

The future of finance



WHAT YOU DO AT HOME RESEMBLES SELF-ORGANIZATION



"Most families run their households like a self-organized team," said Pieter de Lange who works for the Personal Banking Department of ABN AMRO. His department used to have ~3500 employees before ABN AMRO began collaborating with Semco Style Institute (SSI) in 2018. Their aim was to work towards a human-centric business where trust, team maturity and integrity were core values. For SSI, it was the biggest challenge they had taken on to date - supporting ABN AMRO, a large corporate organization, through their journey towards self-organization. Right from its start, in 2018, the project was focused on creating the foundation and boundaries required to make self-organization work as it would at home.

Trust Over Control

Before embarking on this transformational journey, the Personal Banking department was quite traditional in its makeup: many employees, controlled by many managers. Throw-in plenty of rules, regulations and KPIs and you get a fairly good idea of the day-to-day business.

"THE SYSTEM WAS BASED ON DISTRUST AND CONTROL"

With so many control mechanisms restricting people, employees found it hard to get their work done and often looked to their managers for guidance. As Pieter de Lange, Head of Culture and Transition described it, "the system the department was working with was based on distrust and control instead of trust and common sense."

To Pieter, a successful organization is led by leaders with a lazy mindset and the ambition to perform better than others. While that seems paradoxical, Pieter felt it was the perfect blend of extremes that could result in success.

The transformation of his department, done in collaboration with SSI, began with a focus on effectiveness and common sense. It meant bringing down the list of 35 KPIs they were tracking to just seven KPIs. They took out the ones that were too detailed and clarified the seven KPIs to sharpen the intent of the department as a whole.

Very often, more layers of management means more scattered and incomplete information - so the transformation also targeted reducing the number of managerial layers and managers in the department. That meant, going down from 275 managers to just 25 managers. This move aligned the department to the SSI premise of maintaining a manager-to-employee ratio of 1:100.

The 250 former managers saw their role being redefined as "team coach" and their sole purpose was supporting their teams in achieving their goals. The teams no longer reported to them in a traditional sense - through written reports or dozens of meetings every month - which took a load off the shoulders of the employees.

The traditional role of a manager became redundant, as Pieter puts it. For many, it was a hard pill to swallow but there's no place for formal report-outs or meetings in a true, effective and self-organized household - which is what the transformation aimed to mirror. None of those formal modes of communication are required to get a feel for the day-to-day operations of an organization.

Responsibility Over Structure

The changes to the organizational structure revealed that the mindset of the people working in the Personal Banking department at ABN AMRO hadn't changed - yet. Pieter felt these challenges in shifting mindsets could be tackled by asking a simple question: When are you really successful?

In response to his question, people began sharing their vision for their work and careers. "For people to have a fulfilling job, it's vital to know their vision for themselves, and then think about how it can be aligned with the vision of the organization," shares Pieter. It's that alignment between personal interests and the interests of the organization that truly motivates people and gets them to commit. In the end, it's all about purpose (Is the why clear to me? Does my work make sense?) and (self) interest (How does the work I do benefit me and the organization?)

"You can even compare it to your own marriage," Pieter said. "When your vision or strategy for raising

kids or managing finances doesn't align with your partner's vision, you will discuss the issue and look for ways to find common ground. If, in the end, you both aren't able to align, you will probably move on without the other."

However, in many business situations, when people and their visions aren't aligned with that of the organization, they don't move on. Instead, they become victims of a situation they feel has been imposed on them. They become disengaged, unhappy and maybe even a burden on their team, he explains.

By defining their own success within the organization, employees at ABN AMRO felt more committed to the company and began to approach their work with a renewed sense of responsibility. "We learned that before you start organizing your new company structure, you need to first focus on what matters to the people who will work within that structure," said Pieter.

Accepting New Roles

Responsible for Culture and Transition, Pieter still faced many obstacles in redefining the sense of responsibility employees felt. There were changes being made to the structure and vision of the organization to align it with the goal of the transformation - to become more human-centric.

However, it was hard to transform into a human-centric organization while also maintaining effectiveness, efficiency and gaining experience in this new way of working. In retrospect, their biggest mistake was not providing adequate support to former managers in their new role as team coaches. Operational teams were supported by Team and Skill Coaches. While the Skill Coaches helped the team develop the new skills they'd need to work in this new environment, the Team Coaches (former department managers) were drowning in ambiguity around their new role.

When they moved away from traditional leadership roles, the Personal Banking department had to learn to deal with informal leadership positions that could emerge anywhere within their team. Again, this wasn't easy as the formal corporate hierarchy had been deconstructed. And, on the other hand, former managers were very reluctant to accept their new roles.

They were able to move forward only by facilitating conversations with the former managers that helped them realize that their experience was still a valuable asset to the organization. They were encouraged and shown how they could voice their opinions and concerns and overtime adjust to their new situation and roles.

