Why simplicity is the key to accelerating performance

Five steps for decluttering organizations

Companies that excel at simplicity throughout their organizations continuously and repeatedly seek to kill complexity in four key areas: strategy, operating model, culture, and activity.

Contents

Overview

Agility is critical to keeping pace with our world. Customers have the power to be more demanding than ever; keeping them happy requires businesses to respond quickly to fluctuating needs and emerging market trends.

Globalization continues to expand the playing field and give rise to new and nimble competitors. And technologies such as automation and artificial intelligence (AI) are transforming the way people work and interact, creating new opportunities for organizations and their people.

But most organizations have never been more complex. Bogged down by legacy systems and top-heavy organizational structures, they struggle to be agile and to innovate and transform, increasing the risk of their falling behind the competition. In a context where people and culture already create the vast bulk of organizational complexity, the fast-changing external environment becomes an accelerating agent for it.

So how can organizations achieve the agility they need to compete today?

Creating the space and pace to win

Heidrick & Struggles research has identified an elite set of organizations (among the world's largest 500 companies by market capitalization) that consistently outperformed their peers based on compound annual growth rate for organic revenue.[1]

These "superaccelerators" differentiated themselves not by industry, geography, or strategic focus but by their ability to mobilize, execute, and transform with agility.

Part of their success is a commitment to simplicity. Every superaccelerator explicitly addressed simplicity in its strategy, operating model, and culture. Our own research on superaccelerators shows to what extent they place strategic importance on simplicity. And acceleration matters: the high-accelerating teams in our research had, on average, a 22.8% higher economic impact than other senior teams, and their performance ratings were twice as high as those of their low-accelerating peers.[2]

Simplicity and high-accelerating organizations

+52%

The **difference in simplicity score** between low-accelerating organizations (4%) and high-accelerating organizations (56%)

100%

Percentage of low-accelerating organizations that rank simplicity as a **bottom-three drive factor**

Percentage of people that felt they had **efficient processes**:

20% low-accelerating organizations

56% high-accelerating organizations

Percentage of people that felt that their **structure and metrics** were simple:

36% low-accelerating organizations

67% high-accelerating organizations

Source: Analysis of Heidrick & Struggles proprietary data covering 45,500 people at 41 organizations

1 Colin Price and Sharon Toye, *Accelerating Performance: How Organizations Can Mobilize, Execute, and Transform with Agility*, Hoboken, NJ: John Wiley & Sons, 2017.

2 Alice Breeden, Becky Hogan, and TA Mitchell, "Bringing your organization up to speed," Heidrick & Struggles, September 12, 2019, heidrick.com.

By doing so, they eliminated the layers of organizational complexity that can impede agility and frustrate employees and customers alike. As well as deliberately designing simplicity into their strategy, operating model, and culture, they embed simplicity as a way of behaving, thinking, and working—and this lets them rapidly identify and reallocate resources to the most important opportunities.

Fundamentally, organizations are in a state of simplicity when activity (what actually happens) is aligned with strategy (what a company needs to do to drive performance). When this occurs, activities that hamper innovation or productivity, such as time wasted in meetings or spent complying with convoluted processes, fall by the wayside, creating more bandwidth for business-critical tasks that accelerate performance. Jeffrey Sprecher, CEO of Intercontinental Exchange, has reflected on the direct correlation between the size and scale of the organization and its complexity challenges: "What's different now is there is more bureaucracy around the company than in the early days, and that just partly comes with being bigger and being public. But within that structure my job is to make sure that bureaucracy doesn't overtake the entrepreneurship that exists from within." [3]

3 *Business to Business*, "2012 Business to Business Annual Awards," January-February 2012.

The complexity challenge

Complexity causes

Complexity symptoms

Strategy

Operating model

Culture

Activity

What really matters—the set of actions that accelerate performance

The operating model and **particularly the culture** drive organizational simplicity, or create a complexity drag

What actually happens—how people spend their time and energy

Fundamentally, organizations are in a state of simplicity when activity (what actually happens) is aligned with strategy (what a company needs to do to drive performance).

The scope of complexity today

According to outside research, complexity in large organizations has increased 7% annually, on average, within five decades.[4] Cumbersome legacy systems, multiple management layers, and unwieldy decision approval processes all contribute to record-high levels of day-to-day clutter.

