



Responsive Organizations: Designing for Volatility and Change

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Thank You to Our Sponsor

RedThread would like to thank Glint for its sponsorship of this research, without which we would not have been able to complete this study.



At Glint, our mission is to help people be happier and more successful at work. In working with millions of employees and managers to increase engagement and build incredible cultures, we've learned a lot about what it takes to help people thrive at work. One key learning is that engagement and performance are inextricably tied together. That's why we're invested in bridging the gap between employee engagement and performance management. This starts by helping organizations adopt an agile, forward-looking approach that enables their people to develop and grow. We believe this research provides a thoughtful examination of both the pitfalls and potential of performance management practices for both individuals and organizations. These insights serve us all as we seek to truly motivate our people and drive our organizations forward.

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Key Findings

- Responsivity means that an organization can recognize trends in its environment and effectively turn disruption into distinct organizational advantage.
- High-responsivity organizations share several characteristics, including a decentralized structure, team-based, continuous employee development, open info and data sharing, dispersed decision making, and investment in tools to help employees do their best work.
- Organizations that can take advantage of external changes will continually outperform those that are focused on central, rigid structures built for efficiency.
- High-responsivity organizations have a significant advantage over low-responsivity organizations in several areas, including Employee Engagement, Meeting Business Goals, Responding to Market Changes, Innovation, and Satisfied Customers.
- This research resulted in a Model for Responsivity that includes 4 Lenses through which organizations should evaluate their people practices: Respect, Distributed Authority, Transparency & Growth, and Trust.
- When organizations have high Respect, they are 27 times more likely to have high responsivity.
- When organizations have high Transparency & Growth, they are 22 times more likely to have high responsivity.
- When organizations have high Distributed Authority, they are 21 times more likely to have high responsivity.
- When organizations have high Trust, they are 62 times more likely to have high responsivity.

Introduction

We were recently surprised to learn that octopuses actually have 9 brains: a central brain to control the nervous system and a small brain in each of their eight arms.¹ This means that each of the eight arms can work independently of each other, responding to its environment. Because of this (not in spite of it), the octopus is more aware of both disruptions and opportunities.

We mention this because an octopus is an apt metaphor for the research we'll be discussing in this report: the idea of responsivity. Organizations with responsivity act similarly to octopuses. These organizations have many brains, and they distribute those brains throughout the organization instead of holding them centrally. These smaller brains enable the many arms of the organization to act independently and respond to their environment while the central brain ensures that they work together toward a larger goal.

This idea is in line with trends we have seen in many “future of work” discussions: Be more agile! Empower employees! Think externally first! And we agree with these sentiments. Organizations are being faced with the cold hard facts: the world we're operating in now can change on a dime, throwing systems, processes, technologies, products, and even industries curveballs (COVID-19 anyone?) They are realizing that their structures, policies, and procedures were built for a different time and a different environment.

But we feel that the current body of research is missing a holistic viewpoint. Much of the literature fails to point out clear and measurable benefits from being responsive. Much of it also fails to provide more than high-level guidance for how to be responsive. And much of it has been focused on the structure of organizations.

This research sets out to answer some of the basic but really important questions we have about responsivity. First, what is responsivity, and what characteristics make an organization responsive? Second, how much does responsivity matter in terms

Organizations today are realizing that their structure, policies, and procedures were built for a different time and a different environment.

¹ [“9 Brains, 3 hearts: Some Wild Facts About Octopuses,”](#) Associated Press, January 22, 2019.

of cold, hard, numbers? And finally, and most importantly, if it turns out that responsivity is both important and achievable, how can organizations go about developing it? Let's get started.

What is Responsivity?

Our research started with the simple question: what is responsivity? To answer it, we scoured the existing research and talked to a lot of leaders. We then came up with a definition, presented it to leaders, had it shot down, and tried again. This is the definition we landed on for this study:

Responsivity is the ability of organizations to recognize trends in the operating environment and effectively turn possible disruptions from those trends into a distinct organizational advantage.

As with the octopus, organizations with responsivity are able to use multiple sensors to get multiple points of view about the environment, which helps them determine trends. Likewise, they are able to respond as necessary to specific parts of the environment.

Organizations with responsivity do more than just perform well or meet nominal business goals that help them keep up with the market. They are defined by their ability to use trends that others don't see to move ahead of the market. Four quick examples from recent history:

- **General Motors²** – General Motors has focused in recent years on getting rid of unprofitable parts of the business so that they can focus on mobility – not just automobiles – broadening both their market and their innovation. (An example of this responsiveness on display during the COVID-19 crisis was their quick turn to manufacturing ventilators within their electric vehicle manufacturing plant³.)

2 [“How GM Went From a Government Bailout and Bankruptcy to Being One of the World’s Best-Run Car Companies a Decade Later,”](#) Matthew DeBord, Business Insider, October 20, 2018.

3 [“Inside G.M.’s Race to Build Ventilators, Before Trump’s Attack,”](#) Neal E. Boudette and Andrew Jacobs, New York Times, March 30, 2020.



- **Target**⁴ – Target recognized and understood consumers’ bent toward boutiques, both creating cult brands inhouse and highlighting and promoting small designers, allowing them to fight the big-box store image and remain competitive.
- **Netflix**⁵ – Netflix has a history of continuously pivoting as they recognize trends in the marketplace – from mailed DVDs, to streaming movies, to partnerships with networks to stream content, and ultimately to becoming an award-winning studio of their own.
- **Amazon**⁶ – Amazon saw the potential in delivering items directly to one’s door versus leaving the house for them, and then creating large-scale efficiency by doing so.

In each of these cases, leadership didn’t just make lucky moves and they didn’t just happen into the right answer. They were actively looking for anomalies in their respective markets and were able to organize internally to take advantage of them.

They also likely have a much different mindset than we see in many organizations. Since the beginning of the industrial revolution, most organizations have had a focus on efficiency. And while efficiency has its place, using efficiency as the goal leads to small, incremental changes. And small, incremental changes not only don’t change the world, they also make organizations really vulnerable to quick changes in the market.

So this is our posit: high responsivity should be the new goal. Organizations that are prepared to take advantage of external changes will continually outperform those organizations that are focused on central, rigid structures built for efficiency.

The Characteristics of Responsivity

What makes some organizations able to see these anomalies and take advantage of them while others struggle to compete? In our review existing literature and conversations with leaders, we found

4 [“Most Innovative Companies,”](#) Fast Company, 2019.

5 [“Agile at Scale,”](#) Darrell K. Rigby, Jeff Sutherland, Andy Noble, HBR.

6 [“Amazon at 25: The Story of a Giant,”](#) Danielle Palumbo, BBC, July 5, 2019.

High-responsivity organizations actively look for anomalies in their respective markets and organize internally to take advantage of them.

Organizations that can take advantage of external changes will continually outperform those that are focused on central, rigid structures built for efficiency.

that the ability of an organization to be responsive comes down to 7 characteristics (See Figure 1).

Figure 1: Characteristics of Responsivity

CHARACTERISTIC	EXPLANATION	EXAMPLE
 <p>Decentralized Structure</p>	<p>Organizations with high responsivity tend to make use of decentralized structures that allow the organization’s various divisions, business units, managers, and employees a higher degree of freedom, instead of relying on central control to react to ‘average’ environments.</p>	<p>3M maintains a 15% culture that encourages employees to set aside time to proactively cultivate and pursue ideas that excite them. While their day to day activities are coordinated with managers, employees get the space to try something new and different, and out of the flow of their jobs.⁷</p>
 <p>Team-based organization</p>	<p>Organizations with high responsivity tend to leverage teams – both formal and informal – to accomplish their work. Teams come together to solve problems and then often dissolve and re-form. Employees are constantly sharing what they know and applying that knowledge to solve new problems.</p>	<p>Cisco talks of making teams the source of insight and inquiry. Cisco allows teams to self-identify – recognizing both the formal and informal teams, and then offers team leaders development resources and information about how their team is working.⁸</p>
 <p>Continuous Learning & Development</p>	<p>Organizations with high responsivity tend to prioritize (read: invest) in continuous employee development, ensuring that their workforces gain needed skills for a constantly changing environment. These organizations often embrace a culture of teaching each other, exploring beyond their own walls, and trying new ideas.</p>	<p>Unilever takes continuous learning & development seriously, most recently introducing the idea of a talent network. Employees are asked to create “purpose statements” and share their skills (and desired skills) broadly. Using an ecosystem of learning, work, and people management technologies, employees become a part of a system that aligns projects and skills and desired skills.⁹</p>

7 https://www.3m.com/3M/en_US/careers-us/working-at-3m/life-with-3m/

8 [How to bring out the best in teams](#). Andrew R. McIlvaine, Human Resource Executive, July 19, 2019.

9 [The Company as a talent network – Unilever and Schneider show the way](#). Josh Bersin, joshbersin.com August 30, 2019.

Figure 1: Characteristics of Responsivity (cont'd)

CHARACTERISTIC	EXPLANATION	EXAMPLE
 <p>Openly shares information and data</p>	Organizations with high responsivity tend to be freer with information – meaning that not only do they intend to share information throughout the organization, but that they also put mechanisms into place in order to ensure that it happens.	Zendesk regularly conducts root cause analysis to help their teams dig into problems. This practice is used in the moment of error. Instead of simply identifying and commenting on incorrect code or bring it up later, the team stops, discusses why the code is incorrect, and how to avoid it in the future. ¹⁰
 <p>Dispersed decision-making authority</p>	Organizations with high responsivity tend to be less hierarchical in their decision-making – dispersing it throughout the organization at all levels and functions. This speeds up work and helps organizations move more quickly.	Ritz Carlton empowers all of their Ladies and Gentlemen (what they call their employees) to solve guest problems to the tune of \$2,000, per guest, per incident. ¹¹ This move disperses decision-making authority throughout the organization, making it more able to meet the needs of their guests.
 <p>Tools to help employees do their best work</p>	Responsive organizations tend to be early intelligent experimenters of technologies that help employees excel. Some of the more recent of these technologies includes AI, natural language processing, and blockchain.	Some of the experiments and implementations leaders we have spoken with are trying include: <ul style="list-style-type: none"> • AI – for surfacing the best information for learning a specific thing • Analytics – offering insights into personal behavior • Natural language processing – using tech to “listen” and provide insights to leaders to make them more effective • Nudges – offering timely, insightful data to improve interactions

10 [The Makings of Modern Performance](#). Stacia Garr, Dani Johnson, and Emily Sanders. RedThread Research. October 8, 2019;

11 [The Power of Empowerment](#), Ritz Carlton Leadership Center. March 19, 2019.

