Human-centric organizations

What they are, why we need them, and how to be one

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Contents

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Introduction

From the climate emergency to cybersecurity threats, increasing social inequality to rising geopolitical tensions, the landscape that business leaders navigate now is one in which uncertainty, disruption and complexity are the norm.

The case for change no longer needs to be made – most of us understand that we cannot go on like this. And organizations are central to the possibility of making that change. The business world, with the wealth, influence and power it holds, is one of the most important global forces for shaping and catalyzing change. And the public wants its leaders to step up, with business now perceived to be the only competent and ethical institution.

However, to make change in the world, organizations need to change themselves. A 2022 survey showed that 90% of HR leaders believe that to succeed in today's work environment, leaders must focus on the human aspects of leadership. But our own research shows that there is still a huge gap between intention and reality.

Of 500 global leaders surveyed, only:

25% said their organization encourages people to **be themselves** in the workplace.

29% said that **team relationships** are mostly positive in their workplace.

26% said **trust** in the workforce had improved in the last 12 months.

With these statistics in mind, it is perhaps no surprise that more than three quarters of the global workforce are reported to be disengaged. This is an enormous amount of human potential currently being wasted. Clearly there is still a long way to go before organizations that prioritize people are the norm.

![Impact logo]

An opportunity

These challenges, both within our organizations and in the local and global systems they are part of, offer us the opportunity to **reimagine what business is for**.

They help us to understand our organizations as enfolded in interconnected environmental, social and economic systems, with impact on and responsibility for the health of those systems. They provide us with the chance to put human beings at the heart of our organizations.

The world needs organizations in which human beings can thrive and be at their best – where people are **supported, challenged, and empowered to drive positive change**.

First published in 2021, this white paper offers a perspective on how to do this work. The lessons learned from the pandemic provided the initial context and impetus for this paper, and this learning is still ongoing. Rather than becoming outdated, the ideas this paper offers, and the call to action it issues, are perhaps more important and more relevant now than ever before.

The foundation of this paper is the recognition that **meaningful change for our world starts with people**. And it reflects Impact's commitment to using the power of experiential learning to liberate human potential. By transforming leaders, catalyzing change, and creating high-performing teams, we help organizations to become places in which people can flourish, grow, and create positive impact in the world.

The business value of a human-centric approach

Research shows that people are more likely to be **higher performing** when they're in a human-centric organization – 3.8 times more likely, in fact.

They're also 3.2 times more likely to have **high intent to stay**, and 3.1 times more likely to have **low fatigue**.

This research also found a 37% increase in the number of employees with **high engagement** when they report to a human-centric leader.

However, a lot of what makes a human-centric organization work can't be captured in numbers. It's about levels of trust, the quality of relationships, and a foundation of psychological safety in which everyone feels able to show up to work as themselves. Human-centric organizations are places in which **learning and innovation thrive**, in which people feel excited about the work they are doing, energized by the difference they're making, and open-minded about learning from others.

The feeling of doing **meaningful work**, with engaged colleagues, for a manager that knows you as an individual and supports you as a human being – this feeling can't be summed up in data. But it's coming alive in organizations everywhere. We don't need numbers to understand how this feeling translates into organizational performance.

What makes a human-centric organization?

One thing that has changed since we published this paper is that flexible working is truly here to stay. We all know now that empowering people to choose when, where and how they work – making their work work for them – is key to getting the best out of them.

Remote, hybrid, flexible working hours… however your organization does it, we know that giving people autonomy over how they structure their day-to-day lives benefits both employees and business results. It enables people to find their own balance, improve wellbeing, spend more time on the things that give them energy – and to bring that energy to their work.

Seeing employees not as numbers or job titles, but **as individual human beings with their own lives, personalities, challenges and needs** is foundational to a human-centric approach. And no longer forcing people to squeeze their lives into the edges around work is a key step to liberating their human potential.

Flexible working gets a lot of attention now, and rightly so. But as this paper shows, there's a lot more to building a human-centric organization than that…

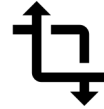# This paper is split into six parts, each addressing a different aspect of a human-centric organization:

1. Purpose: At the beating heart of any organization should be a strong purpose, which provides its people with meaningful work. And this purpose must reflect the fact that the organization is simply a group of people working to create value for another group of people. This chapter explores the role of purpose, how to articulate it, and how it interacts with business results.

2. Systems thinking: This chapter sets out the mindset shift needed to appreciate the profound interconnectedness of the world, and to recognize that organizations are part of wider social, economic, and environmental systems. This means understanding not only that organizations are dependent on these systems, but also that they have an impact on them – which they need to take responsibility for.

3. New learning: Life is one long learning process – if we want it to be. Whether people and organizations actually take these learning opportunities and draw new learning from their experiences – rather than seeking to confirm existing biases or worldviews – is a crucial differentiator for human-centric organizations. This chapter discusses how to cultivate a culture of new learning.

4. Management and leadership: The quality of a human-centric organization depends on the quality of the relationships that exist within it. The role that people managers and leaders have is impossible to overstate. This chapter explores common ideas around what makes an effective manager and leader, before providing a reframe, with a set of skills and capacities for managers and leaders to adopt in order to create the conditions for people to thrive and grow.

5. Change: This chapter tackles one of the biggest, hardest topics of all: change. It asks why so many change initiatives fail and provides an alternative blueprint for organizational transformation. This involves reframing what meaningful change is, who should be involved in the change, and finally, what the key skill at the heart of successful change is. With a set of key principles and practices, this chapter makes a human-centric approach to change practical and accessible.

6. Trust: The paper concludes by turning to our most human of needs: trust. Trust is a key ingredient to business success; it's also the foundation to quality relationships and healthy organizational cultures. And in a landscape of volatility and tension, it's more important than ever before. This chapter explores the consequences of distrust and sets out the key drivers and obstacles to building trust in organizations.

Looking ahead

This paper isn't about reducing a human-centric approach down to five hot tips or easily digestible takeaways. This subject can't be simplified in this way because such organizations aren't born overnight. They're cultivated slowly, **brought to life through the collective actions, beliefs and values of everyone involved** in its work.

What this paper does do is provide an in-depth look at some of the mindsets, values, capacities, and skills that are integral to creating human-centric organizations. It aims to provide an insightful, deeply human perspective that doesn't shy away from complexity. It aspires to make this topic not only accessible, but truly inspiring – to capture the minds and hearts of leaders everywhere, from all sectors and regions.