And it's only getting worse: the number of business and consumer emails sent and received per day is expected to grow to more than 347 billion by the end of 2023.[5] It's estimated that there are 25 million meetings every day in corporate America, and more than $37 billion wasted on unproductive meetings.[6]

Clearly, not all of this activity is futile. But our experience shows that, on average, almost a quarter of total organizational time is spent on nonessential activities whose elimination would make no difference to the performance of that team or organization.

The impact of complexity is quantifiable in terms of both employee satisfaction and revenue growth. Employees in organizations with the most internal complexity are three times more likely to be disengaged— a situation that can lead to high turnover rates and low employee morale.[7] No wonder that 94% of executives in organizations with more than $5 billion in sales say it is internal complexity that prevents growth, not competitive threats or a lack of opportunities.[8]

The concept of simplicity in the workplace is nothing new. For decades, companies have been introducing new tools and technologies to streamline work and processes down to the essentials. So why, then, are only 2% of simplicity programs described as excellent?[9]

Eager to spearhead change in a fast-paced economy, leaders often create new projects, adopt new technologies, and form new teams. Consider, for example, a sales manager who, in an effort to increase collaboration, rolls out a mobile chat platform rather than explore the collaboration capabilities of the company's current sales automation software. Or the chief marketing officer, eager to make team members more accountable for campaign results, who adds new reporting requirements that only slow down decision making and discourage openness. New executives keen to make their mark are prone to creating complexity, by layering new thinking and plans on top of established working arrangements.

We know people and organizations are far better at starting new projects than stopping existing ones—no matter what their value is. In our experience, many organizations don't have a consistent process for eliminating projects and discontinuing products when they have run their course, instead layering additional ones on top of existing initiatives. This diverts time from focusing on the most valuable work each person should be doing. For simplicity to take shape, organizations must inherently alter the way their people think and behave, and critically change their underlying culture. One of the key issues they have to address is the misconception of simplicity as an undesirable feature of their organization. Jack Welch, the former chairman and CEO of General Electric, underlined the need to develop a positive view of simplicity: "You can't believe how hard it is for people to be simple, how much they fear being simple. They worry that if they're simple, people will think they're simpleminded. In reality, of course, it's just the reverse."[10]

4 Yves Morieux, "Smart rules: Six ways to get people to solve problems without you," *Harvard Business Review*, September 2011, hbr.org.

5 Radicati Group, *Email Statistics Report, 2019–2023*, February 25, 2019, radicati.com.

6 Laura Montini, "What unproductive meetings are costing you (infographic)," *Inc.*, June 13, 2014, inc.com.

7 Yves Morieux, "Smart rules: Six ways to get people to solve problems without you," *Harvard Business Review*, September 2011, hbr.org.

8 Chris Zook and James Allen, "Reigniting growth," *Harvard Business Review*, March 2016, hbr.org.

9 Josh Bersin, "The simplification of work: What can HR and business leaders do to make work more simple, enjoyable, and productive?," Bersin by Deloitte, July 15, 2015, slideshare.net.
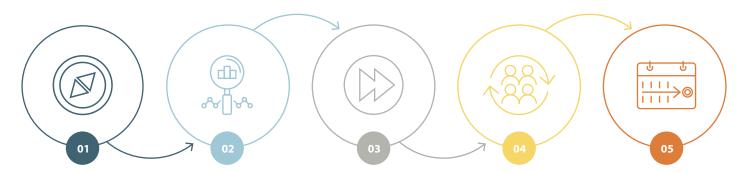
10 Noel Tichy and Ram Charan, "Speed, simplicity, self-confidence: An interview with Jack Welch," *Harvard Business Review*, September–October 1989, hbr.org.

The simplicity solution

Superaccelerators and other companies that excel at simplicity—as well as their functions, business units, and teams—continuously and repeatedly seek to kill complexity in four key areas: strategy, operating model, culture, and activity. The following five steps illustrate how they achieve this goal.