These characteristics repeatedly resurfaced in our discussions with leaders and in the literature. While a lot has been written about them individually, we were particularly interested in them collectively. True responsivity happens when organizations focus on these items as a group, not individually.

With this focus on the interconnectedness of these characteristics, we put a survey in the field. The goal of the survey was to create a measure of responsivity and understand what affected it. From the data, we created a Responsivity Index¹² This Responsivity Index was then used to help us answer our other 2 questions: How much does responsivity matter? And, how do you build it? Onto the numbers.

How Much Does Responsivity Matter?

Does responsivity matter? Absolutely. To figure out just how much, we compared those organizations falling in the bottom quartile of Responsivity Index scores (low responsivity) with those that fell within the top quartile (high responsivity). Responsivity mattered in every single business measure we considered. Figure 2 highlights some of these findings.

Responsivity positively affected every business measure we considered.

Figure 2: Low vs. High Responsivity Index by Business Measure



Source: RedThread Research, 2020.

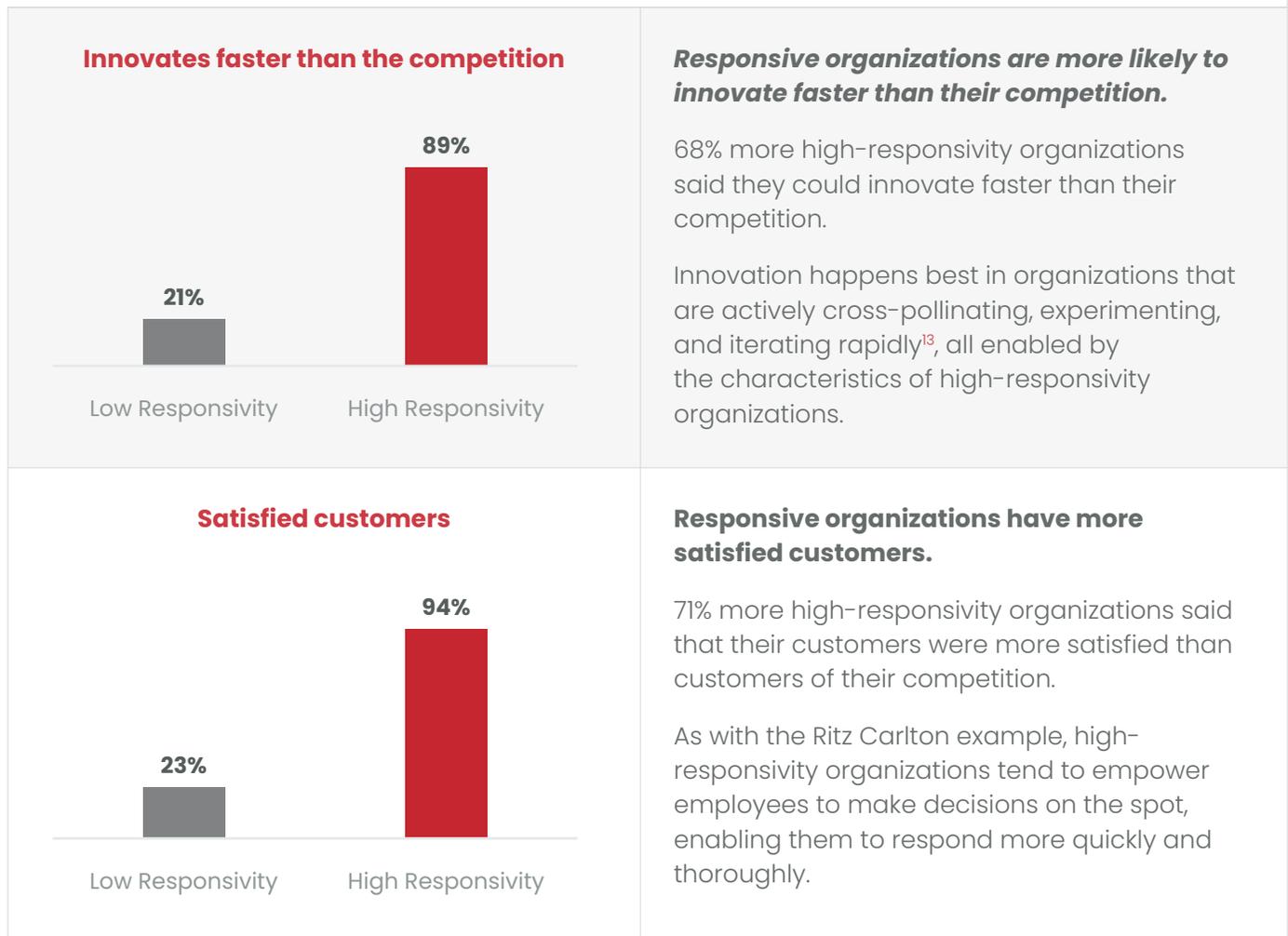
12 See [Appendix A](#) for a summary of the research methods for this study.

Figure 2: Low vs. High Responsivity Index by Business Measure (cont'd)



Source: RedThread Research, 2020.

Figure 2: Low vs. High Responsivity Index by Business Measure (cont'd)



Source: RedThread Research, 2020.

So why aren't all organizations focusing on responsivity? From the numbers we shared above, organizational responsivity looks like a great idea. What we learned, however, is that while many leaders understand and intuitively know responsivity is important, many are also fighting momentum, existing systems and processes, prevailing mindsets, and to some extent, apathy.

Add to that the fact that Responsivity is not an easy fix. It is ingrained in how organizations organize and accomplish work, in the way managers develop employees, and the way organizations share

¹³ [Breaking Down the Barriers to Innovation](#), Scott D. Anthony, Paull Cobban, Rahul Nair, and Natalie Painchaud, HBR, Nov-Dec 2019.

information. It affects the organization broadly and often deeply, and requires focus and determination.

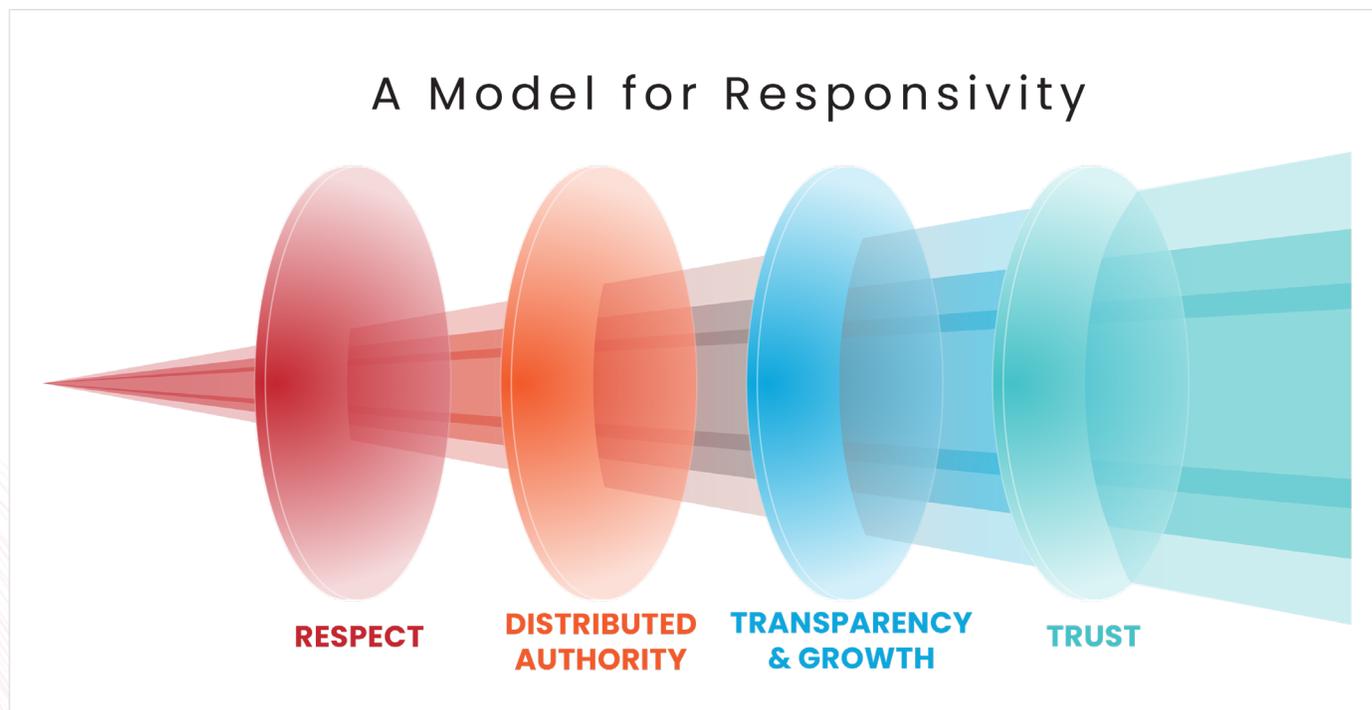
Thankfully, it doesn't have to happen all at once, and it doesn't all have to come from the top. For this research, we spoke with well over 100 leaders from companies in varying states of responsiveness. Changes can be implemented over time and in small pockets to start. This is doable.