And finally, what this paper first set out to do, and what it still does today, is to **spark a conversation**. Because our collective work to create a world in which organizations drive positive impact by liberating human potential has only just begun.

Purpose and meaning: Start with the heart

Any organization is simply a group of people working in service to another group of people.
If that isn't clear in an organization's stated purpose, then that is where the change needs to start.

Purpose and meaning: Start with the heart

A logical place to start is at the beginning: what is the organization actually trying to do? A human-centric organization puts humanity at the heart of its purpose. It recognizes that **the organization is simply a group of people working in service to another group of people**. If that isn't clear in the organization's stated purpose, then that is where the change needs to start.

The idea of service is central. If the organization, whether public, private or voluntary, doesn't think that it is in service to humanity in some way, then it has lost any grip on the wider meaning driving its existence.

During the pandemic, when asked what we missed most during lockdowns, it was the human connection that gave meaning to our lives. This is what putting people at the heart of organizational purpose means.

In practice, organizations could start by **reflecting on their highest purpose and moral center**. All organizations have multiple purposes at several different levels and the art of building a successful organization is managing the trade-offs between these layered purposes.

Every organization should be able to articulate their highest purpose and it should speak powerfully to their humanity, and to that of their employees, their customers, and the wider social fabric of which we are all a part.

At Impact our highest purpose is to **liberate human potential**. This purpose motivates our work and animates our relationships with our clients and each other.

All organizations either have a moral center or a vacuum where their humanity should be. A moral center explains the organization's commitment to be responsible and ethical in everything that it does. It is often the absence of a clear moral center that makes an organization a dehumanising place to be. As we will discuss later, trust is the vital fabric that makes any group of people work together effectively and **without a moral center, trust is impossible**.

One of the reasons an organization might fail to be guided by a higher purpose and clear moral center is if they see a difference between customer-centricity and employee-centricity.

Too many organizations seek to describe and manage the customer experience and the employee experience differently. For example, many organizations treat customers as king ('because they make us money') and employees as disposable ('because they cost money').

Human-centric organizations just see people, and they understand the symbiotic relationship between how employees are treated and how customers are treated – it's all just people working with and for other people.

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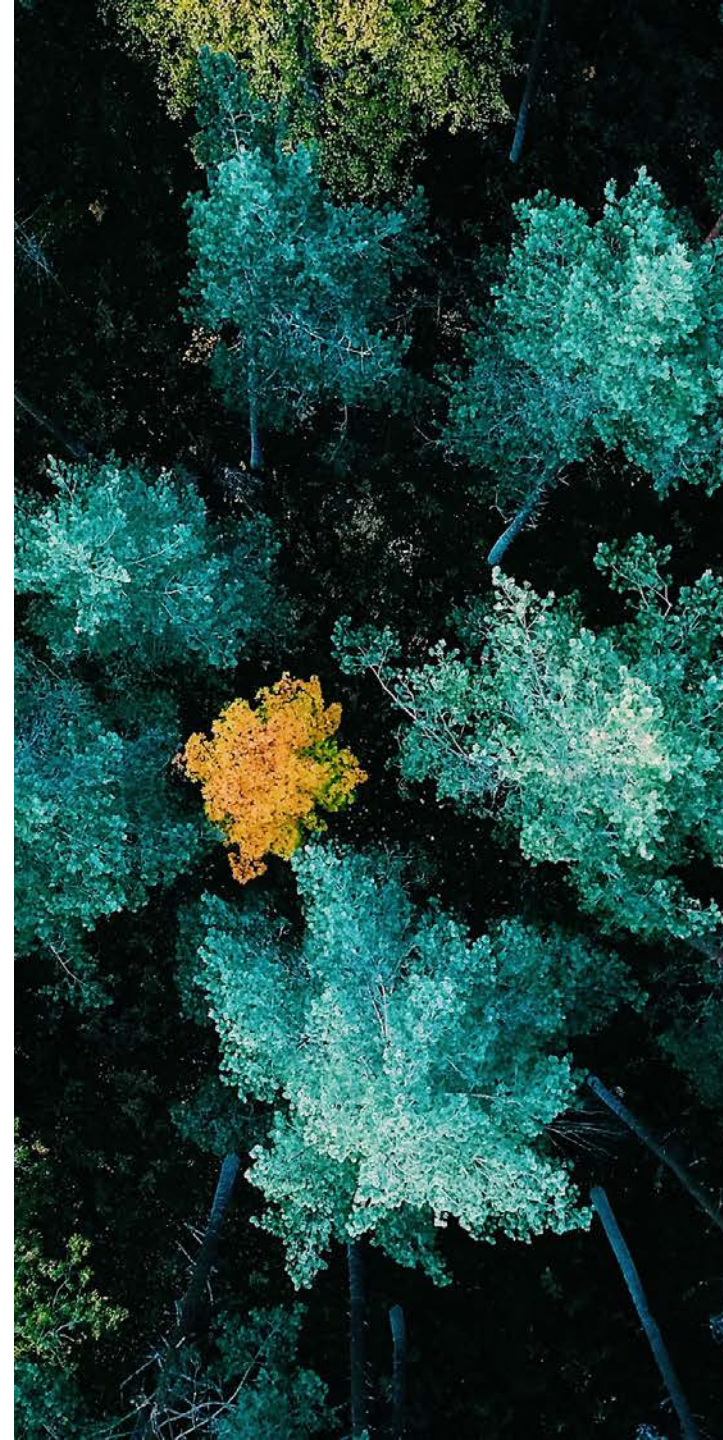
The role of meaning and purpose as a platform for organizational success isn't new or particularly contentious. In his 1974 oral history of work, *Working*, Studs Terkel positioned meaning as equally important to financial reward in motivating the American worker: '*Work is about a search…for daily meaning as well as daily bread, for recognition as well as cash, for astonishment rather than torpor*.' More recently, Harvard Business Review reported that they had found that **nine out of ten people are willing to earn less money to do more meaningful work**.

The role, value and function of organizational purpose has been much discussed. The idea of 'meaningful work' can seem elusive and many organizations have instrumentalized purpose and meaning as a way to try and create a commercial edge.

It's vital to recognize that purpose and meaning are crucial to us all in leading fulfilling lives, and that **at the heart of a fulfilling life are our relationships with others.**

If an organization is genuinely trying to make the world a better place for people, then articulating meaning and purpose as a defining feature of human-centricity should be easy. If an organization is not trying to make the world a better place, then no amount of marketing spin is going to make a difference.

Every organization should be able to articulate their highest purpose and it should speak powerfully to their humanity.

