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Disciplined Leadership

Analytical Study On How Vision-Oriented Leaders
Create Simplicity As A Competitive Advantage

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<p>The aim of this thesis is to indicate and prove the interrelation of disciplined-leadership and simplicity in business as the main drivers of increased organizational performance and competitive advantage that ultimately offers a solution to issues prevailing in current organizations due to drastically changing markets where generalist companies struggle against specialized small operators. This secondary research is an in-depth theoretical basis for further primary research that is needed to quantify the found strong correlation between disciplined, selfless leadership and high-performing organizations that apply the principles of simplicity. The combination of the two continuously outperform the competition, regardless of the industry.</p>	
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1 Introduction

Global, digitalized world is tremendously complicated and creating clutter to the life of people. Naturally in all aspects of life as growth happens, complexity increases. Eventually the complexities in the environment become overwhelming, creating distractions that take away from productivity and innovation both in personal lives as well as in business. The complexity is most prominent in big organizations where growth has created the need for layers, which no longer functions for the benefit and success of the organizations. More agile and flatter organizations take on the giants with tremendous agility and speed. (Ashkenas (a), 2007)

The environment is filled with stimulus and overflow of information from multiple channels constantly, thus people seek for simple, easy to understand solutions that make their lives easier, releasing resources for more meaningful quality of life, free of unnecessary complexity of understanding vast and sometimes very trivial product offerings (Maeda, 2006). Designing and maintaining organizations and products in a simple manner to answer to latent customer needs helps bring to people products and services that aim to offer what customers need, without including any unnecessary extra features. Such decrease of stimulus and increase of focus requires less general organizations, less complicated bureaucracy. Instead organizations are to be thoroughly lead with focus and specialization, moreover, simplicity. This may initially seem easy to achieve and maintain, whereas in reality simplicity is the ultimate form of sophistication and requires a tremendous amount of attention from disciplined leaders, that are capable of recognizing underlying values and needs both in internal and external environments and executing selflessly for the long term success of operations (Segall, 2016).

1.1 Problem Statement

The current trend in leadership does not foster the ability to answer to the needs and challenges of fast, ever-changing world. For traditional complex big companies this is a nearly impossible feat as even the smallest decisions can take significant amount of time. Product and service portfolios are also vast and unfocused, which results in a lot of time and resources used only to manage the portfolio. As the companies are led in an unfocused way and by leaders that lacks self-control, the result is often clustered and complex.

Smaller new companies have the tendency to run towards this sort of unmanageable size too as they grow, for complexity often happens unnoticed.

A lot of the problems in companies are caused by the short-sightedness of the leaders. Achieving efficient simplicity that drives organizational success requires constant work and in-depth understanding of the problems that are to be overcome. Organizations are unlikely to achieve successful simplicity without willing leadership that leads the organization through the complexity wilderness and works actively to maintain simplicity. The proposed leaders are counter to managers that created most of the successful big corporations after the World Wars, with militaristic leadership methods. Instead the proposed simplification leaders are profoundly different, leading by example and determination, while still capable of humility and taking responsibility that results in greatness. (Segall, 2016)

From the problems stated, three main research questions can be derived.

- 1. Does solely focusing on strengths and vision of an organization regardless of possible other profitable ventures result in greater efficiency and profitability in the long run, as opposed to pursuing rather immediate financial gains notwithstanding their relevance with organizational values?*
- 2. Is there a link between focused, disciplined leadership and simplicity?*
- 3. How does simplicity as a corporate culture led by disciplined leaders form a sustainable competitive advantage?*

1.2 Methodology

The methodology applied to conduct this research is of secondary type and is aimed to work as a strong summarizing, theoretical basis for any further research needs. Research material for this paper is collected from several sources, ranging from academic research sources to journal articles from various industries and fields, to bring a broader scope of the applicability of the simplicity-oriented leadership and its efficiency. The offered implications are backed up by research from such fields as psychology and design as the most important fields.

1.3 Definitions

The author has a certain amount of trust towards the reader as a 'reasonable man' to have some amount of academic background to understand the text without the need for vast, detailed elaboration on every concept or terminology. The following is elaboration on two of the most important terms used throughout the paper regarding the overall understandability and flow of the text. Both efficiency and simplicity used in this research are self-defined, but some similarities with more popular definitions may be recognizable.