Responsivity doesn't have to happen all at once. Changes can be implemented over time and in small pockets to start.

A Model for Responsiveness

As we mentioned earlier, the other main goal of this research was to understand how organizations can be more responsive. This work resulted in a model that leaders can use to build the behaviors that lead to responsiveness. At its most basic level, the model, shown in Figure 3, represents 4 Lenses leaders should use when implementing people practices, processes, and technology.

Figure 3: A Model for Responsivity



Source: RedThread Research, 2020.

Let's briefly review each lens.

LENS 1: RESPECT

We consider good old-fashioned respect as the foundation lens for responsiveness. Employees should feel respected for their abilities, knowledge, skills, and ideas. This often means taking a step back from some of the [Tayloresque](#)¹⁴ systems, processes, and policies organizations put into place to ensure efficiency and “sameness” and to instead, focus on the differences: the individuality of employees, what they bring to the table, and how that can be leveraged for an advantage.

LENS 2: DISTRIBUTED AUTHORITY

Responsivity relies on authority being distributed throughout the organization, broadly and deeply within its ranks. Organizations with high responsiveness rely on guiding principles and the common sense of employees to arm the edges of the organization with the ability to speed up decision-making processes and to act.

LENS 3: TRANSPARENCY & GROWTH

Markets and industries change rapidly, meaning that organizations often need to change direction on a dime. This requires that organizations continuously communicate that direction to employees, and clarify how that direction affects their day-to-day work. It also requires that organizations continuously invest in ensuring that employees have the knowledge and skills to execute.

LENS 4: TRUST

Organizations with the highest responsiveness scores have a community mindset. They have ceased to think in terms of “us” (management) and “them” (employees) and instead have adopted a “we’re all in this together” attitude – one that helps employees learn from their mistakes and invests in solving problems together.

¹⁴ Fredrick Winslow Taylor was the father of “modern” management. His Scientific Management theory focuses on improving economic efficiency, especially labor productivity. Many of the people practices established under this model are applied universally and liberally in the majority of organizations today.

WHY LENSES?

Why do we use the term lenses, as opposed to layer or level? There are a couple of reasons. First, lenses are transparent, but generally change how things look. They give us a different perspective on the world, and in many cases, clarify it.

Interestingly, our research showed that responsiveness is not an extra set of practices separate from those most organizations have in place. High-responsivity organizations still have learning departments, performance management processes, and talent management. What is different in these organizations is that they view these practices through the lenses of Respect, Distributed Authority, Transparency & Growth, and Trust. In their creation and execution of their people practices, they ask themselves how they are enabling responsiveness through these 4 lenses.

These 4 lenses are enablers – things that if done – enhance other people practices. If, as we propose earlier, responsiveness is now the goal, these 4 lenses can be used to help leaders make more informed decisions about how to craft or evolve their people practices.

The rest of this paper will focus on each lens and its facets. For each lens, we'll outline its facets, provide and some data about how much each lens matters to responsiveness. We'll also provide a company example and give leaders some idea of where to start using the lens.

Let's start with Respect.



Respect

Respect for employees, their knowledge, skills, and abilities is the foundational lens in our Model for Responsivity. Organizations with any intention at all to effectively respond to threats or opportunities in their external environments must start here.

Why is Respect foundational? We found that responsivity has everything to do with leveraging and enabling the humans within organizations. Without respect for employees, it is difficult to distribute authority, encourage growth, or develop a culture of trust.

Respecting employees begins by respecting the individual. Morally, organizations have an obligation to treat their employees as humans. Thankfully, conversations around healthcare, wellness, avoiding burnout, worklife balance, and benefits have increased in recent years.

But that's only a portion of Respect. A larger part of Respect has to do with the way that work happens. Many organizations still leverage their employees as if they were cogs in a machine: they complete discrete tasks in fairly rote ways and are often measured on throughput. Way too often, the uniquely human characteristics¹⁵ of employees are overlooked or minimized.

And just as often, organizations fail to understand the skills, knowledge, and abilities employees may have because they aren't currently being asked to use them in their role.

Respect for employees and their knowledge, skills, and abilities also means that organizations understand those skills and abilities to begin with. Since high-responsivity organizations are more likely to be more decentralized and utilize more teams, understanding who can do what and where is key to ensuring that the right people are doing the right kinds of work in the right part of the organization.

Organizations with high responsivity have respect for employees, their abilities, skills, and ideas.

¹⁵ [Humanizing Learning](#), Dani Johnson, RedThread Research, 2018.

One more note on Respect: While the average scores of organizations in our study above reflect fairly high scores, we're shocked by how often Respect is one of the first things to be sidelined during times of crisis or disruption.

For example, during the early days of the COVID-19 crisis, as organizations were trying to pivot in-office work arrangements to work-at-home arrangements, we heard horror stories about organizations (and managers) insisting on detailed schedules and task lists at the start of each day, theoretically to ensure that employees are "on task" and not wasting company time.

During the same timeframe, we also saw an uptick¹⁶ in the implementation of "spy" software, sold as "productivity" software, that provides organizations data on things like time at the computer and time using applications, and that also randomly captures screenshots every 10 minutes or so to ensure that employees remain "on task." Not surprisingly, organizations facing crises often find ways to enhance control (or at least the illusion of control).

Leaders in our interviews and roundtables emphasized the importance of manager and leader roles in ensuring Respect. Respect necessarily comes top-down – grassroots movements are difficult. Ensuring that managers have appropriate training (and in many cases, coaching and mentoring), that norms are established, and that processes protect the company in times of distress and disruption.

How Important is Respect?

So how important is Respect? To find out, we looked at two pieces of data. The first compared mean scores for Respect in organizations with high responsiveness against those with low responsiveness. On a 5-point scale, there is a 1.28 point difference. Figure 4 shows the result.

¹⁶ "Bosses Panic-Buy Spy Software to Keep Tabs on Remote Workers," Polly Mosendz and Anders Melin, Bloomberg, March 2020. <https://www.bloomberg.com/news/features/2020-03-27/bosses-panic-buy-spy-software-to-keep-tabs-on-remote-workers>

Figure 4: Respect Scores in High- vs Low-Responsivity Organizations



Source: RedThread Research, 2020.

When organizations have high Respect, they are 27 times more likely to have high responsibility.

The second piece of data is a risk ratio. A risk ratio tells us the likelihood that Responsivity is high when Respect is high. When organizations have high Respect,¹⁷ they are 27 times more likely to be have high Responsivity.¹⁸

Building Respect

How does an organization go about building Respect for employees? Our research pointed to three distinct areas that leaders should consider (See Figure 5):

Figure 5: Behaviors for Building Respect



Source: RedThread Research, 2020.

17 For all risk ratios in this study, high is defined as in the top 25% of participating companies.

18 For this study, high responsibility is defined as those organizations that were in the top 25% of the Responsibility Index for all organizations participating.

- **Psychological Safety:** belief that you won't be punished when you make a mistake
- **Autonomy & Respect from Manager:** permission to make day-to-day decisions about how you do your job
- **Bottoms-up information:** Opportunity to share insights and ideas upwardly in the organization

Let's go deeper on each.



PSYCHOLOGICAL SAFETY

Psychological safety is the belief that you won't be punished when you make a mistake¹⁹ and is the first behavior for building employee respect in your organization. A psychologically safe place acknowledges mistakes and failures respectfully, but without compromising employees' self-respect or jeopardizing their careers.

Psychological safety enables responsiveness because it allows employees to access the best of themselves in service of the organization. It encourages employees to question the status quo and innovate within their sphere of influence, telling truth to power when problems exist and feeling heard when things are not going right.

Psychological safety enables responsiveness because it allows employees to access the best of themselves in service of the organization.

Best advice from roundtables and interviews:

Personal huddles: Quick, concise, personal check-ins – not about the work, but about the person. One leader suggested two questions leaders can ask: 1) How stressed are you? and 2) What help do you need?

AUTONOMY & RESPECT FROM LEADERS

Autonomy and Respect from Leaders showed up in the data together. We think this is because they often go hand in hand:

¹⁹ ["High-Performing Teams Need Psychological Safety. Here's How to Create it,"](#) Laura Delizonna, HBR, August 24, 2017.

managers who allow more autonomy among employees tend to respect them more, and vice versa.

Autonomy means that organizations give employees control over the day-to-day operations of their roles. They recognize and honor employees' abilities to use their unique skills and knowledge to problem-solve.

Enabling this autonomy increases responsiveness because employees that sit at the edge of the work often have a more immediate point of view on the changes that are necessary to help the organization move in the right direction.

Allowing autonomy enables employees to be deputized in three ways: first, as scouts, who can suss out and surface how and where change in the environment is coming; second, as first responders to immediate needs that as of yet have no corporate policy; and finally, as those that can prepare the way for larger organizational shifts through experimentation.

Enabling autonomy increases responsiveness because employees that sit at the edge of the work often have a more immediate point of view about necessary changes.

Best advice from roundtables and interviews:

Pull together a cross-functional team dedicated to identifying positive changes made during times of crisis and finding ways to institutionalize them. While there is a strong desire to return to "normal," now is a good time to determine what, if anything, about the "normal" wasn't good, and retool it.

Organizations with high responsiveness are more likely to actively solicit ideas and feedback on their solutions to problems.



BOTTOMS-UP INFORMATION

Organizations with high responsiveness have a penchant for information, particularly in the forms of new insights and different perspectives. Showing employees respect by listening encourages them to be aware of challenges the organization needs to solve and allows them to participate in helping to solve them.