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"There's nothing wrong with the reductionist method so long as we don't confuse the method with the way the world actually works."

WES JACKSON

Systems thinking: Ecology is everything

Human-centric organizations see no boundary between what is happening inside and outside their organizations; instead, they see only relationships, interconnection and interdependence.

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Systems thinking: Ecology is everything

No organization is an island. Every organization is intrinsically dependent for their success on the wider social, economic and environmental context, on both local and global scales.
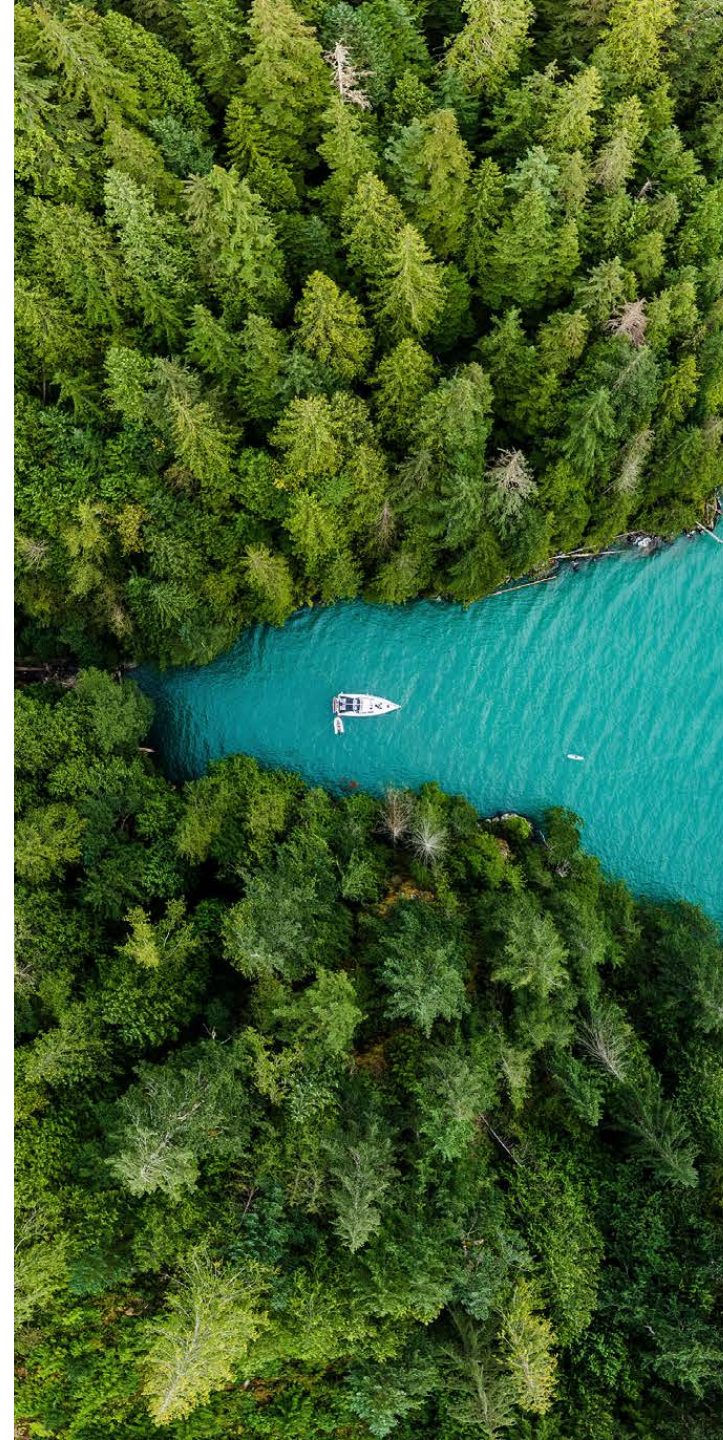
Human-centric organizations reflect this by working to positively shape the social, economic and environmental ecologies they are part of. They see no boundary between what is happening inside and outside the organization; instead, they see only **relationships, interconnection and interdependence**.

This isn't about corporate social responsibility, green practices, or charitable giving. It is about the fundamental understanding that **all organizations need to work in a way that actively strengthens the fabric of our shared systems.**

How organizations handle the ecology of relationships internally should mirror how they contribute to the collective ecology of relationships externally. How we treat employees should mirror how we treat customers and clients, which in turn, should mirror how we treat each other, how we treat the natural world, and how we contribute to tackling the climate crisis.

Thinking and acting systemically isn't easy, especially given that it requires a completely different mindset to the linear, extractive approach that has underpinned our standard economic thinking. But we have no choice other than to **act systemically and think differently**, because the issues that confront us are systemic and complex.

Before the pandemic we lost sight of the human interconnections between and across our complex systems. The pandemic helped us to rediscover our interdependence. organizations now need to step up and operate ecologically and systemically in response to the difficulties and the opportunities we collectively face.

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As James Arbib, Tony Seba and Deepak Chopra put it in a LinkedIn article about the challenges and opportunities ahead:

'*Humanity needs radically new mental approaches to manage this emerging reality. This cognitive revolution requires us to tap into human awareness—the creative wellspring of intelligence within Nature itself. This is a level of consciousness where all the systems and activities of humanity and the natural world are integrated, harmonized and mutually supportive. As we activate our inner potential we find the human values of security, compassion, connection, self-worth, and mutual respect that are needed to navigate this time of monumental transformation*.'

There are several interdependent movements, initiatives and institutions that are working to help organizations act ecologically. These include the thinking that underpins the Regenerative Economy and the Circular Economy, and initiatives like the B-Corp movement, which legally requires organizations to consider the impact of their decisions on their employees, customers, suppliers, community and environment.

This regenerative thinking is a step beyond the sustainability agenda, acknowledging that we need our global systems and organizations to **actively regenerate and have a positive impact**, rather than just slow down our extractive consumption and do less harm.

In a 2021 update to their 2018 research report, Wunderman Thompson wanted to explore how the attitudes toward regenerative economic thinking had shifted as a result of the pandemic. They found that:

86%	of respondents said that they expect businesses to play their part in solving big challenges like climate change and social justice.
85%	of respondents agreed that people must be prepared to rethink the way we live and spend to tackle climate change.
70%	of respondents are prepared to make dramatic changes to their lifestyle if it will help address climate change.

There are many companies that are now contributing their thinking and resources towards the creation of a more regenerative economy. They are recognizing that the imperative to act responsibly has not gone away, but rather that it is no longer anywhere near enough. But we need more organizations to do this.