Efficiency is performance that takes least amount of input to create the greatest amount of output. In other words, the best possible result achieved by using the least amount of resources. In further business context, the term refers to minimizing waste of financial, physical and intellectual resources, while simultaneously maintaining the capability to achieve the greatest possible output. In strong relation to efficiency, simplicity is at the core of terms used and elaborated on in this research paper. Simplicity is a concept that may have varying meanings depending on the context, notwithstanding the background of the reader. Simplicity in this paper is a term, moreover a concept that requires the most in-depth scrutinizing to avoid any possible misunderstandings that would lead in failure of delivering the overall arguments. Therefore, defining and explaining the concept of simplicity, as argued by the author, is conducted throughout the paper on an ongoing basis.

2 Contemporary Organizational Issues

Nowhere else in society is the power of simplicity and the presence of complexity as evident as it is in the world of business. As the world and societies have moved forward and advanced, so have most organizations. The global growth has led to organizations aiming to satisfy as many customers as possible by offering a variety of solutions in order to answer to multiple needs at once. The need to satisfy a large audience has resulted in product portfolios that are increasingly challenging to manage, moreover taking precious time and resources away from core activities that ultimately bring profit (Segall, 2016). It is not argued in this paper that the following ideas of traditional organization structures would automatically equal to non-profitable operations, failure in business or to structures that fail to deliver results efficiently. Rather this research aims to highlight issues and limitations in such organizations by providing reasoning to ultimately convey the main points of this bachelor paper specifically.

In order to fully understand the prevailing issues within more traditional organizations, as argued and researched in this paper, an in-depth analysis and indication of the contributing factors and consequent effects are thereby provided. The term traditional organization is hereby a reference to organizations which are formed in a more common way where hierarchy is clearly established (Tatum, 2017). The emphasis on traditional organizations as a prime example in this research is due to the popularity of this type of structure ranging from non-profit organizations to large corporations, at times as introduced here or often, with variations.

2.1 Traditional Organizational Structure

As organizations grow, more layers tend to naturally take form in order to help maintain control of various business operations. The traditional structure has a strictly defined, one-way chain of command from top down and between managers. Different departments are formed to help categorize the structure of the organization and to help the management allocate resources and tasks accordingly. In these departments are then several business units that take care of specific operations and objectives allocated to that department. (Carpenter, Bauer, & Erdogan, 2009) The people in a traditional strictly hierarchical system are told what to do instead of giving them the opportunity of influencing the proce-

dures and policies by the help of open feedback system, which can greatly affect employee satisfaction (Tatum, 2017). On the other hand, because managers in traditional tall organizations only have a small number of employees to supervise, allocation of specific tasks measuring individual career progression is more straightforward, which can lead to effective execution of specific tasks (Carpenter, Bauer, & Erdogan, 2009).

The traditional hierarchical model makes sense for linear or repetitive, very standardized work where relatively little intellectual problem solving ability is required and where employees are considered expendable parts of the whole system. However, as the demand for talent continues to become more and more intense, organizations around the world are quickly trying to figure out alternatives to the hierarchical models (Morgan, 2014). In addition to looking at more traditional organizational structures this research paper takes a closer look at why the more traditional hierarchies still remain and how their performance differs from flatter more modern structures.

The biggest most crucial issues identified by the author in the traditional organizational model have to do with the inability of managers to stay connected to the actual hands-on operations as the organization grows and more internal structures take form. The strict chain of command in the typical line approach places the responsibility and decision making power to the topmost players in the organization thus alienating the management of the actual operations taking place on lower levels of the organization (Tatum, 2017). The bureaucratic structures are formed through necessity as organization grows and the distinction between management and employees is crucial to specify for the individuals their roles and responsibilities. The management on each layer form their own rules and procedures, which leads to a situation where employees having to work with multiple layers simultaneously are bound to follow multiple procedures. Not only does this slow down operational capability, but also increases costs as more people perform similar overlapping functions while bound to a set of internal regulations (Carpenter, Bauer, & Erdogan, 2009).