"CLIENTS DON'T ALWAYS KNOW OR CARE ABOUT HOW A COMPANY IS ORGANIZED INTERNALLY."

The 'How' is Up to Them

Another big challenge in this transformation was to keep the primary business operations running as smoothly as possible. Pieter said, "as a leader, you had to make sure that your internal changes don't affect the expectations of your external customers. Clients don't always know or care about how a company is organized internally. They just want a great outcome. So, internally, we had to continue ensuring we were always focused on those results."

Client satisfaction became the focal point for our operational teams. Team coaches and skill coaches were responsible for the internal organization and the support provided to operational teams. The

"how", as Pieter mentioned, was 90% of the work and the decisions were made by the operational teams. "As a leader, I was only focused on the 'why' and the 'what'. In other words, the purpose and the result. If I'm not focused, as a leader, then few others will be."

consequences. And they are allowed to take the necessary measures to resolve the issue." Pieter emphasized how the social regulation within a group of equals can be quite strong since there is no manager to hide behind.

With Freedom Comes Responsibility

With many radical changes being implemented, the department leadership also learned that they needed to cope with change and uncertainty. In the banking world, people generally want to play it safe as they have to deal with multiple stakeholders and their competing interests.

Do As You Would At Home

At the end of this journey, the Personal Banking Department at ABN AMRO, went from being a conventional, hierarchical organizational structure to a more human-centric structure. People experienced greater autonomy while achieving better results. In their context, it meant a 9+ customer review and 50%



The ability to adapt to change and have the courage to move forward while being uncertain was, in Pieter's eyes, one of the key requirements for leaders for self-organization to work in any company.

reduction in employee turnover. The transformation embodies a newfound balance between people and business operations.

While the managers had to deal with cuts and changes in their roles, the operational teams had their own challenges to grapple with. These teams were given more autonomy and responsibility than ever before. As Pieter mentioned, "with autonomy comes responsibility, accountability and feedback."

As Pieter puts it, "Self-organizing isn't that extraordinary, it's actually quite normal. By mirroring our behaviors at home, we've created a better organization. But just as it is at home, self-organization is never done. It's a work in progress that needs to be tweaked all the time. You must make a continuous effort to improve."

When you're not being accountable in a self-organized context, it will be your peers who will suffer the direct

THE RESULTS OF FOUR YEARS OF SELF-ORGANIZATION AT ABN AMRO: "WE NEVER WANT TO GO BACK!"

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Four years ago, we started a journey at ABN AMRO that I often hear is unique in the corporate world: With 3,500 people, we began to self-organize. We reduced management by 95 percent, and we made digital banking personal. In short, we chose to do things radically differently. All well and good, of course, but what did I learn from this, and what did it bring us?

more, employees ask for more space, and we adapt to changes in our environment. Thus, our perspective on self-organization now is different than after one year or two. Moreover, I've realized the importance of psychological safety and role clarity.

The main conclusion after four years of self-organized work is actually quite simple: The results are positive for the customer, the employee, and the organization. The Net Promoter Score (NPS) keeps rising every year, so customer appreciation is continuously increasing. Employees, too, are positive about the changes. After a dip in 2019, for the past two years, we have scored higher in employee satisfaction than in the years before the transition. And on the third axis - the organization - we see that we have managed to maintain structural savings. Additionally, over the past few years, we achieved all commercial objectives despite the many changes we underwent, not only internally but also externally.

The primary success factor, in my opinion, is: 'Start with why.' In other words, it is a steadfast belief that if you give employees trust and space, they will do the right things for our customers. Our employees are the people our customers interact with daily. It's up to us as leaders to create an environment where employees can thrive.

However, the outcome that had the most impact is the quote: "We never want to go back." This quote comes from interviews that VU conducted with teams to ask how they experience self-organization. Of course, there are always points for improvement, but under no circumstances do employees want to return to the old, strict hierarchical organization they came from.

Professor Michael Wade from the International Institute for Management Development (IMD) puts it this way: 'Cultural change is a key element for any transformation - if you don't have the right mindset in place, the transformation will almost certainly fail. ABN Amro represents one of the most radical and impressive examples of cultural transformation I have seen. These changes, including a significant move to self-organizing teams, supported a large-scale digital transformation that prepared them well for future challenges, including coping with the COVID-19 pandemic.'

In these four years, we have also seen the impact of COVID-19. Our office employees figured out how to keep their offices safely open in one afternoon. Quicker than we could have ever arranged top-down. We also learned that self-organization is a journey that takes years and is never finished. Each year, we learn

So far, an initial reflection on four years of 'organizing radically differently': I've learned an immense amount from it, and my passion for sharing these 'lessons learned' has only grown. Hence, I will delve deeper into specific topics in a series of subsequent blogs. In this series, I will share our latest insights, partly based on our research with the VU that has been ongoing since the start.

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