

Remove the 'Control Systems'

A recent report by the Institute of Labour Research, commissioned by the trade union leaders, shows that Norwegian leaders report a tougher, more authoritarian style in Norwegian workplaces, and there has been a trend that has intensified over the last ten years, partly as a result of both the financial crisis ten years ago and the recent downturn in the oil industry.

Stavanger-based founder Sidsel Lindsø has established the company ExploCrowd, which is a team of exploration geologists who develop concepts for where to find oil in the underground. The company is based on CrowdSourcing, where you contribute knowledge and work on speculation, but gain ownership of the products in return. After its establishment two years ago, ExploCrowd now consists of a Core Team of four to five young permanent employees and 20-30 contributors and partners who are affiliated on a flexible basis.

She says she has often seen examples of how decisions are made over people's heads. It actually happens all the time in the oil industry, which is so cyclical, when the oil companies' top management changes strategy as a result of changes in oil prices. It naturally gives a sense of powerlessness both at the middle management level, but really throughout the organization that must quickly adapt to new framework conditions.

- There are also several examples of international companies that establish themselves in Norway and unfortunately do not fully understand the potential of the Scandinavian management model and the value of self-driving employees. The result is often that, at the management level, one chooses to manage in detail by implementing processes, procedures and control systems in the company, rather than empowering employees and trust them that they can find good solutions to solve the challenges in their work.

More control and less trust

Sidse explains that she sees this trend with less influence on own work and more control systems as potentially counter-productive, since it often results in less motivation in the workplace and we lose the competitive advantage we have traditionally had in the Scandinavian countries.

- Especially since the recent downturn in the oil industry, a huge amount of processes, procedures and control systems have been introduced, which are initially intended as efficiency and increased control for management, but which really only creates a lot of extra work that takes focus away from the real value creation in the company. Although I know a lot of good and kind economists, I actually mean that this type of discipline has gained far too much power in the last decade.

- Control is the simplest solution that requires the least effort. At the same time, it is measurable, so that is often what wins when making strategic decisions in the boardrooms, while it is difficult to measure new ideas, improvements, creativity and the strength of self-driving and motivated employees with a common goal.

- Power and control costs, both in the price of the different systems, but also in the time it takes to fill in information in tables, and it takes important time from caring for patients, teaching children or the time people should have actually spent developing the concepts that will have to carry the export earnings for Norway in the future, when oil revenues fall.

- Readers of this should perhaps stop and think a little about how much of their workday they spend on meaningless reporting and how they could best contribute to value creation where they are?

Scandinavian culture from an international perspective

For several years, Sidsel had made some observations about how management models work in practice in our part of the world, and viewed it in a more global perspective with an increased understanding of the role of cultural differences.

Among other things, experiences in Southeast Asia made Sidsel aware of what she thinks are the strengths of the Scandinavian forms of society. In Singapore, children start school as two-year-olds.

- It made me reflect a little on the fact that Scandinavian children play with learning until they are eight or ten years old. Then it gets more serious. But when we come out with our college degrees, we are fully on par with everyone else, globally, in addition to having something extra that is actually unique. The children score poorly on the PISA surveys, but what they learn is to be independent, ask critical questions and be creative in their problem solving.

- In this context, it is interesting to see how people in many countries live in such hierarchical systems where they are severely punished for making mistakes, that when they have completed a task they just sit and wait for the next task. This just doesn't happen in Norway. Here is a self-drive and a momentum, so that people rarely stand still, and it is largely due to our culture. And that is something that we should use as a competitive advantage, globally.

- But what happens when management systems designed according to the needs of industrialization, with workers in hierarchical systems that do not fit with Norwegian egalitarian society, are imported and implemented? It may well be that detail-driven organizations have worked so far, but with many processes that do not really create value but merely slow down, they will hardly be able to compete with more agile organizations in the time to come.

- I think we should rather design the systems according to the scientific community we have now so that they allow people to actually do incredible things and exploit their

potential. Because I think that with these old-fashioned systems, we miss out on a lot of unfulfilled potential in the people who work in the individual companies.

Leadership model focusing on inner motivation

Sidse and her husband are currently joint main owners in ExploCrowd and thus have the real power in the company. But both agree that this power is not worth anything, if not shared.