While most organizations gather data either actively or passively about what employees think and how they feel, organizations with

high responsiveness are more likely to actively solicit *ideas* and *feedback* on their solutions to problems. And solicitation and encouragement for sharing ideas come by building Respect into the culture:

- **Using tools:** digital suggestion boxes in the form of Slack channels or HR software built specifically for the purpose of gathering employee thoughts and suggestions
- **Throwing events:** Use events to gather information, including hackathons,²⁰ premortems,²¹ world cafes,²² and ideathons²³
- **Building in processes:** Establish norms by leveraging OKRs and retrospectives that normalize sharing information and make it part everyday work rather than handling them separately and out of context

Best advice from roundtables and interviews:

Model behaviors. Feedback and perspective-sharing often don't happen unless they are modeled by leaders. Some suggestions for modeling from the roundtable included clearly setting expectations and holding managers responsible for feedback/perspective sharing; inviting senior leaders (CEO) to be transparent on where the company is during a crisis and inviting questions/suggestions; and providing coaching job aids that give managers key information about how to give feedback.

20 A Hackathon originated in the technology industry; it consists of a large number of people meeting together to collectively solve a problem in a very limited amount of time.

21 A premortem is the opposite of a postmortem. It happens at the beginning of a project and gives team members the opportunity to think about what could possibly go wrong and how to fix it.

22 World cafes are events used to create a collaborative dialogue around a specific problem or challenge. They often use small group discussions and rotations to surface ideas.

23 Ideathons are similar to hackathons in that they involve large groups of people working on one problem. The difference is the outcome: Hackathons generally result in a viable solution or prototype whereas ideathons result in ideas that will be tried over a longer period of time.

An Example: Experts make the decisions at Gore

W.L. Gore is a materials company famous for its Gore-Tex fabric. It is also in the business of making microwave cable assemblies, guitar strings, dental floss, and medical devices. As more than its success in the market, Gore is regarded as a pioneer when it comes to workplace design and employee engagement.

Gore is a great example of an organization that shows Respect for its employees. Gore leverages a team approach, and in fact, the company's culture of innovation prioritizes the power of small teams and relies on a flat lattice organization that really encourages associate (not employee) initiative. They show respect for associates, their skills and abilities by:

- Encouraging associates to actively define their own career paths – generally not defined by the traditional ladder structure, but rather, by identifying expertise and interesting work they would like to be a part of.
- Allowing associates to play a very active role in choosing what they work on. There is no such thing as a dead-end job at Gore because associates build up credibility and seek projects that interest them.
- Making decisions by expertise, rather than seniority, meaning that the organization is conditioned to seek expertise and advice no matter where it comes from. Leaders may be appointed but are more defined by their “followership.”²⁴

As a result, Gore has been a successful private company since 1958 and has been able to innovate at scale – in both organizational techniques and product design.²⁵ It has also been listed among the “100 Best Companies to Work For” by Fortune 21 times since 1998.

²⁴ “W. L. Gore – Cultural Drivers to Innovation and Early Adoption,” Reconomy.org.

²⁵ “W. L. Gore – Cultural Drivers to Innovation and Early Adoption,” Reconomy.org.

Getting Started

Respect is the most basic lens we discuss in this report. It is also likely the one that can be most influenced by an individual when a concerted organizational effort isn't immediately possible. As the old saying goes: People don't leave companies; they leave managers.

In Figure 6, we have provided some initial questions for you to use in thinking about how to develop Respect in your culture.

Figure 6: Questions to Jumpstart Respect

MANAGER	ORGANIZATION
<ul style="list-style-type: none">• To what extent do I understand the unique skills and knowledge my employees bring?• How am I ensuring that my employees feel encouraged to bring their authentic selves to work?• To what extent have I leveraged existing systems, processes, and tools to allow employees autonomy over their everyday tasks?	<ul style="list-style-type: none">• To what extent have we integrated well-being, burnout, and engagement into our company values?• To what extent have we developed guidelines and principles that give freedom to employees on a day to day basis?• Do we know how well our managers enable autonomy? Are there resources in place to help them encourage it?• What systems and processes have we put into place to actively solicit feedback and ideas from employees?

Source: RedThread Research, 2020.

As part of this research study, we had the opportunity to conduct a roundtable, specifically on Respect. For a mindmap of our Respect Roundtable, along with more advice from the leaders who participated, please see: [Readout: RESPECT - Responsive Organization Roundtable](#).



Distributed Authority

That Distributed Authority is one of the lenses important for high-responsivity organizations is not surprising. As with the octopus we introduced earlier, organizations generally have many moving parts with different needs and goals, and sometimes even different views of the opportunities and threats they face in their environment.

In her book [“Seeing Around Corners,”](#) Rita McGrath talks about innovation happening at the “edges of the organization.” In order to react to those changes at the edge of the organization and take advantage of opportunities there, organizations need to distribute authority more widely than most of them currently do.²⁶

In order to react to changes occurring around the edges, organizations need to distribute authority more widely.

Most organizations, however, have instincts to do the opposite, responding to threats centrally and skewed toward top leadership. As the market has gotten more complicated and moved more quickly in the last 3 decades, many organizations have responded by doubling down on traditional structures and decision-making processes.

This is illustrated by the increase in the number of managers. Since 1983, the number of managers, supervisors, and administrators in the US workforce has grown by more than 100% while the number of people in all other occupations has increased by only 44%.²⁷

In general, most organizations are applying old paradigms to new situations. Hierarchies were originally created for a world focused on efficiency. Competitive advantage had mostly to do with size. Most employees were illiterate, so it took much longer to communicate. And things moved slowly enough to enable these things.

But that is not the world we’re now living in. Industries, and in some cases, entire markets shift on new innovations and technologies. Size doesn’t always insure lasting presence. Most of our employees are literate and many are highly skilled.

26 [“Seeing Around Corners,”](#) Rita McGrath, Houghton Mifflin Harcourt, September 3, 2019.

27 [“The End of Bureaucracy,”](#) Gary Hamel, Michele Zanini, HBR, November–December 2018 Issue.

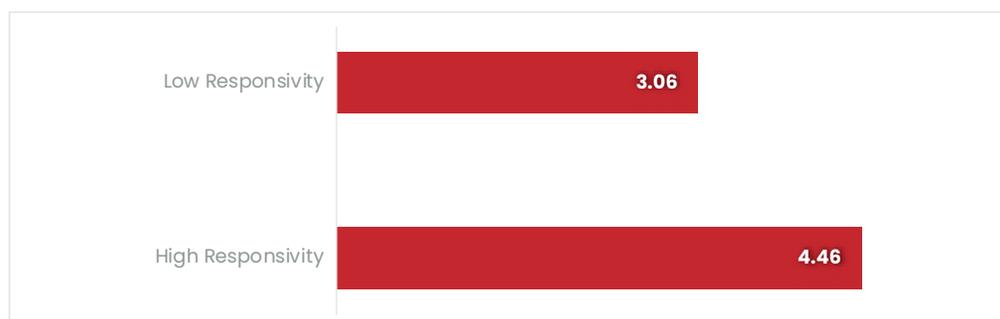
Our data suggests that high-responsivity organizations do just the opposite. They distribute authority to all levels and throughout the organization. This leads to more collaboration and cuts down on the busywork and non-value work.

Distributed Authority also speeds up progress. As organizations develop Distributed Authority, less red tape needs to be cut through in order to act. Employees are able to innovate within their circles of influence, finding solutions to systems and processes that don't work or are outdated, and are able to surface ideas or challenges that may not be obvious to those at higher levels.

How Important is Distributed Authority?

How important is it that organizations distribute their authority? Again, we look at two pieces of data. The first compares the mean scores for Distributed Authority in organizations with high responsiveness and those with low responsiveness. Figure 7 shows this comparison.

Figure 7: Distributed Authority – High- vs Low-Responsivity Organizations



Source: RedThread Research, 2020.

As it turns out, there is a 1.4 point difference between high- and low-responsivity organizations. That is significant, statistically and otherwise. Distributing Authority correlates fairly strongly with high responsiveness.

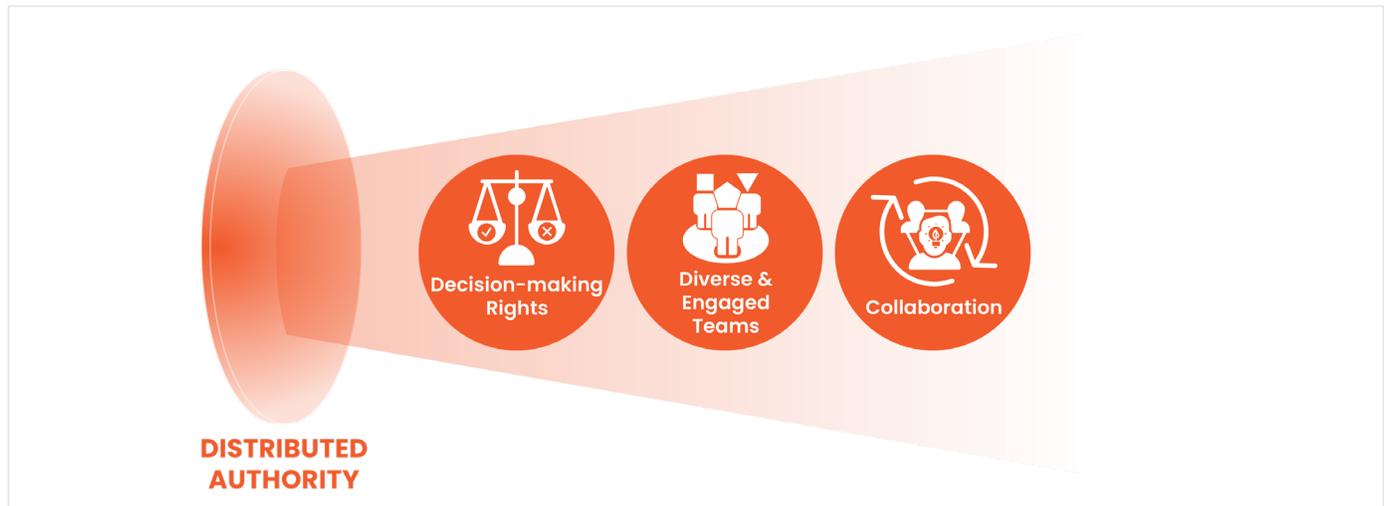
Similar to Respect, the second piece of data we considered was the risk ratio, which tells us how likely it is that organizations with high Distributed Authority also have high responsiveness. Organizations that scored high in Distributed Authority were 21 times more likely to have high responsiveness.