Human-centric organizations act ecologically in ways that recognize that markets are simply human constructs, which can regenerate the natural and societal systems that all our futures depend upon.

"You never really understand a system until you try and change it."

KURT LEWIN

A new learning organization

A new learning organization

The concept of a 'learning organization' was popularized by Peter Senge in his seminal book, *The Fifth Discipline: The art and practice of a learning organization.*

Senge talked about the need for five interconnected 'disciplines', including the ability to think and act systemically – the vital 'fifth discipline'.

The concept of a learning organization remains hugely relevant, especially when discussing the need for organizations to be more human-centric in what they do and how they do it. This section explores that idea.

In reality, all organizations are already learning organizations. **All organizations are learning all the time, but in most cases the focus of that learning is to reinforce what we think we already know**, to strengthen our commitment to our mental models of how the world works and to our organizations' identities.

In such situations, learning is filtered through a sense of organizational identity which is constructed through largely historical narratives. This is normal, but Senge talked about the need 'to see the reality for what it is' – not easy in a world of disinformation that is readily manipulated to support and reinforce individual identities.

The issue for organizations isn't that they are not learning organizations; it isn't that they can't learn. **The issue is whether organizations can actually learn something new.**

If all our organizations are just groups of people working in service to other groups of people, then **organizations will only grow if people grow. And we can only grow by learning something new.**

Human-centric organizations are new learning organizations; they are committed to learning new things that change mindsets and behaviors, that help them to grow, to move beyond frozen mental models, identities, fears, and previous experiences.

But what does 'new learning' really mean? A human-centric organization defines new learning as everything and anything that changes what people are doing or how they are doing it.

In other words, **new learning is about the application of that learning, the use**. It is the action that flows from learning that we are interested in. As Wittgenstein said, 'Don't ask for the meaning, ask for the use.'

The only meaningful change that can happen in an organization is a change in the work: either **doing work differently or doing different work**. Another way of thinking about this is that if the work people are doing in an organization isn't changing in a meaningful way, then we haven't learned anything new or we have failed to apply new learning to create new action.

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Changes in the labor market

In 2018, McKinsey research laid out the challenge facing the global labor market as we transition to the age of automation. They suggested that **14% of the global workforce will need to switch occupations by 2030 as technology disrupts the world of work**.

To put this into context, McKinsey wrote that '*it's akin to coping with the large-scale shifts from agricultural work to manufacturing that occurred in the early 20th century in North America and in Europe and more recently in China.*'

The difference between the industrial revolution and the present is the speed at which this transition is arriving. There is no time for older workers to move out of the labor market and younger entrants to arrive. We will need to reskill millions of people in the coming decade. **The demand will be for both technological and uniquely human skills** (higher cognitive skills and social, emotional and relational skills).

Of course, the detail of what will happen to the labor market is complex and will impact in different ways across different countries, sectors and scales. But in general, all the research points to huge transitions that are already underway requiring all organizations to **scale up their learning activities in order to adapt to the disruptions ahead**.

Why? Because we are creating a cage that traps the learner in a 'job' identity that instrumentalizes and reduces learning. Of course, some jobs are standardized or procedural, but the world isn't full of them anymore.

The arrival of AI suggests that any job that can be reduced to a flowchart will be replaced by software.

In human-centric organizations, machines do the standardized work, leaving humans to do the creative, emergent, innovative work. This work is essentially human, **creating value for other humans through human-to-human connections** (our networks, relationships, and colleagues). It can't be taught or captured through a standard job description, person specification, or competency statement.

Our corporate learning systems, with their often reductionist, instrumentalized, micro-learning agendas and tools are designed for a standardized working world that increasingly no longer exists. **They were designed for a time when we were busy extracting humanity from the workplace because we didn't need it.**

Machines now do an increasing amount of this work. The global labor market is changing rapidly and will continue to evolve, driven by technology, global demographics, and the need to run our global economy in ways that respond to the wider environmental crises engulfing us.

Key-shaped people

In a rapidly changing world, human work is also changing rapidly, becoming fluid, emergent and dynamic. For example, currently being discussed is the shift beyond the need for 'T-shaped' people, those able to use their expertise across a range of contexts, to 'key-shaped' people, those who have multiple layers of expertise and skill that they can apply across multiple contexts.

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To respond to these shifts, we need modern, human-centric organizations where people are constantly learning new things, growing, meeting new challenges, collaborating, and creating new value with, and through, each other.

One of the key ingredients to new learning organizations is agility, and there are two ways in which a human-centric approach builds this:

1 Human-centric organizations **see the person, not the job** they do, and create learning opportunities for everyone regardless of position. They democratize learning and make it core to the culture of an organization.

2 These organizations transform the learning agenda to reach beyond job-specific competency requirements and **embrace whole-person development**. They foster agility by building everyone's potential, with the understanding that learning isn't a means to an end – it is an end in itself.

Learning something new and applying it to working differently or doing different work isn't easy, and the deeper or more disruptive that new learning is, the more challenging we find it. **New learning can be uncomfortable because it threatens the status quo.**

At a personal level, new learning can challenge our mental models and assumptions about how the world works and our role and identity within those assumptions. At an organizational level, hierarchies are created and reinforced by the specialized knowledge and experience people are perceived to have, rather than their ability to be open to learning.

And when the going gets tough, we tend to retreat into what we know rather than staying open to the unknown. It feels safer, but it doesn't work.

We have already considered the connection between new learning and the application of that learning to make change. **It is this connection, between new knowledge and new action, that human-centric organizations are seeking**.

The rise of learning technology has offered organizations new ways to access information, expertise and knowledge. But having access to a library doesn't make a scholar and having access to expertise does not make an expert. We need to practice and integrate our experience into the process of learning. **A 'new learning organization' is one where everyone is learning all the time, where learning is seen as an end in itself, and where there is a clear focus on learning something new and applying that learning to change.**

Experiential learning: A human-centric approach to transformation

At Impact we have been developing our experiential learning methodology since 1980. We specialize in building the connection between learning and doing into a reflective, transformative process. Experiential learning is often mischaracterized as 'learning by doing', but experience alone isn't necessarily a good teacher, as we can continue to do things badly or incorrectly without integrating new knowledge and skills.

Experiential learning is human-centric: it is social, relational and contextual.

It provides opportunities for what we call '**direct encounter**' with challenges that demand new learning. Almost always, these challenges involve groups of people working together, rather than individuals sitting alone at a screen. The 'direct encounter' methods can be challenging and disruptive because that is where the real new learning takes place.

