't mean that management has to abandon all structure and lines of control; more that it has to understand the value that new working styles can bring to the organisation and the need to help those skills flourish.

1. **It’s not them and us**
Workplaces have to be inclusive. As managers and directors you ignore new employees at your peril. Younger employees are not a different species – every person is different and can bring new ideas and value to your business or organisation. Organisational leaders need to create an atmosphere of openness and forums for the exchange of ideas.

2. **Identify skills gaps and bridge them**
By involving employees at all levels in decision making, organisations will have access to a range of new skills and ideas that can be used to find solutions to problems and drive the development of new products and services. Recognising and rewarding ideas is important, but breaking down the barriers between management and employees can cause serious cultural and political issues within organisations. Tread carefully and be open about what you are doing.

3. **Offer choice**
It is easy to get carried away when embracing new technologies, structures and working styles. Any quest to

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become more hybrid in approach needs to be tempered by the recognition that there are many people who thrive in traditional structures. Working hours are a case in point – most young employees expect a degree of flexible working, but others work well in a structured nine-to-five office environment. New initiatives should never be mandatory: offer choice and accommodate it.

4. **Trust your people**
The advent of social media and mass personal broadcasting has enabled young people to share opinions quickly and make their own judgements about what is right and wrong. The strength of this generation is its ability to assimilate ideas and come up with unusual routes to achieving a task – not in being monitored too closely or hampered by restrictive policies. If you do not trust your people to do a good job and give them the freedom they need, they will not want to work for you and will actively look to leave the organisation.

**NO ‘I’ IN ‘TEAM’: COLLABORATIVE PROCESSES AND INFORMATION FLOW**

As workers, we invest a lot of time, energy and money in travelling to work to be with fellow employees. Part of the reason we do this is because the office and organisational structure makes us do so. Another reason we like to be in contact with other human beings is because knowledge businesses are built on the sharing of information. Communicating with each other enables us to share best practice, work together to achieve organisational aims and fulfil our needs as social animals.

To date, however, collaboration in most companies has been based largely on a sequential process: we are given set tools, meeting rooms, forced into physical teams and expected to follow the rules of the organisation. The hybrid organisation does not work in this way.

5. **Involve your people in decision making**
A wealth of evidence shows that involving more people in decision making will improve both the outcome and your competitiveness as an organisation. Virtual teams comprised of people from a variety of backgrounds, different parts of the organisation and even those outside the workplace, are very important. Leadership in a hybrid environment is not about control but about allowing ideas and opinions to flow, providing guidance and communicating a shared vision.

6. **Avoid sequential processes**
Traditional organisations can fall into the trap of organising creativity. The desire to rationalise and control the workplace needs to be resisted. Clearly, a core level of control and policy is still important – such as procedures for critical infrastructure and
behaviours. But employees need to be given the tools and environment in which to express themselves through internal social networks, virtual teams and informal meetings.

7. Encourage self-service
The notions of ‘self-service’ and ‘co-creation’ are growing in importance as we become more adept as employees and as citizens in researching and developing new services through intuitive and collaborative means. In the workplace, this applies to technology and tools as well as information – a range of services held in the ‘cloud’, for example, can easily be combined in new ways to provide the right response to a particular challenge.

8. Open up information and data
Open access to information makes it easier for people and customers to come into contact with each other to improve services and share knowledge and ideas. Market insight, company performance and information on organisational strategy should be made accessible to all employees. The more data is available and shared, the more you can include your people in making your strategy a success, and the easier it is to benchmark performance.

HERE, THERE AND EVERYWHERE: INFRASTRUCTURE AND OPERATIONS

When you employ a ‘knowledge worker’, you employ them for their ideas and intellect. Why, then, do most businesses effectively force employees to lock their brains up for hours on end in cars and trains when commuting to and from an office? Organisations are starting to make significant changes to their infrastructure and operations, driven largely by the need to cut costs and overheads. Property and fixed assets account for a significant proportion of capital expenditure in business. Changes to the office environment can yield large cost savings as well as promoting better interactions between employees and delivering greater productivity.
9. **Is your office fit for purpose?**
When asked, employees estimate that they are at their work desk for approximately 70% of their working day. But more detailed study of their working habits shows the true figure to be closer to 44%. That means when you take an average section of the average building, over 50% of the desks or offices could be empty. As offices and physical location account for a significant proportion of capital expenditure, organisations are pouring essential resources into redundant and inefficient infrastructure. Forward-thinking organisations are already exploring the notion of shared space, virtual offices and mobile working.

10. **Facilitate chance meetings**
Management commentators say that ‘chance’ is really important in organisations. In the physical office environment, ‘chance’ means chance meetings, chance solutions to problems and an infrastructure that facilitates serendipity. Compartmentalised offices and over-complicated structures are giving way to ‘verticality’ where people are encouraged to move freely around the organisation.

11. **Remove the physical trappings of seniority**
Many organisations still operate a model of exclusivity by seniority – separate offices, managers occupying distinct floors and a rewards structure that favours rank over actual contribution to an organisation’s success. A hybrid organisation operates a flat structure where managers are visionary leaders rather than dictators. In turn, managers who want to operate inclusive and productive organisations should expect to work with their people and not have their employees work for them.