From complexity to simplicity

01	**02**	**03**	**04**	**05**

Define the ambition	**Look in the mirror**	**Design for the future**	**Make it happen**	**Make it last**
Align on the simplicity mandate.	**Assess your complexity challenge.**	**Create your simplicity strategy.**	**Implement your simplicity strategy.**	**Continuously drive simplicity.**
• Ensure clarity and alignment on purpose, vision, mission, and strategy. • Define the simplicity ambition, the mandate, and the desired outcomes. • Introduce and set the conditions for simplicity thinking. • Get top team buy-in on the required commitment.	• Complete an organizational complexity diagnostic. • Link live complexity examples with the real complexity sources, such as strategy or operating model. • Share gaps, insights, and business cases.	• Create an initial complexity backlog inventory, and prioritize a set of simplicity interventions. • Identify required changes to the strategy, operating model, and especially culture. • Develop the implementation plan, and engage the leadership team to support execution.	• Start decluttering the organization through simplicity interventions. • Coach leaders in simplicity thinking, and cascade to their teams.	• Purposefully embed simplicity into the culture. • Reinforce simplicity in common routines and behavior patterns. • Cascade simplicity thinking throughout the organization.

1. Define the ambition

Organizations must clarify why they are simplifying, define their mandate, and set desired outcomes. For example, one large pharmaceutical company challenged itself to find and eradicate one million hours of wasted time due to internal complexity, in order to free up time to reinvest in strategic initiatives such as innovation and sales.

2. Look in the mirror

Diagnose the scale and nature of the organization's complexity challenge using outside-in data analysis, surveys, interviews, and observations. For example, one global insurer regularly surveys all of its employees to identify where its activities are becoming complex, team by team. This allows the company to understand what changes to put in place in order to reduce complexity.

3. Design for the future

After identifying required changes to the strategy, operating model, culture, or activity, the next step for the organization is creating a simplicity blueprint and road map. For instance, one global soft drinks company created a simplicity transformation blueprint that prioritized a set of simplicity sprints (intensive interventions), including iconic simplicity, cross-functional simplicity, functional simplicity, and everyday simplicity:

· **Iconic simplicity** refers to top-down simplicity that benefits the whole organization. This type of simplicity comes from a policy change agreed on by the leaders of the organization, such as when Adobe abolished formal performance management for its entire organization.

· **Cross-functional simplicity** occurs at the interface between functions, business units, or teams, such as reducing complexity in how R&D and legal functions work with each other.

· **Functional simplicity** applies to a function, business unit, or team, such as a sales team simplifying how it sets goals or reports information.

· **Everyday simplicity** targets day-to-day activities such as meetings, emails, or written communications. For example, Procter & Gamble uses a one-page communication for sharing ideas instead of lengthy PowerPoint presentations.
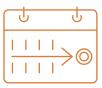
4. Make it happen

Implement the simplicity blueprint by decluttering the organization through regular and repeatable simplicity interventions and by coaching leaders in the simplicity concept and philosophy. Jack Welch famously institutionalized the Work-Out program across General Electric's business units and functions. This leader-led workshop focused on removing live complexity through short sprints—an approach that allows for scalable simplicity and quick wins.

5. Make it last

Simplicity can seem easy. But sustaining it requires changes to both the organization and its culture so that it becomes a repeatable core capability, not a localized and temporary treatment—and this is hard. Several organizations have embedded a simplicity-related corporate value—for example, Aviva's commitment to "kill complexity" and Amazon's pledge to "invent and simplify"—and have started instilling a new set of organizational behaviors to integrate that value in day-to-day operations.
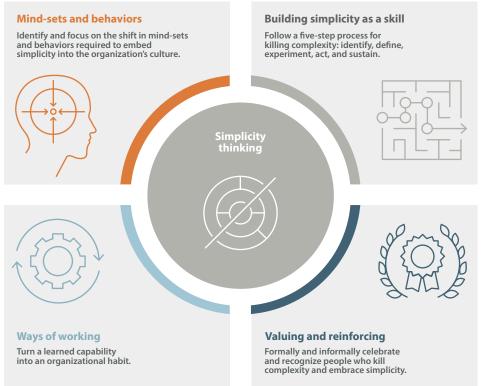
The bottom line

