
Part IV

Strategy at a human scale

Strategy In 1,000 Words
— *with Roger Martin*

A conversation between Roger Martin
and ReD partners Iago Storgaard and Filip Lau

RED ASSOCIATES

In our post-lockdown landscape, organisations of all sizes are adjusting to new expectations and norms around work and the workplace. Introducing hybrid working and placing a greater emphasis on work-life balance at SMEs is simple enough, but how do you approach this as a mega-sized organisation such as Walmart or Amazon? World-leading strategic thinker Roger Martin speaks to us on building organisations at a human scale, quiet quitting, and the need for meaning and purpose in jobs at all levels.

ROGER MARTIN

Professor Roger Martin is a writer, strategy advisor and in 2017 was named the #1 management thinker in the world. He is also former Dean and Institute Director of the Martin Prosperity Institute at the Rotman School of Management at the University of Toronto in Canada.

RED ASSOCIATES

ReD helps leaders create original strategies for the worlds of tomorrow. ReD Associates is a humanities and social science-based strategy consultancy. Since 2005, ReD has worked with global companies and foundations, C-suite, and boards to create meaningful change in corporate strategy, growth initiatives, product, sales, marketing and R&D.

ReD ASSOCIATES *There's a theory that says that as society becomes larger, more complex, and more interconnected, there will be a greater need to standardise.*

ROGER This is the subject of my next book. The theory being the scale of organisations is just getting bigger and bigger and bigger. There is no limit to the scale of a company, as shown by the Walmarts of the world. There has been an increasing divergence between the scale of organisations and the scale of humans. And what the organisations that have scaled are doing to manage scale is three things, one of which you just talked about, standardisation. They say, "You are all customer service representatives, so your wages are this, and your hours are that." The second is compartmentalisation. We hear all these complaints about companies being too siloed. A way of dealing with scale is to say that your finance, your marketing, whatever – we can organise within that. Third, we have subordination. As you get bigger, you get a taller pyramid. The result of that is that people have come to feel ever smaller because they're in an ever bigger company that's standardising to an ever greater extent, compartmentalising to an ever greater extent, and subordinating to an ever greater extent. And that's why you have quiet quitting, low engagement scores, and people feeling the core of large companies is not a place where they want to be. This is a huge problem for the modern company. Because there are all sorts of reasons to scale, right? In many industries, unless you have scale, you can't invest in the things you need to invest in to survive in an industry. So, I'm not saying you shouldn't get big, nor am I saying you must not standardise, compartmentalise or subordinate. It's the way that companies are doing those three things that are creating inhuman environments within them. What I think companies have to do is figure out how to do strategy at human scale, to figure out how to have an organisation that feels human-, not inhumanly, scaled.

ReD *When you say human scale, does that refer to a proximity to humans in general as customers, as stakeholders, or more within the organisation internally?*

ROGER What I mean by human scale is that the organisation will feel human, not foreign. The feeling will be, "I'm in a thing that is friendly to humans." In my view, if you ask somebody whether the company that they work for feels friendly, comfortable and cosy, if they were answering honestly, they would probably say, "No, it feels strange and inhuman, cold and distant. But it's my job." And, and then if I asked them, "Well, where do you feel you're in something that's human scale?" They will probably say, "Oh, when I go to my bridge club, that feels human scale. When I go to church or synagogue or mosque, that feels human scale.

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If I go to my kids' ballet class, that feels human scale." So there's lots around them that creates this contrast between what feels comfortable to them as a human being and what does not. And increasingly, it's their company that does not.

ReD *What does human scale strategy need to take into account?*

ROGER In the knowledge economy organisations need knowledge workers. Remember what Peter Drucker said about knowledge workers: you should treat them as if they were volunteers. They are volunteering a part of their life to your cause. In the modern company, full of knowledge workers who you need to have volunteer their time to you, you need to have a way of working, and a way of organising what you do that makes them feel that they would want to volunteer their time. One of the great motivations for that, I believe – even though they wouldn't articulate it that way – is that they want to work in a human-scale organisation. The war for talent is going to be fought between organisations that feel human scale and organisations that don't. And in my view, the ones that are going to win, are companies that can take advantage of scale to deliver their product or service better than they could at lower scale. The winning organisations will create an environment inside, that standardises, compartmentalises, and subordinates in a way, that causes people to say, "Yes, I feel human, I feel comfortable, I feel the warmth of my organisation."

ReD *When you refer to workers as volunteers rather than employees, we see among some clients a greater desire to involve people within their organisations. That can be in many parts of developing the business. It can also be in strategy. But there are some dilemmas and some trade-offs in there. At least in our experience, it's not easy to co-create a strategy with 4,000 people in a bottom-up process. But we do see that desire. What are your views on this kind of top-down, bottom-up co-creation, and so forth, when it comes to strategy?*

ROGER Lots of people ask me this question. They say, should strategy come from the top and then work its way down, or come from the bottom and work its way up? And I give a very frustrating answer: it has to go back and forth. I am not, if you will, some kind of complete democrat on strategy. I think everybody at their level of the organisation has choices that they are responsible for making. What I am dead set against is the notion that the people at the top make strategy choices and then everybody else executes.