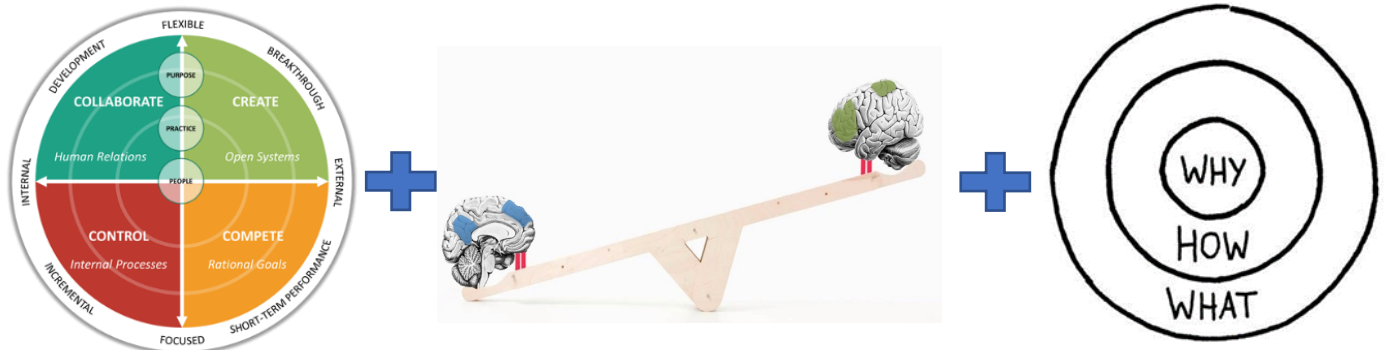


When Patterns Emerge

Linking the Competing Values Framework, the Golden Circle and the Neural Seesaw to build a balanced, motivated and successful organisation based on its biggest risk, its people.



Introduction

People do not create organisations to fail, so what creates success? The *Cambridge online dictionary* definition for an *Organisation* is “a group of people who work together in an organised way for a shared purpose”, so the fundamental element of any organisation are its people, their motivations, their effectiveness the leadership that guides them. With the rise of psychology in the organisational environment and advancements in neuroscience, organisations and their leaders should be looking to better understand the risks associated with the psychology of their people, those who are ultimately accountable for the organisation’s success.

There are countless experts, theories, models, standards and tools available to help organisations manage the complex risks and uncertainty of business. Three theories that have provided valuable insight into organisational psychology and success are, *The Competing Values Framework*, and *The Golden Circle*, and *The Neural Seesaw*. These three theories have fundamental similarities that address the people element of risk management and modern-day social psychology.

The *Competing Values Framework* (DeGraff, 2012) developed by the University of Michigan, consists of four quadrants; the *Create Quadrant*, the *Collaborate Quadrant*, the *Control Quadrant*, and the *Compete Quadrant*. These quadrants represent individual and organisational values creating a profile, the profiles describe how people interrelate with each other, their directional tensions, and their internal or external focal points. Dr Jeff DeGraff infers that a successful organisation has a combination of all four quadrants (DeGraff).

Simon Sinek's concept, *The Golden Circle* (Sinek, 2009) bases its idea around leaders and organisations starting with *why*, he believes the basis of inspiration, motivation and ultimately

success begins not with *what* we do or *how* we do it, but *why* we do it in the first place (Sinek).

Matthew Lieberman's research into the social brain describes the conflict between social thinking and analytical thinking and the power of the social brain. In an article, Lieberman wrote good leaders need to be both social and result focused (Lieberman, 2013).

This essay will leverage identified similarities of these three theories and provide a methodology for building a well-balanced organisation, and that uses social psychology in developing measures to evaluate performance. In an age where psychology is as important as strategy, systems, and compliance, risk management must adopt new and innovative ways to incorporate the critical element of people and social psychology into its management framework.

1. Building a *four-quadrant balanced organisation* from the *inside out*

Building an *organisational* is a difficult task and fraught with risk, full of complicated individuals all with different wants and needs, values and behaviours, and strengths and weaknesses. There is a need to find common denominators that align individuals with the higher organisational purpose. *The Competing Values Framework* and *The Golden Circle* share some underlying similarities which could be used to develop a systematic approach to building a more aligned and balanced organisation. When analysing the quadrants of the *Competing Values Framework* against the elements of *The Golden Circle*, the following pattern was identified.