Organizations must create a culture where simplicity prevails by fostering a new way of behaving, thinking, and working. Our experience tells us that this begins with *simplicity thinking*— a capability that encourages employees to consciously and actively manage the complexities they encounter on a day-to-day basis.
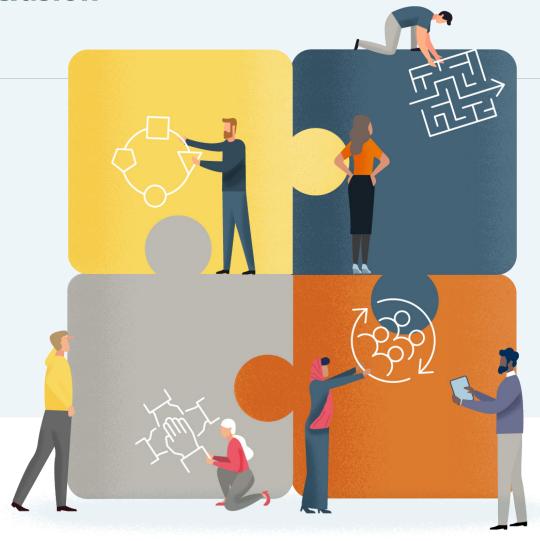
There are four core tenets of simplicity thinking: shifting to simplicity mind-sets and behaviors, embedding simplicity into ways of working, building simplicity as a capability, and valuing and celebrating people who embrace simplicity.

With these cultural pillars in place, leaders can begin the tough work of addressing their own behaviors and how they contribute to the organization's complexity. That's not easy: it demands that senior executives rethink the mind-sets, behaviors, and habits that, at some point, had a positive impact on the organization and their career. But by recognizing the role they play in driving simplicity (or complexity), senior executives can ensure simplicity thinking permeates the entire organization, at every level and in every team.

The core tenets of simplicity thinking

Mind-sets and behaviors
Identify and focus on the shift in mind-sets and behaviors required to embed simplicity into the organization's culture.

Building simplicity as a skill
Follow a five-step process for killing complexity: identify, define, experiment, act, and sustain.

Simplicity thinking

Ways of working
Turn a learned capability into an organizational habit.

Valuing and reinforcing
Formally and informally celebrate and recognize people who kill complexity and embrace simplicity.

Conclusion

Through simplicity thinking and self-aware leadership, an organization's strategy, operating model, and culture can work together to drive out complexity and create simplicity.

Decluttering must become a constant, muscle-strengthening activity in reexamining processes and removing layers of complexity. But what's left bare is what really matters to an organization—the factors that can accelerate performance.

"Simplicity—the art of maximizing the amount of work not done—is essential," reads one of the principles of the Agile Manifesto.[11] It couldn't be more true today: in the pursuit of agility, organizations must remember that what they choose *not* to do matters as much as what they choose to do.

11 Agile Alliance, "12 principles behind the Agile Manifesto," agilealliance.org.

About the authors

Alice Breeden
is the leader of Heidrick Consulting's Center of Excellence in Team and Organization Acceleration; she is based in Heidrick & Struggles' London office.

abreeden@heidrick.com

Adam Howe
is a partner in the London office and a member of Heidrick Consulting.

ahowe@heidrick.com

Heidrick Consulting

We partner with organizations to deploy the most powerful lever they have for delivering results, faster: their people. Our experts in leadership assessment and development, team and organizational acceleration, and culture shaping work across practices and offices to share ideas to bring customized, practical, and often unexpected solutions to our clients' most urgent challenges.

Our breakthrough analytical tools use data and technology to bring science to the art of human capital development and organizational design, and our groundbreaking approach to culture shaping helps change attitudes to deliver measurable, lasting changes in performance.

As one united team, we acquire a deep understanding of the threats and opportunities our clients face and then bring together a customized configuration of tools, approaches, and experts needed to address them. The result: the great leaders, effective teams, and powerful, adaptive cultures that can accelerate performance, effect transformative change, and boldly create the future you envision.

Leaders of Heidrick Consulting

Global	Andrew LeSueur New York alesueur@heidrick.com
Europe and Africa	Hervé Borensztejn Paris hborensztejn@heidrick.com
Asia Pacific and Middle East	Ian Johnston Singapore ijohnston@heidrick.com

Heidrick Consulting's Centers of Excellence leaders

Team and Organization Acceleration	Alice Breeden London abreeden@heidrick.com
Culture Shaping	Rose Gailey Costa Mesa rgailey@heidrick.com
Leadership Assessment and Development	Sharon Sands London ssands@heidrick.com

WE HELP OUR CLIENTS CHANGE THE WORLD, ONE LEADERSHIP TEAM AT A TIME®