Organizations that scored high in Distributed Authority were 21 times more likely to have high responsiveness.

Distributing Authority

How can organizations go about distributing authority? Our research indicates that there are three areas that they should consider (See Figure 8):

Figure 8: Behaviors for Building Distributed Authority



Source: RedThread Research, 2020.

- **Decision-making rights:** ensuring that employees have the right decision-making rights and know what they are
- **Diverse & Engaged Teams:** building diverse and engaged teams to help employees and teams come up with the best solutions.
- **Collaboration:** enabling employees to utilize their authority to collaborate to solve challenges together

We think it is interesting that two of the items that fell in this category (Diverse & Engaged Teams and Collaboration) have less to do with actual authority (in the traditional sense) and more to do with how to use or enhance that authority. Let's talk about all three aspects of Distributed Authority.



DECISION-MAKING RIGHTS

Decision-making rights is the control employees have about how they execute their role or their responsibilities. We found that decision-making rights vary greatly by organization, manager, level, and sometimes even industry.

Interestingly, High-responsivity organizations are *not necessarily* those that provide the greatest amount of latitude to their employees when it comes to making decisions. Decision-making rights need to be tailored to organizational needs. Every organization should understand the balance between risk and reward when determining what they should be.

What sets high-responsivity organizations apart is the clarity they provide around the decision-making rights employees have. High-responsivity organizations excel in two particular aspects of distributing authority:

- **Communication.** Employees in organizations with high responsivity know which decisions they are empowered to make – from the personal things (e.g., Can I have Friday off?) to those that actually affect the work (e.g., Can I provide an extra discount to please this long-time customer?).
- **Consistency.** High-responsivity organizations enforce decision-making rights even when it is difficult. This includes putting proper systems and processes into place and holding managers responsible for protecting the decision-making rights of their employees.

A final point here: while the best policies for decision-making rights will differ by organization, we believe that a lot of money and time are wasted by not pushing decision-making as far down the organization as possible. Pushing decisions down clears out some of the noise and allows all employees to move faster and focus their efforts on value added tasks rather than bureaucratic minutiae.

What sets high-responsivity organizations apart is the clarity they provide around the decision-making rights employees have.

Best advice from roundtables and interviews:

Quit operating off job descriptions. Now is a fantastic time to stop making decisions about what someone could do off their job description. Asking for volunteers, making assignments based on observed skills, and even borrowing from other departments broadens the skills pool and allows employees to develop skills that they may not have.



DIVERSE & ENGAGED TEAMS

The power of diverse thinking and inclusivity has been well-documented over the years, and not surprisingly, our research from this study backs that up. We know that organizations with diverse thought and inclusive behaviors do better – from higher engagement scores to more innovation – than their less inclusive-minded counterparts. We also know that diverse thought and inclusive behavior leads to more responsibility.

We love that Diverse & Engaged Teams is an aspect of Distributed Authority. Once organizations are clear about the decisions individual employees and teams are responsible for making, it is in their best interest to ensure that good decisions are being made. Ensuring that teams are engaged and bring diverse ideas and backgrounds likely means that solutions will be well-thought-out and complete.

Best advice from roundtables and interviews:

Make employees feel included – particularly those who may be more introverted and less likely to speak up. For example: send detailed agendas, complete with challenges to be discussed and decisions to be made, so that everyone had an opportunity to think about how they could contribute; be aware of those not actively participating in discussions and encouraging them, either with back channel communication, or gentle verbal prompts, to share their ideas; establish that there are no bad ideas; emphasizing that we're all in this together and working to solve the same challenges.



COLLABORATION

Organizations that distribute authority get more Collaboration (and should encourage it). More minds are better than one – and organizations are able to gather insights across different areas or business functions when authority is distributed.

Cross-functional teams are enabled to solve challenges or take advantage of opportunities at the edge of the organization rather than waiting for central decision-makers to either notice the challenge or prioritize it. Collaboration also builds employee networks, which in turn increases the flow of knowledge around the organization, allowing employees more ready access to expertise.

Best advice from roundtables and interviews:

Look for stumbling blocks. As organizations have focused on efficiency and productivity over the past 100 years, they've also standardized ways of doing things that often stand in the way of collaboration. To enable employees to exercise their authority, organizations should look for those things that may keep employees from sharing information with each other and helping each other on projects.

An Example

When we think of Distributed Authority, Nordstrom comes immediately to mind. They are in the business of offering an excellent customer experience, and they do it by empowering their employees.

While it is a myth that their employee handbook consists of just one line – “Use your best judgment in all situations. There will be no additional rules” – the sentiment is correct. Nordstrom expects its employees to use their judgment in how to use their time and resources to take care of their customers. Many of us have heard examples of this extraordinary customer service:

- A woman bought a blazer in Portland, took it to Seattle, and realizing that the sensor was still in the pocket, tweeted Nordstrom. Two minutes later, she got a response asking her to send a direct message. After communicating with the “service experience” department, Nordstrom sent a concierge to her office who removed the sensor, apologized profusely, and went on his way.²⁸
- In 1975, a man rolled in a number of tires to a Nordstrom in Fairbanks, Alaska, which until recently had been a Northern Commercial Company tire store. Nordstrom accepted the tires and provided a refund to the man, inviting him to return to shop for clothes.²⁹
- Mrs. Lisa McIntire Shaw, a regular at Nordstrom, lost the diamond from her ring. The loss prevention manager noticed her searching and offered to help. After hours of searching, Mrs. Shaw returned home. But the loss prevention manager got in touch with two workers from building services, and together they rummaged through the vacuum cleaner bags, finally finding the diamond.³⁰

In each of these cases, employees needed to go above and beyond their written job descriptions in order to provide the excellent service. And in each of these cases, their actions cost Nordstrom both time and money. But because they believe so strongly in their mission and because they have faith in their employees, they accept their best judgment as the right thing to do.

28 [“Nordstrom, Customer Service, and Core Values,”](#) Cali Pitchel, Medium.

29 [Many Happy Returns,](#) CBS New, April 9, 2017.

30 [The Nordstrom Way to Customer Experience Excellence,](#) Robert Spector, BreAnne O. Reeves. John Wiley & Sons, October 3, 2017.

Getting Started

Responsivity is nigh on impossible without distributing the authority in your organization more broadly and deeply. Unlike Respect, it is more challenging to implement broad use of this lens as an individual. That said, there are things that can be done within a manager's circle of influence.

In Figure 9, we have provided some initial questions for you to use in thinking about how to develop Distributed Authority in your culture.

Figure 9: Questions to Jumpstart Distributed Authority

MANAGER	ORGANIZATION
<ul style="list-style-type: none">• To what extent have I made it clear to my employees how I expect them to make decisions?• Have I identified guidelines to help my employees make good decisions?• To what extent have I provided opportunities for cross-functional teams to collaborate?	<ul style="list-style-type: none">• To what extent have we institutionalized decision-making authority at lower levels?• How do we, as an organization, develop and support a philosophy of diverse thought?• Are we aware of the stumbling blocks that currently block collaboration, particularly across regions, business units, and functions?

Source: RedThread Research, 2020.

For a mindmap of our Distributed Authority Roundtable, along with more advice from the leaders who participated, please see: [Readout: DISTRIBUTED AUTHORITY - Responsive Organization Roundtable](#).

Transparency & Growth

The third lens for organization responsiveness is Transparency & Growth. Our interviews, roundtables, and data, as well as common sense, prevailing sentiment, and existing research, all suggest that organizations that provide a high level of transparency and enable employees to be continuously growing are in a better position to respond to both threats and opportunities.

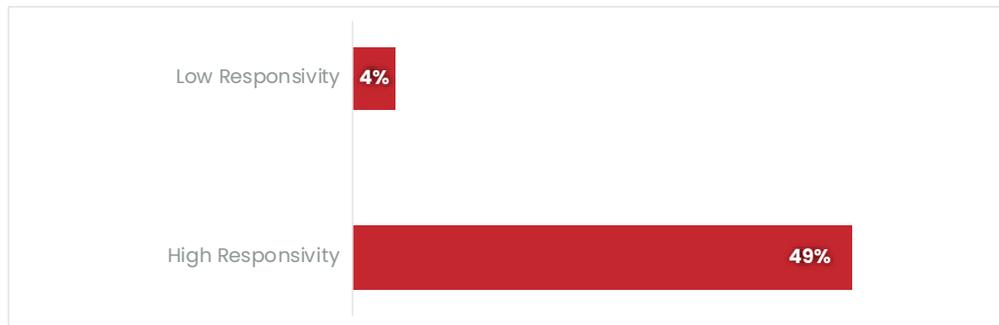
During the early days of the COVID-19 crisis, many people leaders we spoke with were impressed with their leaders' transparency. We have heard stories of weekly townhalls and leaders answering questions as honestly as they could and of leaders giving out their personal phone numbers. We have also heard of leaders being brutally honest about the fate of their companies and the fate of jobs.

The jury is still out on whether this candidness will outlast the crisis, but we hope it will. Transparency shows respect, lowers stress levels, helps employees understand the resources they have, and prepares them for what's next. These things are all helpful in all organizations even without a crisis.