We believe that all organizations need to **apply experiential learning methodologies to enable human-centric learning and transformation to take place at the speed and scale that we collectively need**. Experiential methodologies are not a fix-all to the challenge of helping organizations become more human, but they play an important role and are often misunderstood or underestimated.

Read more about our experiential learning approach here.

Human-centric management and leadership

Leadership is a special and vital form of action

Human-centric management and leadership

Human-centric leaders and managers focus their attention, skills and practice on two integrated areas:

> Leading and managing **new learning**

> Leading and managing **people**

The latter might seem obvious, but it is not. The practice of leading and managing people is difficult and is often done badly or not at all. The role of managers and leaders in creating either a positive or negative work environment is well documented.

In this section, leadership and management are integrated, because in human-centric organizations all leaders have to manage people and all managers have to lead people. The difference relates entirely to focus, scale and impact.

For example, a leader in the C-suite has a wide focus: the implications of their leadership are broad and the impact of their decisions are high. But they still have to manage their team and relationships. In parallel, a first-line manager needs to take leadership decisions, but their focus is on the direct management of a team and its operations. Their focus is tighter, the scale of their activities is narrower, and the impact of their decisions is more limited in scope.

In this sense, **we see leadership and management as being on a continuum**, rather than entirely separate concepts.

At Impact we have rich experience working on the development of leaders and managers. In our leadership practice, **we understand leadership not as a person or a position in a hierarchy, but as a special and vital form of action**.

Leadership action must come from anywhere and everywhere. In the context of human-centric organizations, the leadership and management action we are interested in relates to action with people.

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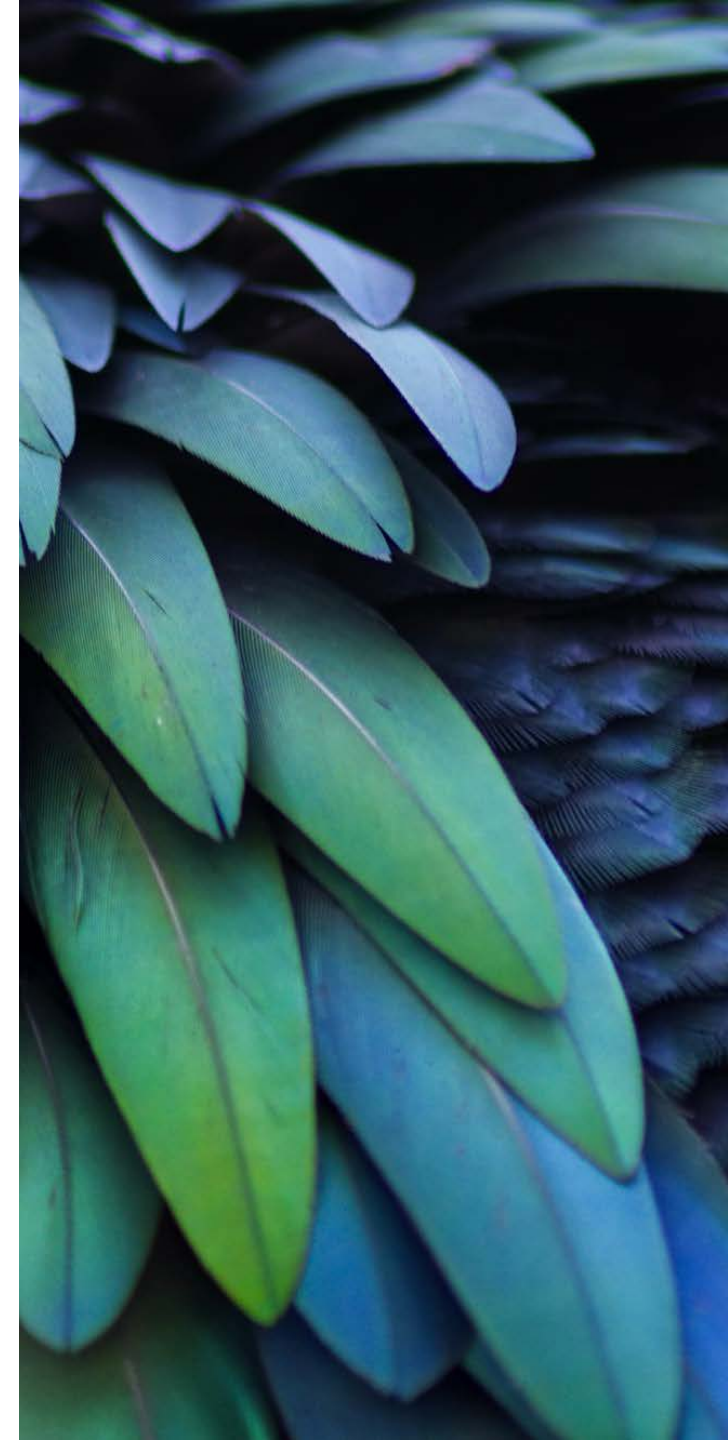
Human-centric leadership and management isn't easy. Research by Gallup demonstrates that only about 10% of people possess the capabilities to be a great manager, which might be one reason why they seem so rare. Another reason might be that people are promoted to management and leadership positions because they showed aptitude in a previous role rather than for managing and leading people.

Poor productivity in organizations around the globe has been tracked back to the poor quality of managers and leaders. Poor quality management has created the belief that management as a concept is bad for organizations, and that self-organization, flatter structures and matrix systems deliver better results. But abandoning the role of leaders and managers is self-defeating.

Instead, **human-centric organizations place a premium on high-quality management and leadership skills.** They invest in their development and put a laser focus on the ability of their managers and leaders to liberate human potential.

So, what are the key capabilities of human-centric leaders and managers? McKinsey research highlighted four key behaviors that accounted for the difference between great and poor performance:

1. **Being supportive**
2. **Operating with a strong results orientation**
3. **Seeking different perspectives**
4. **Solving problems effectively**

A simple way to frame these four behaviors is aligning expertise with human-centric action, and a focus on delivering results.

Google is another organization that has been deeply interested in what makes an effective manager. Through Project Oxygen, they came up with a set of 10 behaviors that make a great manager:

1. **Being a good coach**
2. **Empowering the team and not micromanaging**
3. **Creating an inclusive team environment, showing concern for success and wellbeing**
4. **Being productive and results-oriented**
5. **Being a good communicator – listening and sharing information**
6. **Supporting career development and discussing performance**
7. **Having a clear vision/strategy for the team**
8. **Having key technical skills to help advise the team**
9. **Collaborating across the organization**
10. **Being a strong decision maker**

Again, this list supports the idea that great managers bring and exhibit expertise, have strong people/relational skills, and are focused on getting results.