A starting point for any organisation is represented by the *Create Quadrant* and the organisational *why*. The *Create Quadrant* represent those who have an idea, a product or a vision; they are the entrepreneur, the visionary, or the free thinkers (DeGraff, 2012). This starting point is the purpose for the organisations existence and is a *social* motivator. Sinek (Sinek, 2009) cites examples of such organisations including Apple, Harley Davidson, and Southwest Airlines. These organisations have a distinct '*why*' which draws on individuals' beliefs both internally and externally, creating a cult-like following (Sinek).

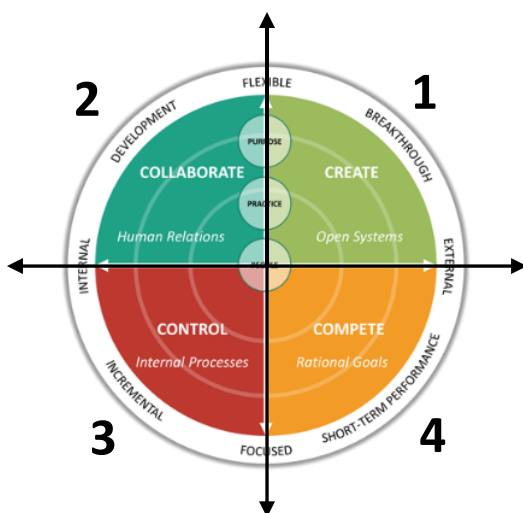
The *Collaborate Quadrant* represents the next phase of the organisational building process. This is where the team of *like-minded* people is established, and where the people begin to network and develop relationships based on the agreed purpose, or vision. This is where the '*why*' starts to materialise through the development of aligned social and organisational goals, values, and beliefs, and is the beginning of culture. While *the Golden Circle*, does not have a "*who*" component, it is a critical aspect of success, as stated by Sinek, "*those who know WHY need those who know HOW*" (Sinek, 2009, p.140). An example of this is Tim

Cooks' view of Apple's success being "*his (Jobs') ability to find the right people and build a culture with them*" (Sadowsky, 2015)

The third phase is the *Control Quadrant*, the *how*. Here is the emergence of the organisation as a mechanical and functioning entity, moving from the original purpose and team building, to developing the products, processes and systems required for *organisational* execution and managing the associated risks. These are the analytical people and designers (DeGraff, 2012). “*These are the actions we take*” and “*how to bring it to life*” (Sinek, 2009, p.137). These are the frameworks that assist the organisation manage significant activities and make critical decisions (Australia, 2018).

The final step in the organisational build is the *Compete Quadrant*, the *what*. The materialisation of the product or service and its focus on the external market (Sinek, 2009). These are the people who go out and drive the *what* the organisation is or does, they are the product or service or salesman. They produce the organisations external *results*, the sales, the profit, the interface with customers and clients (DeGraff, 2012).

This simple interpretation and combination of *The Competing Values Framework* and *The Golden Circle* structures the building process “*from the inside out*” (Sinek, 2009, p.39), from *why* to *how* then *what*, and uses this practical application to ensure inclusion of each of the four quadrants in a purposeful and structured way. While simplification can be dangerous as it can hide areas of critical uncertainty (Weick & Sutcliffe, 2015), a simplification of the basic structure may enable the organisation to stay focused on the why (Sinek, 2009), identify and manage risks that threaten the organisational objectives (Australia, 2018) and manage organisational performance. The building process solely reflects systemising the build, not the ongoing operations as that would require further analysis.



Building the Organisation with Social Psychology

1. **Create** – the **why**, the purpose, the idea, the reason for existence.
2. **Collaborate** – build a team of like-minded people (*the who*)
3. **Control** – develop **how**, strategy, processes, systems, monitoring and development.
4. **Compete** – the **what**. The materialisation of the product or service in the market and the outcome

2. Measuring performance is it *social*, *results* or both.

Building an organisation from the inside out with all four quadrants does not automatically create happiness, balance, and high performance, and there is no one measure for success. Daniel Kahneman in his book *Thinking, Fast and Slow*, makes a statement in regards to Paul Slovic's view on *objective risk*, 'His (Slovic's) point is that the evaluation of the risk depends on the choice of a *measure*' (Kahneman, 2011, p.141), meaning that evaluation, regardless of what you are evaluating, depends entirely on the *chosen measures*. A critical viewpoint when designing well balanced organisational performance measures, or *Key Performance Indicators* (KPI's), that reflect the distribution of values and consist of both social and results focused elements.