The second area of this particular lens is the idea of growth. Pivoting organizations almost always find themselves in need of new skills. The status quo in many has been to dismiss employees whose skills are no longer needed and hire new ones with the skills that are needed. Most organizations see this as most cost effective; although, we've seen numbers to the contrary, particularly if there is an expectation that employees are continually gaining new skills and knowledge.

Interestingly, our data shows that high-responsivity organizations tend to default to developing their current employees rather than hiring the skills from the outside. Figure 10 shows the percentage of high-responsivity vs. low-responsivity organizations that say that talent is developed internally to a very great extent.

Figure 10: Talent is Developed Internally to a Very Great Extent, High- vs Low-Responsivity Organizations



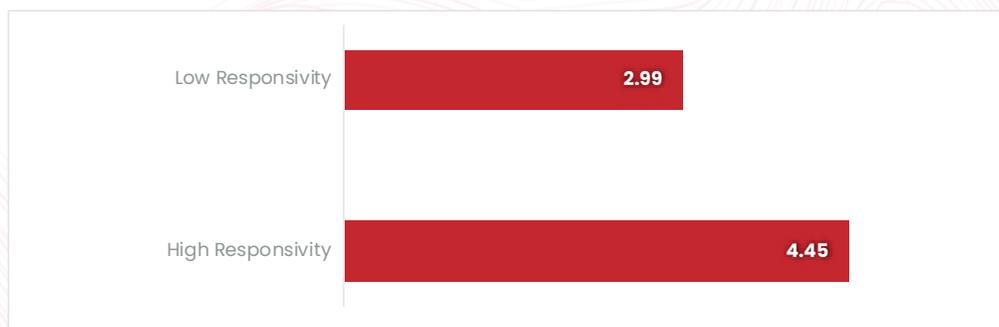
Source: RedThread Research, 2020.

The propensity for growth goes hand in hand with the dedication to transparency. Lack of information is basically ignorance. If employees need the best information to make the best decisions for your company – especially if you have distributed authority – ensuring transparency is crucial to responsiveness.

How important is Transparency & Growth?

How important is Transparency & Growth? As with the other lenses, we looked at two pieces of data. The first compared mean scores for Transparency & Growth in organizations with high versus low responsiveness. Figure 11 shows the result.

Figure 11: Transparency & Growth – High- vs Low-Responsivity Organizations



Source: RedThread Research, 2020.

Not surprisingly, high-responsivity organizations score significantly higher (almost 1.5 points!). Low-responsivity organizations scored the lowest on Transparency & Growth out of all lenses. However, high-responsivity organizations also scored lowest on this lens

than all other lenses, indicating that there is work to be done in all organizations.

The second piece of data that we looked at was the risk ratio. In comparison to those that score low on Transparency & Growth, those that score high on this lens are 22 times more likely to be high-responsivity organizations.

Organizations scoring in the top quartile of Transparency & Growth are 22 times more likely to be high-responsivity organizations.

Developing Transparency & Growth

Our research pointed to three aspects of Transparency & Growth that play a role in building a responsive organization, as shown in Figure 12.

Figure 12: Behaviors Affecting Transparency & Growth



Source: RedThread Research, 2020.

- **Transparent Performance:** employees understand how they are performing against expectations at all times
- **Skills & Growth Resources:** employees know what skills they should develop and have the resources to do so
- **Managers & Leaders as Enablers:** managers and leaders are clear in the direction of the team and organization, and remove barriers for getting work done

Let's look at each one in more detail.





TRANSPARENT PERFORMANCE

We find it interesting but not surprising that performance-related items fell under the Transparency & Growth lens. In recent years, we have seen a convergence of the performance and employee development space as organizations realize that it is necessary to understand how an employee performs in order to help them grow.

Two ways in which high-responsivity organizations are making performance transparent:

- **Through managers.** As performance management processes have become bloated over the years, the ceremony around providing feedback has increased, absolving managers in some companies from the short, in-the-moment feedback that is valuable for continuous improvement. High-responsivity organizations ensure that managers are equipped (with coaching, expectations, accountability, and data) to help employees understand how they're performing at all times.
- **Through data.** We continue to see both solution providers and HR departments strive to push insights and data to the employees themselves. This has a few benefits. One, providing data often takes the difficulty out of sharing performance insights. Two, data can be shared more regularly and does not rely on manager ability and/or desire and/or time. And three, employees are the best situated and the most motivated to make use of that data to change what they're doing.

Best advice from roundtables and interviews:

Master the mention. Build a culture of feedback by not making it so heavy and formal. If you have feedback for an employee, jump on the phone and talk through it or mention it in passing. They'll appreciate it and dread it a lot less than a scheduled ½ hour meeting to discuss how they screwed up.



SKILLS & GROWTH RESOURCES

For many months now (24-36), we have been having regular conversations with smart people about the skills movement. Call it what you will (and we've heard Upskill, Reskill, Skilling 2.0, and other-skill, just to name a few), the conversation usually starts with an understanding that the world is changing at an unprecedented rate.

High-responsivity organizations understand this. They also understand that in order to stay on top of skills, they need to enlist their employees, as they often have a more concrete idea of what they need to learn in order to stay competitive. Because of this, they provide tools and support to help employees understand their skills gaps for their current responsibilities, for responsibilities they might be interested in, and for responsibilities the organization knows it will need in the future.

High-responsivity organizations also ensure that their employees have access to resources and encourage them to find resources on their own. These organizations tend to take a broader view of development: It isn't just what the organization can provide in a class; it is also workshops, roundtables, webinars, articles, projects, tasks, professional organizations, and relationships. High-responsivity organizations understand that learning happens everywhere, and therefore, they do their best to enable it everywhere.

High-responsivity organizations ensure that employees have access to resources and encourage them to find resources on their own.

Best advice from roundtables and interviews:

Ask, "How and what have you learned in the last six weeks?" Many leaders and L&D functions don't know where to start rethinking learning. Pay attention to patterns that are being used for learning in the absence of the formal and use the cues to design your future state.



MANAGERS & LEADERS AS ENABLERS

A lot of the research we did last year pointed to the importance of leaders – and particularly frontline leaders or managers. Employees see leaders as either someone that can help them do their work or someone who will keep them from doing their work. To ensure that leaders are enablers, not stumbling blocks, high-responsivity organizations focus on three things.

First, managers and leaders in high-responsivity organizations provide a clear mission, vision, and big picture. Senior leaders must do more than slap up a pithy vision statement on the wall. Regular, honest communication about where the organization is headed helps to develop a sense of trust, and it also helps employees understand how they fit into the bigger picture. It acts as a compass and helps them to prioritize their work based on the stated company direction.

Second, managers and leaders in high-responsivity organizations provide clear goals and responsibilities. Our research shows that this is mainly a manager responsibility. Now, more than ever, responsibilities and goals should be unambiguous, which seems counterintuitive because, as businesses move to respond to changing environments, those goals and responsibilities will continuously shift. Good managers know this and, with their employees, revisit goals and responsibilities often to ensure alignment.

In fact, a few leaders we spoke with suggested upping the number of 1:1s with employees; leaders are suggesting that these are increased from quarterly to at least monthly and more than likely weekly.

Finally, managers and leaders in high-responsivity organizations remove barriers. Leaders participating in our research roundtables pointed out that as our work has changed, some systems and processes that were helpful are no longer so (It's also a good time to check on whether they were ever useful, or if they were just tradition). Managers and leaders need to be willing to look for solutions that work for new realities.

Best advice from roundtables and interviews:

Call out bad manager behavior. Traditional ways of thinking and bad habits may linger, even in this new environment and suggest calling it out. For example, a leader in a virtual meeting said, “I hope you’re enjoying your vacation working from home [during this crisis].” Behavior like this is not just insensitive and damaging, it undermines larger changes the organization is trying to make. Correct gently, but correct.

An Example: Improving Employee Performance through Transparency and Growth Opportunities

A great example of Transparency & Growth is GoDaddy and how they evolved their performance management process. When organizational leaders realized that unconscious bias played a big part in their evaluations, promotions, and compensation processes, the company decided to overhaul their approach.

To level the playing field and give all employees ample opportunity to grow, the company developed six guiding principles for the evaluation process. This was a change from their previous approach, which measured performance against potential (they realized that bias crept in when managers evaluated potential).

The company decided to do away with potential and now evaluates employees on whether they take smart risks, strive to be better, and share what they know with others. GoDaddy built an evaluation scorecard with questions designed specifically to measure goals and effectiveness objectively. Most crucially, managers get a flag to remind them when an employee is up for promotion, and every employee who doesn’t get one understands exactly why and has been given a specific set of goals to complete and a timeline in which to complete them.³¹

³¹ [“How GoDaddy Increased Diversity at Every Level by Transforming Its Employee Evaluations,”](#) Samantha McLaren, LinkedIn Talent Blog, November 2017.

Getting Started

Managers are largely tasked with Transparency & Growth behaviors – they provide feedback on performance and encourage growth within their teams. However, organizations can enable managers by setting expectations, providing resources, and holding them responsible.

In Figure 13, we have provided some initial questions for you to use in thinking about how to develop Transparency & Growth in your culture.

Figure 13: Questions to Jumpstart Transparency & Growth

MANAGER	ORGANIZATION
<ul style="list-style-type: none">• How often do I take opportunities to provide my employees with in-the-moment feedback that can help them perform better?• When was the last time I talked to my employees about projects or experiences we could build into their work that would allow them to develop new skills?• Do I understand what my employees are learning, or what they'd like to learn?	<ul style="list-style-type: none">• Have we set clear expectations and accountability for managers when it comes to providing feedback?• Do our managers have the skills and support they need in order to give good feedback?• To what extent have we established processes to understand the skills we currently have access to and develop the ones we currently lack?• To what extent do we provide employees with data-based insights about their performance?