Our human-centric leadership and management framework builds on research results like these and focuses specifically on the people-related elements of the leadership and management mix. It assumes that the vision, strategy or goal of the team is clear and owned by all. If that is not the case, then no amount of effective management or leadership will work.

Our interest is in how human-centric leaders and managers deliver people performance that strengthens rather than weakens the human qualities of an organization.

A framework for human-centric leadership and management

1. Empathy

Without empathy there can be no understanding, compassion, trust, or relationships. It is at the heart of our ability to **see difference as a strength, not a weakness**. Human-centric leaders and managers are highly empathetic and able to lead and manage through relationships rather than traditional power and control approaches.

Human-centric leaders and managers show **two levels of empathy: personal and professiona**l. On a personal level, they understand the person they are working with – they have taken the time to get to know them, to build a relationship, establish trust, and create positive regard.

On a professional level, they can empathize with the challenges and problems facing their work because they understand the work. Professional empathy strengthens the credibility of the leader/manager and enables them to add value to the work of those that they are responsible for. This doesn't mean micro-managing, but rather **creating the conditions for expert problem solving**.

2. Expert challenge

This relates to the leader/manager's role in stimulating performance and liberating potential. It is the foundation for personal and professional growth, which is the foundation for organizational growth and performance. This isn't a case of setting targets or listing objectives and key results.

Instead, it means **creating goals with two levels of expertise**. The first is the professional empathy outlined previously, which allows the leader/manager to frame expectations of performance that are both realistic and motivating. The second level requires integrating an understanding of how human motivation works with an understanding of how the individual works. This allows the leader/manager to **frame challenges that are relevant not just to the work but to the individual**.

3. Expert support

This is concerned with the leader/manager's role in helping to proactively solve problems, in rolling their sleeves up and helping their people overcome challenges.

This support is expert in two ways. Firstly, it is rooted in their professional expertise. This doesn't mean that they solve the problems for their people but rather that they can inhabit the problem space and add value to the team and the learning process. Secondly, their support is expert in the quality of the coaching and facilitation skills that they bring to the process.

There is a delicate balance between directly solving problems and supporting individuals and teams to do it for themselves. Making good judgements about that balance is at the heart of the expertise necessary to be a human-centric leader/manager.

Empathy: personal and professional

Human centric leadership & management

Expert support

Expert challenge

The skills and capabilities of human-centric leaders/managers are deep and broad. The key to their development is the ability to constantly learn something new, and to bring that learning ability into their relationships with the individuals and teams they are responsible for.

The key role that leaders/managers play in human-centric organizations is to lead new learning.

Human-centric leader/managers can be described as teachers – not in the sense that they transfer knowledge but in that **they create the conditions where everyone is learning:** learning about themselves, about the problems and challenges they face, and the systems in which they work.

As Senge put it:

'"Leader as teacher" is not about "teaching" people how to achieve their vision. It is about fostering learning, for everyone. Such leaders help people throughout the organization develop systemic understandings. Accepting this responsibility is the antidote to one of the most common downfalls of otherwise gifted teachers – losing their commitment to the truth.'

The most effective method for developing human-centric leaders/managers is experiential learning. We cannot learn to be empathetic from watching a video; we cannot learn to be an expert coach or facilitator from reading a book; and we cannot learn to lead new learning without learning new things ourselves.

The only way to become an effective human-centric leader/manager is through the integration of knowledge and skills with deliberate practice and active reflection. This is Impact's experiential learning methodology.

"Make your organization more human. It is the only change that works and the only change that counts."

GRAHAME BROADBELT

Human-centric **change**

Human-centric change

Organizational change isn't what it used to be. Before the pandemic we understood change to be a difficult or even impossible task. But when Covid-19 hit, huge numbers of organizations had to make profound changes to the way that they worked, almost overnight.

Clearly, given the right conditions and motives, change is possible. But we shouldn't have to hit crisis point in order to create the conditions for organizational change. There must be an easier way.

Human-centric organizations do change differently. They start by acknowledging three key things:

1. **Meaningful change in an organization means a change to the work or the way that the work is done.**
2. **The people who are currently doing the work that is the focus of the change initiative should lead the process of changing that work.**
3. **Learning something new is at the core of changing anything in the organization. No learning, no change.**

The understanding that organizations are simply groups of people working in service to other groups of people is central to a new, human-centric approach to organizational change.

By putting people at the heart of a change process we open up the opportunity for engaging them in a process of change through learning.

One of the primary reasons that big change initiatives fail is that they are designed, managed and controlled by people who don't understand how the work they want to change is done.

There are endless examples of senior managers discovering surprising new insight and understanding after taking the time to walk the shopfloor, operate machinery on the production line, or serve a customer.

Such personal interactions and experiences are key to a leader/manager's ability to build the empathetic professional and personal relationships that they need to be able to provide expert challenge and expert support, and to design organizational change effectively.

In Impact's work on organizational change, we use experiential learning methods to get senior leaders and managers to directly encounter the issues their change initiatives are designed to affect.

It connects the strategic goals and intentions driving the change with the people doing the work. It focuses the process of change on new learning and using that learning to make change happen.

Case study 1

A group of senior leaders visited a distribution hub that sent their products and competitor products to customers. These leaders had never seen how their competitors packaged their products, so had no insight into how their customers saw their products in comparison. The change initiative for improving the quality and effectiveness of the product packaging was transformed by this new learning experience.

Case study 2

A large retail company was trying to improve the productivity of its in-store bakery. After data and workflow analysis, senior leaders decided what needed to be done. Some senior managers suggested that they consult the people who worked in the bakeries but were rebuffed – those employees were perceived as being in part-time, low-paid, high-turnover positions and unable to understand the context or interpret the data.

Months later, a senior leader checked on the changes; they hadn't been implemented. When they asked why, the staff patiently explained how the bakery actually worked and that the proposed changes did nothing to improve things. The senior leader was outraged that bakery staff had not told managers about the problems. 'No-one ever asked us,' was the response.

# The people doing the work that is the focus of the change initiative should be in charge of designing that change.

Here are three principles and four practices of a human-centric approach to organizational change:

Principles:

1. Change initiatives should be **focused on making an organization more human**, strengthening the quality and diversity of people-to-people relationships as a core design principle.

2. Change initiatives are learning initiatives and should be designed to **support groups of people to learn**. If there is no new learning there will be no new change.