2.2 Communication

One of the most important aspects of any organization in any industry is communication. The everyday interaction between individuals is as crucial for people as any of our basic needs (Blundel, 2004). Communication is the event or process of transmitting information between the sender and a receiver (Bratton & Gold, 1994). In this research the parties

involved in communication are mainly the individuals internally in the organization, whereas the internal factors manifest in some way or another externally.

In most organizations the layers are strictly separated from one another in a way that no information can freely flow to other departments, without agreed upon complex processes taking place. Thereby the common flow of information is from the top to bottom and not vice versa (Groysberg & Slind, 2012). This kind of hierarchical communication from top to bottom makes the communication channels for employees very clear. However, the one-sided narrow communication channels also reduce employee engagement, which leads to reduced innovativeness and collaboration takes a competitive, excluding form between business units and departments. It can be argued that the top-down communication and the sought-for maintainable status quo, which once were the core strengths, have now become greatest vulnerabilities for more flat competitors to take advantage of (Morgan, 2014). Thereby the communication channels between employees and managers alike play a key role in terms of responsiveness and overall capabilities of an organization in the fast-paced environments and markets. The ability of the employees to efficiently and cohesively carry out the strategic intent of an organization is the fundamental purpose of communication (Wrench, 2012).

The increased internal complexity of organizational structure results in hindering the ability of an organization to make decisions efficiently. Efficiency in this context is referred to additionally as the ability of an organization to make decisions in time, thus answering to the changing landscape of the modern markets. As an organization gets bigger and more complex, the time it takes for decisions to have concrete effect is ever more longer, making changing direction in case of a failed venture, difficult, slow and costly. Number and opacity of these hierarchical layers affect the steps information is required to pass through before reaching any kind of conclusion. (Segall, 2016)

The hierarchical levels work as information silos, in which several processes and approvals as well as the unwillingness of the actors to share, create bottle necks for the flow of information (Gleeson, 2013). Results of a survey conducted by Rotize, indicated that in companies of over 1000 employees, 73% reported silo mentality in the organization, but also smaller corporations have at least a moderate number of silos negatively affecting communication (Rotize, 2015).

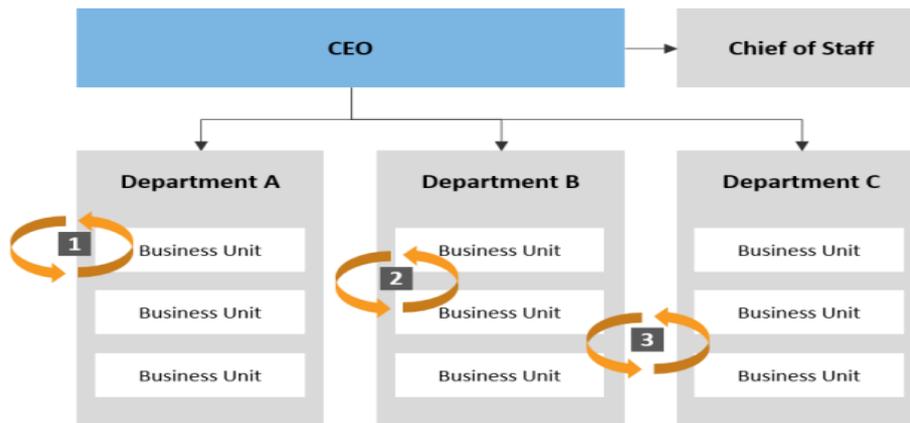


Figure 1 (Rotize, 2015)

The biggest problems with the silo mentality that directly affect the performance of the organization stems from three main aspects: the low amount of interaction (3) between departments, insufficient communication (2) between business units and finally weak communication (1) inside a business unit. The number of layers does not automatically equal poor performance in comparison to less complex organizations, but does create a wasteful aspect of resource allocation, thus splitting the organization into units that work separately of one another in isolation. Hierarchy tends to create complexity in the form of information silos that decrease the overall productivity of employees as well as the potential of the organization. (Rotize, 2015)

2.3 Culture

Organizations are collections of individuals that have a collective common goal and who are in interaction with the external environment in order to achieve these goals. Organizations can be roughly divided into formal and informal types, that represent the opposite ends of the organizational types. Organizations are often a mixture of these two, where a formal organization may have informal aspects and vice versa. (Mintzberg (a), 1981)

Formal organizations are often a result of planned procedures and methods of communication that form a certain meaningful structure of very clear and distinct behaviours, whereas the informal unintended structures form automatically alongside the formalities in creation of the overall atmosphere that creates and affects the company culture (Bittner, 1965). It should be acknowledged that there is not one single way or recipe for an organizational structure unlike might be the common assumption. Rather the most efficient and

successful organizations have found the perfect mix and match recipe that suits their needs the best (Mintzberg (a), 1981).