Traditionally KPI's have been *result* or *goal orientated measures*, with goals referring to quantitative measures based on organisational objectives or targets. Smith (Smith, 1998) in an article published by the Chartered Institute of Management Accountants states "the traditional approach is to measure the effectiveness of an individual organisation in terms of its ability to meet and exceed its objectives in each of the specified areas", the article goes on to say "How do we measure qualitative or intangible success factors? For example, corporate image, technological competence, learning, corporate culture and employee morale." Smith's account of the current nature of KPI's and the future challenges is evident in a 2010 study undertaken to determine a national set of KPI's for the Australian Construction Industry, where thirty KPI's which were divided up into three categories: economic, *social*, and environmental (Furneaux, Hampson, Scuderi, & Kajewski, 2010). See Table 1.

Table 1: *Australian Construction Industry KPI's - Current set of UK KPIs being measured and reported (Source: Constructing Excellence 2006)*

<i>Economic KPIs</i>	<i>Social KPIs</i>	<i>Environment KPIs</i>
<i>Client satisfaction – product</i>	<i>Employee satisfaction</i>	<i>Environmental impact</i>
<i>Client satisfaction – service</i>	<i>Staff turnover</i>	<i>Energy use – product</i>
<i>Defects</i>	<i>Sickness absence</i>	<i>Energy use – process</i>
<i>Predictability – Cost</i>	<i>Safety</i>	<i>Water use – product</i>
<i>Predictability – Time</i>	<i>Working hours</i>	<i>Water use – process</i>
<i>Safety</i>	<i>Qualifications & skills</i>	<i>Waste removed from site</i>
<i>Productivity</i>	<i>Equality and diversity</i>	<i>Commercial vehicle movements</i>
<i>Profitability</i>	<i>Training</i>	<i>Impact on biodiversity</i>
<i>Construction Cost</i>	<i>Pay</i>	<i>Area of habitat created / retained</i>
<i>Construction Time</i>	<i>Investors in people</i>	<i>Whole of life performance – product</i>

Source: (Furneaux, Hampson, Scuderi, & Kajewski, 2010, p.6)

While the *Social KPI's* were a third of the overall total, the chosen measures require more detail and better reflect the psychology of individuals, social motivators and the social brain (Lieberman, 2013). When comparing these same KPI's to the *Competing Values Framework* and the *Neural Seesaw*, it was evident that the *chosen measures* were mostly *results* focused and primarily measure the *Control* and *Compete Quadrants*. A likely outcome in this industry, but also concerning when the national statistics for suicide sees elevated numbers among construction workers compared to other occupations (Milner, 2016), a social and *wicked problem*¹. A similar analysis of KPI's developed for the cement manufacturing industry (Amrina & Vils, 2015) produced a similar trend where nineteen KPI's also divided into the same three categories and appear, albeit without context, to be *results* focused. See Table 2.

Table 2: "Key Performance Indicators for Sustainable Manufacturing Evaluation in Cement Industries"

Factors	Indicators
1. Economic	1. Inventory cost
	2. Labor cost
	3. Material cost
	4. Product delivery
	5. Raw material substitution
2. Environmental	6. Air emission
	7. Energy consumption
	8. Fuel consumption
	9. Material consumption
	10. Noise pollution
	11. Nonproduct output
	12. Water utilization
	13. Land utilization
3. Social	14. Accident rate
	15. Employee involvement
	16. Labor relationship
	17. Gender equity
	18. Occupational health and safety
	19. Training and education

Source: (Amrina & Vils, 2015, p.20)

The observations illustrate the underlying *neural* imbalance where many social values and individual motivators are not adequately represented with the current choice of *measures* proposed for these industries. For organisations to foster better cultures, attention to the social is critically important. Social performance measures or *Social KPI's*, can be linked to