12. **Join teams and organisations together virtually**
The people you sit next to in an office are not necessarily the right people to help you do your job: like-minded people tend to come up with like-minded ideas. This notion challenges the traditional idea of team structures and collaborative working through proximity. Organisations sometimes try to overcome the rigid team structure by implementing matrix management, but this is little more than organised chaos in many cases. Instead, companies and organisations should think about joining together departments and teams virtually to incorporate skills and ideas in a more fluid way.

**MAKING IT WORK: TECHNOLOGY AND TOOLS**

Technology is part and parcel of the personal and professional lives of Generation Y and ‘digital natives’. Unfortunately, in many organisations, the technology available at work lags that in employees’ homes. The hybrid organisation prevents this by having IT running right through it – whether that’s software on

1 As opposed to ‘digital immigrants’, who tend to see technology and automation primarily as a means to improve existing processes.
Businesses of tomorrow: creating the ‘hybrid organisation’

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demand (or ‘cloud’), social networking, or mobile technologies to keep people in touch and productive out of the office environment. Powerful software and appropriate hardware is not something that is brought out on special occasions or for certain employees – it should be on-demand and available anywhere.

13. Think ‘human’ first and ‘technology’ second
It is the people in your organisation – and how they interact – that should dictate your technology strategy. It is not what you use, but how you use it that delivers competitive advantage. IT is only appropriate if you have involved your users in the process of selecting, testing and deploying it – or at least thought about how the technology will be used (or not used) by your people.

14. IT should be integral to your organisation
The ubiquity of technology – especially enabled by cloud computing – has meant that powerful business and collaborative software is available to all businesses all of the time. Competitive advantage now comes from what you do with technology, not how much of it you have. Flexibility of IT and agility in its deployment are central to the hybrid organisation – whether in the private or public sector.

15. Replicate personal experiences and preferences in the workplace
Digital natives haven’t known a world without email, the internet or mobile phones. They are more likely to blend technologies and work on several devices and applications simultaneously. Social networking should be embraced, not banned, in organisations. Likewise, mobile technology and natural user interfaces (NUIs)² are also developing to help replicate an organic and interactive approach to technology. We can expect this to move into the office – and maybe the ‘non-office’ – of the future.

16. Technology is the least of your worries
Technology is an enabler and if it’s freely available and always there, then it should just work. The real challenges to becoming hybrid are not technological, but social and cultural. Of course IT has to be a part of the solution, but don’t make the mistake of thinking that investment in technology alone will make you a hybrid organisation.

² NUIs use speech, gesture and natural human ways of interacting with technology. Examples can be seen in video games and the use of speech recognition to make hands-free phone calls.
THE COST OF CHANGE: RISKS, REWARDS AND RETURN ON INVESTMENT

There is always a cost associated with change management – even if that is the opportunity cost of doing things the same way. In our research we have found that the business case for becoming hybrid is usually based on tangible returns – whether that is saving money, making money, managing risk or providing better stakeholder engagement. A hybrid approach provides benefits in all of these areas.

It is generally physical events that dictate hybrid approaches – mergers, office moves, etc. – because it is through these that cost savings can most effectively be realised. However, they also provide an opportunity to rethink more intangible things such as the way people interact with each other and share knowledge.

17. Be prepared for change
The pace of socio-economic change is such that organisations have to become proactive and agile to make sure they don’t get swept aside in the tide of changing customer demands, market movements and technological developments. This is a fundamentally different approach for many organisations, which still rely on complicated decision-making structures and backward-looking reporting. Hybrid organisations are prepared for many eventualities and are resilient in their flexibility.

18. Don’t fall into the trap of short-termism
Organisations looking to become hybrid don’t think about change management as a project – they consider it an essential part of risk management activities, from the board downwards. By being proactive in the short term, organisations secure their long-term business continuity. Saying it is too difficult is not good enough.

19. Proactive change delivers profitability
The tangible returns – in terms of pounds and pence – of a hybrid strategy come in both cost savings and revenue generated. In the case of office design, removing the inflexible structure of a set desk and fixed phone can also make your staff more productive.
As Microsoft has found in its Amsterdam office – a prototype of the hybrid organisation office structure – sales have increased 50% since employees have been free to work where and when they like, using mobile technology.

20. Do one project well and others will follow
The important thing to remember is that while change is necessary, you don’t have to do everything at once. Tackling change at a very localised level first can work well – pick a project that crosses the pillars of people, technology and infrastructure and invest in making it a success. By breaking change management down into fragments you increase the chances of success and create pilot projects that draw interest and buy-in from other parts of the organisation.

HYBRID ORGANISATION – NEXT STEPS

As the economy and markets continue to fluctuate, businesses and public sector organisations face myriad challenges. Being hybrid is about being best able to react to change and opportunity – irrespective of organisation size. And, ultimately, it’s all about people. Microsoft has reconvened the Hybrid Organisation Advisory Board, with additional representation from the worlds of business, accounting and human resources consultancy, to revisit the concept of the hybrid organisation and give practical examples and guidance for organisations wanting to get the most value from their people and workplaces, together with the tools they can use to generate success. The resulting reports, and videos of the Advisory Board members discussing the issues, are freely available on the project website.