- *The company is financed with NOK 2 million from angel investors, but you do not come far with that amount of money in Norway, covering salaries for the Core Team, software, hardware, office, insurance and much more. But when one has no real power or money to offer, a completely different approach has been needed, where one has to offer something else to ignite people and create opportunities for learning in order to enable that excitement that gives people the courage to run the risk of joining a startup company.*
- *We have chosen to have fully flexible working hours and as much influence on our own work as possible. At the same time, we have a flat organizational form with a high degree of transparency, where virtually all information is shared, so that everyone has the information needed to be able to act independently and make effective decisions where they are.*
- *An example is when we have some tasks to solve. We define them together, what needs to be done, and then things really just happen by themselves. It is rare for tasks to be delegated, because people know the strengths and weaknesses, and take those tasks where they know they can make a difference. There will always be routine tasks, and it is not always that everything is fun, but we do our best to make them more efficient. And so it is only motivating to find smart solutions.*
- *In doing so, we seek the right balance between consensus to create a sense of ownership of the projects while maintaining steady speed, and where our main focus for business is creating jobs.*

- *So far, five permanent positions have been created in the company's lifetime in addition to paid consulting work for a total of 25 people part-time, plus potentially five more if the signatures come into place. First year ExploCrowd had sales of 14 million NOK, second year due to market conditions there was virtually no significant sales, while there currently seems to be secured job for the entire team in 2019.*

Learnings this far...

- *With a company in the start up phase, it is not realistic to be able to pay salaries that are competitive in the oil industry, and it is also unprofessional and short-term if the boss takes out most of the investors' money in monthly salary, so what we decided to do was that everyone The Core Team had the same salary, regardless of role and experience. But what we learned was that such a solidaric and egalitarian approach didn't really impact the Core Team's motivation, because I am one of the main owners, and so the employees feel that it doesn't matter.*
- *At the same time, there was also the need to feel that the personal and professional growth one had undergone was recognized, especially when new and less experienced early career people joined the team. And that is something I, as a leader, must listen to.*

Another aspect is that the Core Team is made up of Millenials, while the Contributors and other Partners often have 20-40 years of oil exploration experience. As a result, the team members have completely different life situations, and are in different places in career wise, which is why there are naturally different needs. So now ExploCrowd is exploring good solutions for a balanced salary system, where all get more for the effort as the company performs better.

- *In terms of flexible working hours and flexible geographical location, it is mostly me who uses it, and not the young people in the Core Team. They have a life situation that makes an 8-16 job most optimal for them, while I have children that I want to be home with in the morning when they go to school, and again in the afternoon. And then I want to avoid the rush hours, because it is poor use of important time. Our contributors, they really only tell when they are thinking of delivering - and then they control it all themselves, based on mutual trust and that we are there for each other when needed, and that you get a fair compensation for the effort.*
- *I have the impression that the flexible model works well for everyone. It is, in principle, about quality and not quantity. It is about the quality and innovation of the knowledge and new concepts that are generated in the work process - and not about how many hours each and every person worked on a specific task. Therefore, we avoid many of the control systems implemented by several companies, often because they were required to by rules and regulations.*
- *Now, one cannot quite get around the fact that I am relatively fresh in the role as leader of highly specialized scientists, and there is certainly a lot that we all still have much to learn in this process. But that is what makes it interesting: through collaboration, searching for the optimized and effective way of working, integrating knowledge and lifting everyone to a new level, both in the form of shared knowledge but also personal growth. We are going to gain some experience along the way, learn from them and adjust. The most important thing is to take the time to reflect on what works and does not work - and why it is that way.*
- *But what's interesting is that in this Leadership Model, a disproportionate amount of time is spent communicating ... and sometimes, when misunderstandings arise or you have different perceptions of a situation even though everyone has the best intentions, then you naturally think over whether it's really worth the effort instead of just drawing a line in the sand and saying "that's how it is going to be" without further explanation. But then you just have to take a step back and look at what has been created over the last two years, and then reflect a bit on whether it could be done with a different leadership philosophy and approach? I am not so sure...*

Illusion of control

Professor Bård Kuvaas from the Norwegian Business School BI confirms that there still are challenges associated with control systems.

- *The control systems are to a great extent related to external factors such as compliance with regulations and requirements from authorities, but there is also self-inflicted control systems in certain businesses. It is very much about the businesses attempting to take back control, even though it is just an illusion. Control and reporting does not actually give management any real control. If one is to have efficient control, you have to be close to the employees. Control and reporting steals significant amounts of time, and it demotivates the employees.*
- *You get the best performance when three important factors are in place. First of all, it is about having employee influence and autonomy, which means that the employees can make choices based on best judgement on their own. Secondly, when you feel that you are part of something bigger. That gives a feeling of psychological safety. Third, the performance improves when the employees feel that they are mastering the tasks and challenges that they are given.*

Autonomy is of utmost importance

The business school professor has concrete advice for leaders who wants to feel more empowered and reduce the distance to the employees in order to create more engagement in the organisation.

If you want improved performance, you have to reduce the amount of control system. Autonomy is so important and affects both the mental health and contributes to increased engagement. This is highly important.

ExploCrowd is on the right track, but this is probably much easier to accomplish in a small organisation than a bigger one. The requirement of control often comes from international organisations such as American, French and British companies that have a bigger need for control over and less trust to the employees.