3. All meaningful organizational change **should result in a change in how people do work**, either doing work differently or doing different work.

Practices

1. **The people doing the work should design the change**. This is one of the key differences in how a human-centric organization practices change.

2. The change process should be designed to **support new learning at a meta-level**, so that those involved help the organization to continue to learn how to do change. In this way the new change practice builds change agility over time.

3. The core methodology for provoking and supporting new learning is an **experiential methodology.** Experiential learning is a people-to-people process where learning emerges from the collective and individual experience of processing information and creating new knowledge and skills.

4. The new learning process embedded in the change process should both **broaden and deepen the skills and capabilities of all those involved**. In this way, any change initiative is making real the commitment of a human-centric organization to see learning as an end in itself.

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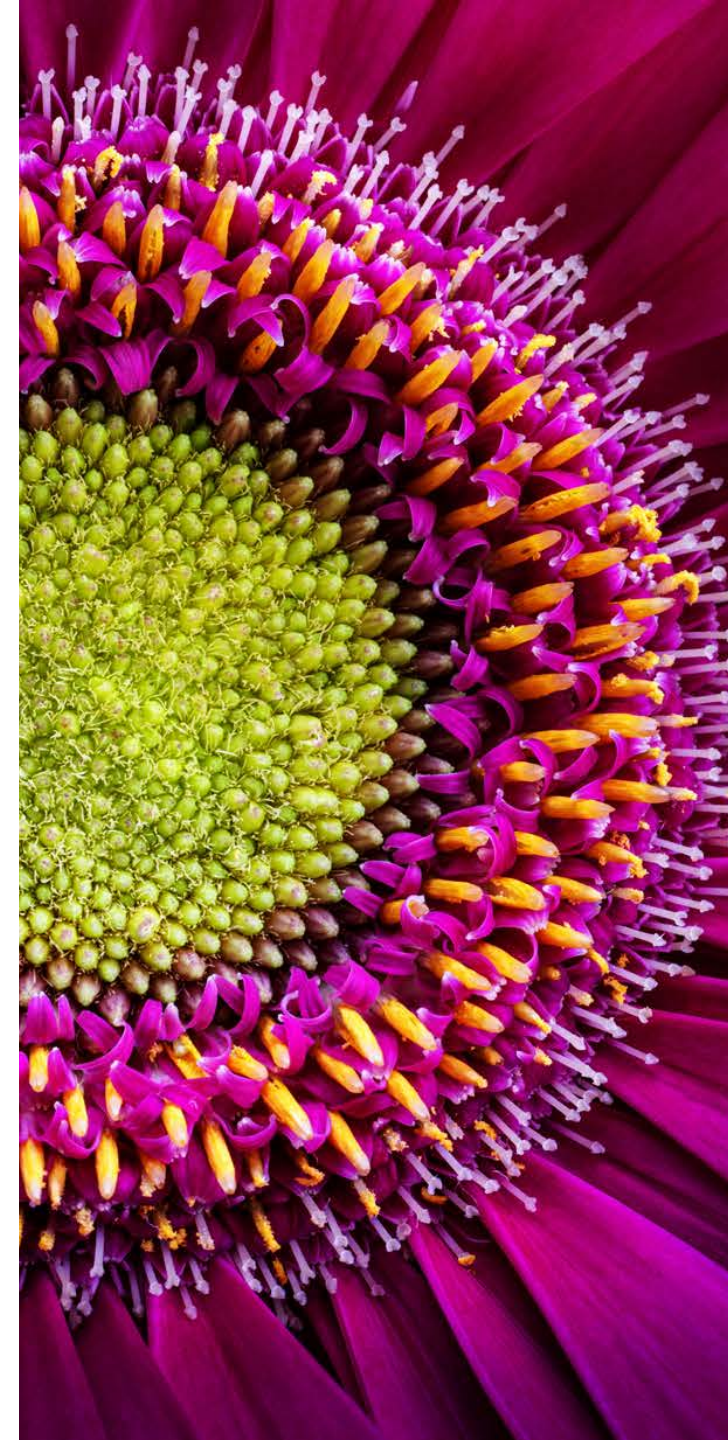
"Remember that where you stand determines what you see."

DR MARTYN NEWMAN

The vital importance of trust

The vital importance of trust

All successful relationships are built on a foundation of trust, and this is essential for any organization to work effectively. Mistrust in a workplace is a predictor of high turnover rates, poor performance, and low levels of productivity and employee satisfaction.

Human-centric organizations pay deep, expert attention to the building and maintenance of trust.

There is a wealth of research exploring the issue of trust in organizations, with many models and frameworks designed to help organizations build it.

Many of these studies name the following factors in helping to build and maintain trust in organizations:

- Co-dependency, with managers and employees depending on each other to get the job done
- Mutual respect
- High levels of engagement, particularly in decision making
- Open communication
- Fairness, particularly in appraisals
- Being part of a high-performing team
- Delegation of responsibility
- Equality in the distribution of resources
- A focus on relationship building