Source: RedThread Research, 2020.

For a mindmap of our Transparency & Growth Roundtable, along with more advice from the leaders who participated, please see: [Readout: TRANSPARENCY & GROWTH – Responsive Organization Roundtable.](#)

Trust

The culminating lens for responsivity is Trust. Instinctively, we know that organizations that are better able to respond to external opportunities and threats have more trust: employee with employee, employee with manager, manager with employee, and everyone with the organization and goals.

We call Trust the culmination lens because many of the aspects discussed in other lenses build trust within organizations. However, in looking at the data and talking to leaders, there appeared to be this additional connective tissue or fascia that solidifies responsivity. Again, logically, this makes sense. Regardless of your industry or organizations, business gets done through Trust.

Organizations embodying Trust transcend simple organizational goals that focus solely on the numbers and external shareholders, and instead value internal stakeholders and other intrinsic types of metrics just as much. They weigh decisions with this in mind. As such, they are more apt to listen to employees and treat them as partners.

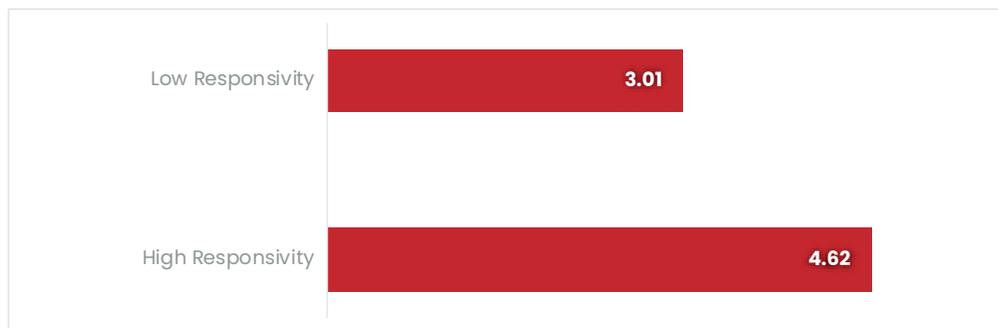
They also tend to have thinner organizational walls. Anecdotally, high-responsivity organizations are more apt to be unafraid of looking outwardly for new ideas, information, and ways of doing things. They have leaders and employees that are more likely to partner and collaborate with other organizations to solve larger problems. They are also more likely to use external types of talent – contractors, consultants, gig workers, retiree pools, experts, thought leaders, etc. – to bring in outside viewpoints.

In short, organizations embodying Trust trust broadly. They trust their own ability to succeed and their employees' ability to help them do so. They aren't afraid of recognition and operate from a place of abundance instead of scarcity. They are quick to give credit. They are quick to recognize good ideas wherever they come from.

How important is Trust?

As with the other lenses, we looked at two pieces of information: mean scores and risk ratios. Trust, the connective tissue, showed the biggest difference of all lenses when comparing low-responsivity organizations and high-responsivity organizations with a difference of 1.61 points on a 5-point scale. See Figure 14.

Figure 14: Trust – High- vs Low-Responsivity Organizations



Source: RedThread Research, 2020.

Even more interesting, however, was the risk ratio. As we mentioned earlier, the risk ratio tells us the likelihood that scoring high in one item would lead to scoring high in another. Organizations that scored high in Trust were a whopping 62 times more likely to also be considered a high-responsivity organization.

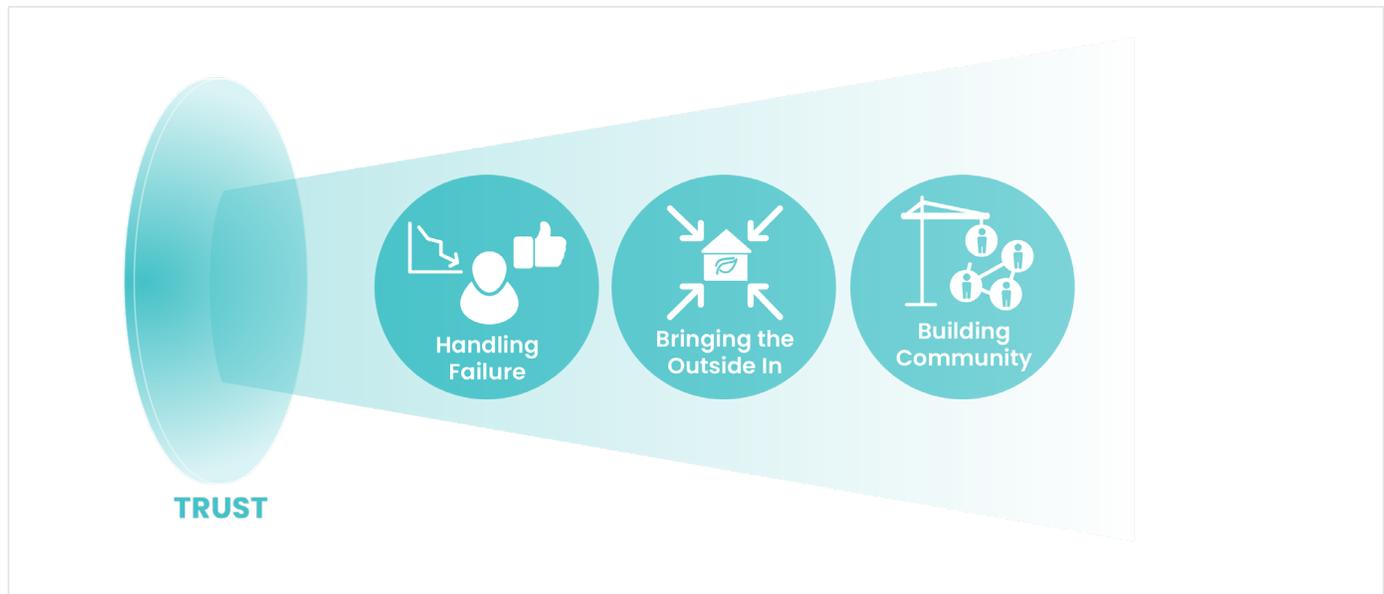
As it turns out, Trust is very important connective tissue.

Developing Organizational Trust

Our data identified three aspects of trust that lead to higher responsivity, as shown in Figure 15.

Organizations that scored high in Trust were a whopping 62 times more likely to also be considered a high-responsivity organization.

Figure 15: Aspects of the Trust Lens



Source: RedThread Research, 2020.

- **Handling failure:** Organizations view failure as opportunities to learn and avoid seeking to lay blame.
- **Bringing the outside in:** Organizations continuously seek good ideas from the outside and experiment with them.
- **Building community:** Organizations value employees for their contributions and build a community of people that genuinely care for each other.



HANDLING FAILURE

One of the most important builders or destroyers of trust in organizations is the way that leaders and managers handle failure. Leaders who treat failure as a thing of shame, go on witch hunts to find the person responsible for the failure, or punish those who fail (either directly or indirectly) have a hard time convincing employees to trust them and the organization.

High-responsivity organizations tend to have leaders and managers that think of the concept of failure differently. First, they see failure as data. No organization in history has turned up wins without losses along the way. Those that see failure as data tend to categorize it, talk about it, share it, and use it to make decisions about the future.

Second, organizations that embrace failure tend to view failures as opportunities to learn. As such, these organizations are more open with failures – from the top of the organization clear down to individual contributors. Failures are opportunities for reflection and growth, but only for organizations brave enough and vulnerable enough to admit their failures.

One of our favorite examples of this is Thomas John Watson, former chairman and CEO of a little company called IBM. When asked if he was going to fire an employee who made a mistake that cost the company \$600,000 (real money in those days), he replied, “I just spent \$600,000 training him. Why would I want somebody to hire his experience?”³² As an aside, he also said, “If you want to increase your success rate, double your failure rate.”³³

Best advice from roundtables and interviews:

Hold F*ck up Nights, Failure Tours, and other celebrations.

Organizations that embrace failure are bringing it front and center. Two of our favorite ideas. First, one company determines the largest failure of the year and asks the person or team responsible to prepare a formal presentation, complete with pictures, timeline, and thought processes, to present at an awards ceremony for largest failure. Second, one company has asked its leaders to do failure tours – opportunities for leaders to be vulnerable by sharing their screw ups. As leaders talk about them, the tone around failure changes, allowing employees the opportunity to fail, surface it, and learn from it.



BRINGING THE OUTSIDE IN

We love that our research showed that bringing the outside in is an important factor to building Trust. Organizations can no longer afford to be insular if they want to be prepared for disruptions and opportunities in the

32 [“What Would You Do if an Employee Made a \\$600,000 Mistake?”](#) Gareth Garbutt, PeopleHR, June 26, 2015.

33 [“Quote of the Week: Double your Failure Rate,”](#) Fast Company, July 14, 2014.

marketplace. To avoid insularity, bringing in outside perspectives is key. The research pointed out two main ways this happens.

First, managers and leaders must be open to new information, good or bad. When leaders respond to new information indifferently or negatively, employees quickly learn that it is not OK to share and that their opinions and ideas are not valued. On the other hand, when leaders respond openly to new information, employees understand that it's acceptable and encouraged.

Second, organizations must literally encourage employees to bring in outside information. When they do, employees, many of whom sit around the edges of the work, begin to see their jobs in the bigger context of what the organization is trying to accomplish. When organizations encourage new information, they are, in essence, deputizing their workforce to be scouts and increasing the flow of good ideas and helpful data.

Best advice from roundtables and interviews:

Break the echo chamber. A lot of traditional organizations suffer from a very loud echo chamber. We're trying to mitigate this by bringing the outside in through guest speakers at lunch & learns or through sponsoring membership in professional organizations and then asking participants to share what they learned internally. We also leverage contractors, coaches, and consultants to introduce new ideas.