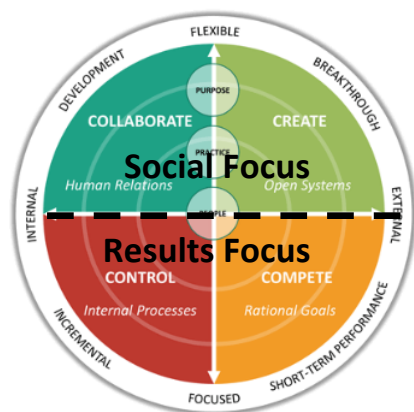
¹. "Wicked problems are complex issues that resist conventional approaches to problem-solving, and for which existing solutions often create unintended consequences that only make the original problem worse."

the *Create* and *Collaborate Quadrants*, these *Social Quadrants* directly relate to the human social experience, our values and beliefs, our social interconnectedness and our drivers (Rock, 2008). While difficult to quantify and as such, often ignored (Smith, 1998) the *Social Quadrants* play a significant role in individual and organisation motivation, happiness, and ultimately, success.

When developing measures *Social KPI's* focus on values and *Results KPI's* focus on goals, *Social KPI's* would measure social experience and the five domains SCARF (Rock, 2008), human motivators including autonomy, mastery, and purpose (Pink, 2016), and align both the individual and organisational purpose. These *Social KPI's* are reflective, qualitative, non-binary and feeling-based, examples may include: a happiness index, culture surveys, training effectiveness or social safety & wellbeing. *Results KPI's*, the more commonly known KPI, measure more operational targets and goals, they are “specific, measurable, achievable, relevant and timely” or SMART (Doran, 1981), they reflect the controllable systems and processes and the organisational outputs in the external environment. These *Results KPI's* are predictive, quantitative, static, binary², and analytical, examples include budgets, profit, audits, and lost time injury frequency rate or LTIFR.

While some organisations do have periodic performance reviews that address individual and organisational values, they may not reflect the recent developments in psychology and neuroscience, or align both individual and organisational purpose, thus leaving the organisation exposed to significant risk consequences. Using these theories would ensure effective distribution of *chosen measures*, and it would produce KPI's that reflect the individual and the organisation together as one. Organisations would use organisational psychology to develop a better set of *Social KPI's*, measures that create a happier, more motivated, higher performing and ultimately more successful group of people.

Measuring Performance



Social KPI's – values-based, reflective, qualitative, feeling-based, non-binary, motivators, SCARF.

e.g. performance reviews, culture surveys, wellbeing stats

Results KPI's – goal-orientated, predictive, quantitative, targeted, binary, analytical, SMART

e.g. budgets, profit, audits, LTIFR

² “Framing issues in terms of opposites such as sun/moon or reason/passion” (Elbox, 1993). In respect to KPI's, pass/fail, profit/loss, effective/not effective, service good/service bad etc.

Conclusion

There are countless theories, models, standards and tools available to help organisations navigate the complexity of business and life in the pursuit of success. What is interesting is the emergence of patterns and similarities linking various theories and the innovative ways of interpreting those theories for a unique and tailored approach. There will always be new theories and scientific research to guide our thinking as we move deeper into the social-*psychological* age, but how the information is used, how it is interpreted and applied, will ultimately determine success. This interpretation, which links the *Competing Values Framework*, the *Golden Circle*, and the *Neural Seesaw* is one viewpoint that demonstrates how organisations could adopt these tools helping create balance, manage the social psychology risk and manage performance. While built from proven individual theories, this adaptation is based on very select elements of those theories and requires greater analysis and research to determine validity in today's organisational climate. The challenge is not only identifying the psychological aspects that underpin human behaviour and developing new *Social KPI's*, but also how the changes in individual and organisational thinking will occur, how long it will take and what future developments are awaiting scientific discovery.

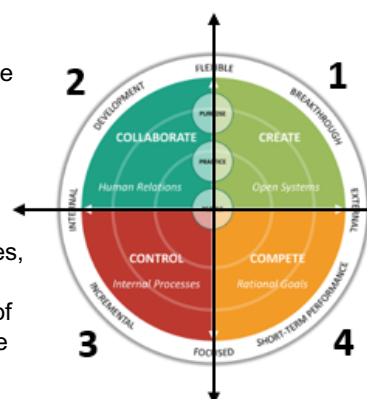
"The evaluation of the *success* depends on the choice of a measure" (Kahneman on Slovic, interpreted by Horne).

When Patterns Emerge - The Diagram

Linking the Competing Values Framework, the Golden Circle and the Neural Seesaw to build a balanced, motivated and successful organisation based on its biggest risk, its people.

Building from the inside out

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