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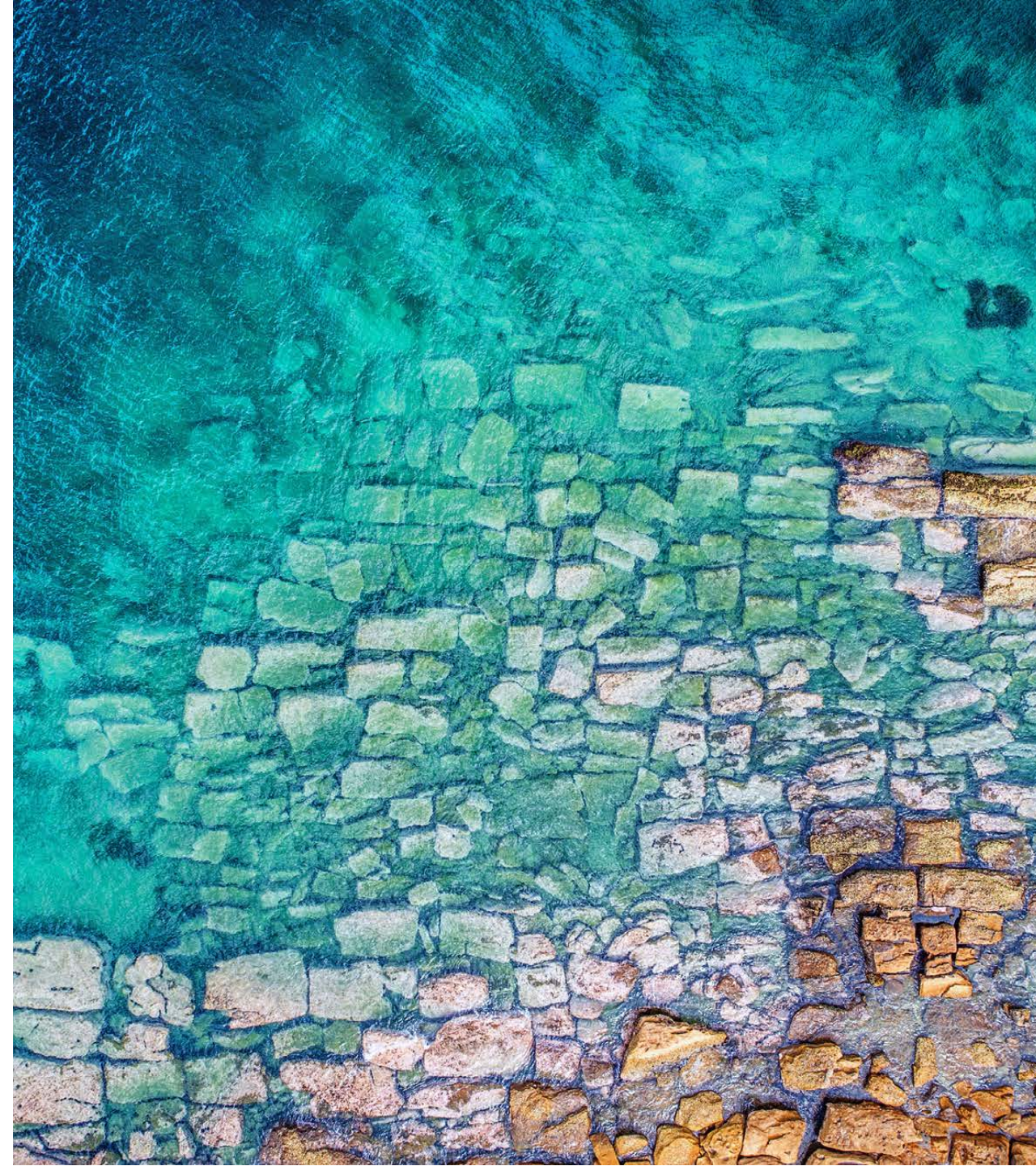
In a world of uncertainty, trust matters more than ever. We need to be able to trust ourselves and each other.

There is no easy fix to creating and maintaining trust in any organization; there is just the work. **All leadership and management action is a transfer of trust that either enhances or erodes it.**

The absence of trust in our organizations is the greatest source of stress in our working lives; for us to spend a significant amount of time in relationships with people we do not trust threatens our health and wellbeing and reduces our performance. The absence of trust creates politics and tensions that distract from the day-to-day work.

One of the biggest obstacles to creating trust is leaders/managers deciding to use methods of control rather than establishing high-quality human relationships that create the conditions for trust.

Some of this is classic organizational design, some of it is just poor leadership/management practice, but much of it arises from a sense of meaninglessness or inauthenticity, often found in vision/mission statements, brand books or values workshops.

Inauthenticity kills trust dead. If an organization or its leaders/managers say one thing but do the opposite, then trust crumbles and is difficult to restore.

One way to think about how trusting relationships work is to **consider the interplay between three features of trustworthy behavior**.

1. **Empathy**, as we have already explored, is central to the success of a human-centric leader/manager.

2. **Honesty** is the simple but often difficult work of telling the truth as we see it.

3. And **reliability**, the heartbeat of effective working relationships, is pivotal to the ongoing process of maintaining trust.

Dialogue: The foundation of trust

However, if there is one core capability central to the creation and maintenance of trust, it is dialogue. Dialogue describes the ability to talk together intentionally, to retain a focus, and to work towards a generative learning process where issues are aired and resolved.

Crucial to developing dialogue are **openness, transparency and effective listening**. The ability to talk together is core to the development of any human-centric organizations.

Much of Impact's work is to **create the conditions where the right people can have the right conversation**, at the right time, in the right way. Building skills in dialogue with individuals and groups is foundational to creating and maintaining high levels of organizational trust.

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Summary

Human-centric organizations are places where both people and productivity thrive because they build from a clear moral center and are aligned towards their highest, most human purpose.

These organizations are forces for good in service to the planet, our communities and our economies. They serve the systems they are part of (not the other way around) and pursue goals in ways that strengthen the fabric of human society, regenerate the environment, and create value in an economy where people matter most.

Human-centric organizations are adept at learning new things, and this commitment to new learning makes them dynamic, challenging and agile places to work.

They understand that new learning involves everyone in the organization, because the learning and growth of people is an end in itself, not a means to task execution. In this way, human-centric organizations learn and adapt faster than their competitors.

The primary learning methodology used by human-centric organizations is an experiential methodology that connects knowledge and skills with direct practice and reflection. Experiential methodologies unearth new learning and connect that learning to new action, new ways of doing things, and new value.

The most important thing for human-centric organizations is that they focus on constantly improving the quality and effectiveness of people-to-people interactions, both internally with employees and externally with customers.

These interactions, and the dialogue skills that underpin them, are the basis for transformation and personal and professional growth. The growth of people leads to the growth of the organization.

Human-centric organizations are led and managed by 'people people' – those who are skilled in building and maintaining generative and transformative relationships through a combination of empathy and expertise.

These leaders and managers see their work as leading new learning and strengthening trust across their organization, and they do this by encouraging and supporting openness and transparency. They are 'key-shaped' people, who are multi-skilled, with a range of expertise that they can apply to a variety of contexts and problems.

And finally, human-centric organizations do organizational change differently; they put the people who are doing the work in charge of learning new things and, ultimately, changing it.

Human-centric organizations are constantly improving how they do people-led change so that they get better with every change initiative and project.

We live and work in an interconnected world, where we collectively depend on our global economic, social and environmental systems to survive and thrive. All organizations are part of this global web of interaction and interconnection.

We need our organizations to be the best examples of human endeavour, enterprise and creativity – to be places that liberate human potential in service to all our futures.

But the world is at an inflection point, where our collective capability is confronting multiple global challenges. We will only succeed if we reach into our hearts as well as our heads and turn our organizations into places where our humanity can thrive.

Our organizations are the only tools we have. Let's make them work for all of us and for all our futures.

<u>Get in touch</u> to find out how Impact can help your organization on its journey to becoming more human-centric.

"Remember your humanity and forget the rest."

BERTRAND RUSSELL