BUILDING COMMUNITY

The final aspect of building Trust within organizations is Building Community. High-responsivity organizations are not just a place people work. Employees don't just show up for a paycheck. There is even more than just a shared vision or mission. These organizations have a strong sense of community that values the individual and glues employees together in an interdependent and mutually beneficial relationship.

Individuals care about each other, help each other learn, and collaborate across the organization. They don't rely on rules and

regulations to ensure that people are “doing the right thing” and they tend to minimize rules in general in favor of values.

Best advice from roundtables and interviews:

Agitate. We have a unique opportunity in times of crisis, while some of the boundaries are flexible or permeable, to get rid of some institutional ideas and process that do not work and replace them with things that do. We have an obligation to agitate – take risks and push back as much as they can.

An Example: Formalizing Failure at Google

Google – an internet services and products company, headquartered in Mountain View, California, with 62,000 North American employees – recognized the need to formalize a process to get the most out of their failures. To that end, they created an organizational policy around how to capture the lessons learned when significant undesirable events occur (a.k.a. failure).

The policy is a structured reflection process, similar to after-action reviews. These “postmortems” are used only when significant reflection is needed. Not every mistake needs to be analyzed, but the ones that have the opportunity to teach large lessons should be leveraged. During the reflection, the team will document not only what happened but also how it happened, why it happened, and how the event impacted the organization.

More importantly, the team will identify ways to avoid the same failure in the future. A critical component of these postmortems is that blame is not assigned and employees are not punished. Documenting the incident does not give managers permission to use the information to impose punishments. This creates psychological safety, allowing for individuals to openly share their ideas and to create the space necessary to learn from failures.^{34, 35}

34 [“Google Has an Official Process in Place for Learning From Failure – and It’s Absolutely Brilliant,”](#) J Bariso, Inc.com, 2018.

35 [“Postmortem culture: how you can learn from failure,”](#) J Lunney, S. Lueder, G. O’Connor / Google, re:Work, 2018.

Getting Started

We were surprised that Trust turned out to be its own lens. We knew it was important but expected its aspects to be rolled in with some of the other things we have talked about in this report. But clearly, it stands alone, and according to the data, the aspects of Trust are the most impactful things organizations can do to increase responsivity.

As with some of the other lenses, there are things that both managers on their own, as well as organizations, can do to increase Trust in the organization. Below, we have provided some initial questions for you to use in thinking about how to develop Trust in your culture.

Figure 16: Questions to Jumpstart Trust

MANAGER	ORGANIZATION
<ul style="list-style-type: none">• How cognizant am I about my language and tone when I'm dealing with failure on my team? Do I frame failures as learning experiences?• To what extent do I push back on institutional processes that don't work and encourage positive changes?• How much do I encourage my team to explore different industries and other companies to come up with solutions to our challenges?	<ul style="list-style-type: none">• To what extent have we created channels and spaces to allow employees to talk about failures and use them as opportunities to grow?• Does our manager training and support include guidance on being appreciative to new ideas and information?• To what extent have we built a community where people feel valued and want to work?

Source: RedThread Research, 2020.

For a mindmap of our Trust Roundtable, along with more advice from the leaders who participated, please see: [Readout: TRUST - Responsive Organization Roundtable](#).

Conclusion

We want to end where we started: with the octopus. We have drawn comparisons between octopuses and their brains and the way that organizations need to act to build responsiveness. Which has all been really good.

What we didn't tell you, though, is that octopuses also have three hearts. Which makes the metaphor even more apt. Many of the things we have talked about with respect to responsiveness go beyond just thinking. They involve the way we treat each other, interact with each other, and help each other.

We think that the move forward – from heavily structured, centralized, efficient, clunky organizations to lean, distributed, adaptive, responsive organizations – will depend heavily on how well we use our hearts. If there is anything that the research has taught us, it's that what's good for the people is good for the organization.

We hope that, if nothing else, we've given you something to think about. As organizations begin to use the lenses we introduced in this model, they will be more responsive, ensuring that employees and the organizations they serve can take advantage of opportunities and respond to disruptions.

Appendix A: Responsive Organization: Analysis Summary

Overall, the data is positively skewed and all items and outcomes are positively correlated. The responsiveness index was created using principal components analysis (PCA) and forcing one factor. These scores were transformed linearly, with a mean of 100 and standard deviation of 15. The reliability analysis (alpha) on the responsiveness scale was over .80.

Two items, one of information and one on manager involvement were assessed for nonlinear trends. The hypotheses was that there is a “tipping point” for the amount of information shared and the amount of managerial involvement and that too little is just a problematic as too much.

Moderation analysis was used to find evidence for non-linearity as it is a simple form of an interaction.

Information Balance is positively correlated with all the outcomes in a linear fashion, suggesting that information overload doesn't impact our outcome variables in a negative fashion.

Manager Balance does have a nonlinear relationship with some outcomes, including individual performance, business performance, agility, innovation, and customer satisfaction. This suggests that there is a "tipping point" for manager involvement in which too much involvement leads to decreases in these outcomes. The severity of decrease is open to interpretation. That is no involvement is likely less beneficial than too much. However, optimal performance on these outcomes is dependent on managers finding "the sweet spot".

Exploratory Factor Analysis (EFA) was conducted, with Varimax rotation, to determine the factors in our input items. This analysis was used to inform the larger model, consisting of 4 factors, which

we termed lenses, and 12 aspects of those lenses. All subfactors are correlated with each other and all outcomes.

Regression analysis was done at both the factor level and sub-factor level to determine what factors predict (or drive) responsiveness. Responsive scores were used as the dependent variable. Results suggested that the managerial components at both the factor and subfactor level are not predictive of responsiveness. However, it is likely that the variance accounted for by these factors is already being accounted for in others.

To understand what was going on at deeper levels, we ran moderation analysis using both SPSS and PROCESS (a plug-in for SPSS). This revealed that responsiveness was actually moderating the relationship between many of the subfactors and engagement. The relationship between two subfactors and engagement was not moderated by responsiveness, including clarity and vision. All other relationships between subfactors and engagement were moderated by responsiveness. This suggests that responsiveness has an augmenting effect of sorts. For example, yes, of course, manager capability impacts engagement, but there is an even greater impact when done in a responsive environment. Moderation is telling us that being highly responsive increases the impact of the relationship between subfactors and engagement.

We didn't look at mediation because we actually think responsiveness is a context (much like culture) that impacts the relationship between various practices and important outcomes. Empirically, any variable can act as a mediator or moderator, but we understand and operationalize responsiveness in a manner more consistent with moderation.

All the subfactors (and even the items) have a relationship with the outcome variables. So, an organization might ask – why the heck it matters if we are responsive?! Well, having good managers is great – sure – but their impact is even more pronounced when the right context (responsiveness) is present. So, moderation simply helps us tell folks why they should give a crap about being responsive. Plus, it is likely that many practices help organizations be more responsive and what works in one organization likely won't work in others. It is very much like culture – and like culture it is still a bit muddy. I might

be that responsiveness is a type of culture. But again, why do we care about creating the right culture – because it amplifies all the good individual practices that managers carry out.

To help convey how an organization becomes more responsive we have created levels of responsiveness. Levels 1 through 3 are broken into quartiles. Level 4 is, the top 25%.

Being guided by a series of logistic regressions we identified the practices (items) that increased the odds of being in the various groups. This helped us see which items, when done at higher levels, increased the odds of being in “higher” group membership. This does not suggest that practices in level 1 are unimportant in level 4, it simply means that these items are not likely to propel an organization into higher levels.

NOTE: We did not stick to a strict significance level when determining items. We used the findings as guides and separated out the items based on our discussions, interviews, and literature. Importantly, the levels aren’t about statistical significance. The levels are just tools to help explain some of the differences between levels and we wanted to do that in conjunction with data and not base this solely on “gut instinct”. Combined, this information helps us:

- Provide our definition of what a responsive organization is
- Begin to understand what aspects of the work environment relate to responsiveness (all the subfactors)
- Illustrate why responsiveness is important
- Discuss what it takes to move the needle forward to be more responsive.

About RedThread & Authors



Sure, we're experts in performance, people analytics, learning, and D&I – and we're well-versed in the technologies that support them. But we're also truth-seekers and storytellers in an industry often short on substance, and too full of @#\$%. Our mission (indeed, our very reason for existing) is to cut through the noise and amplify what's good. We look for the connections (or red threads) between people, data, and ideas – even among seemingly unrelated concepts. The result is high-quality, unbiased, transformative foresight that helps you build a stronger business.



Dani Johnson, Co-founder & Principal Analyst

Dani is Co-founder and Principal Analyst for RedThread Research. She has spent the majority of her career writing about, conducting research in, and consulting on human capital practices and technology. Before starting RedThread, Dani led the Learning and Career research practice at Bersin, Deloitte. Her ideas can be found in publications such as Wall Street Journal, CLO Magazine, HR Magazine, and Employment Relations. Dani holds a Master of Business Administration and a Master of Science and Bachelor of Science degrees in Mechanical Engineering from Brigham Young University.



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Stacia is a researcher and thought leader on talent management, leadership, D&I, people analytics, and HR technology. A frequent speaker and writer, her work has been featured in *Fortune*, *Forbes*, *The New York Times*, and *The Wall Street Journal* as well as in numerous HR trade publications. Stacia co-founded RedThread Research in 2018, after leading talent and workforce research for eight years at Bersin by Deloitte. Before Bersin, Stacia spent approximately five years conducting research and creating learning content for the Corporate Leadership Council, part of CEB / Gartner. She has an MBA from the University of California, Berkeley, and a master's degree from the London School of Economics.

In addition, **Jennifer Hines** created many of the graphics in this report and **Jenny Barandich** completed the layout of the PDF.