Most organizations are operated with a culture that derives either from beliefs and values of current management or as a heritage of past management teams, moreover the culture of most companies are default or passive as there is no ongoing measurement that would clarify the internal culture. The lack of alignment, which is often present in complex, traditional organizations, between the organization and the people leads to poor performance, unnecessary complexity as well as further decreased engagement, all of which correlate to the quality of results, both qualitative and quantitative. Notwithstanding the cumulative effect of contradicting understanding of the prevailing culture the individuals in an organization experience. (Barrett, 2010)

2.4 Values and Goals

In addition to organizational culture, the values of the organization also play a key role in determining not only the culture, but also everything that revolves around the values as they are in the core of decision-making. Values affect the purpose of the company, as well as goals, processes and methods. Values play a key role in how employees are managed and what sort of people are hired to pursue the goals (Barret, 2010). The company culture is heavily influenced by values and the overall structure of the organization notwithstanding the goals of the organization. The goals very often in organizations are purely of monetary nature. Moreover, the goals set by the management are towards financial gains for the shareholders and thus growth is considered a necessary aspect in order to satisfy the shareholders by increasing the market value and attractiveness of the company financially. (Magill, Quinzii, & Rochet, 2013)

Due to the nature of the goals it is very tempting for companies to grow with any means necessary, be it through natural growth by increased sales and reduced costs or by take-over and integration of other entities. However, the common aspect of these is the need to satisfy both shareholders and customers alike. Shareholder value maximization financially is short sighted and ought to foster platform for unnecessary, unsustainable growth (Magill, Quinzii, & Rochet, 2013). Another issue with such financial growth is the product offering. Product portfolios tend to grow large in a such manner that the products are ultimately mediocre and the number of offerings becomes impossible for management to handle. Mediocrity of offered products lead to decrease in brand value as the public per-

ception of the brand becomes more blurred as well as due to mixed allocation of company resources (Knudsen, Finskud, Törnblom, & Hogna, 1997). As the public perception of the organization becomes more blurred, so does the internal image of the importance of the existence of the organization.

The motivation and satisfaction of the employees significantly enhance the organizational effectiveness as is indicated by a number of studies. Not all employees are the same or can be empowered using the same incentives, some might value higher salary whereas others might care more for better working conditions and the meaningfulness of the job. Therefore it is very important to understand the pressure to perform by customers and shareholders greatly affect the employee satisfaction that in the end reflect on organizational performance (Ovidiu-Iliuta, 2013). As organizations around the world are competing for the top talent additionally exploring adaptable alternative organizational models, some still stuck with the traditional hierarchy are experiencing problems trying to attract and retain the future generations who are starting to value the purpose of the company more than monetary incentives, in comparison to previous generations (Morgan, 2014).

2.5 Agility

As identified, the organizations with a more traditional tall hierarchy tend to lead to more complex and complicated internal structures that ultimately make companies slower in their adjustments to the ever-changing markets and environment of today. Such slow ability to manoeuvre the vast field of customer needs and global challenges is not an issue until other smaller, more streamline companies start to efficiently answer to customer needs with great momentum due to less complex structures. (Worley, 2014)

Globalization and interconnectedness of the world has resulted in rapid growth of corporations to such extent where the new challenges of the fast-paced world of today and tomorrow are too much for the traditional companies trying to satisfy as many needs in the market at once as possible (Worley, 2014). These organizations in the past used to be able to somewhat effortlessly answer to any needs. During the 70s and 80s it was still very usual for an organization to have very varying operations in different industries notwithstanding the interconnectedness with the brand image or mission and visions. The markets nowadays do not foster a platform for such far reaching strategies, as the number of competitors in all industries is oversaturating the markets with similar product offering, but with greater focus and better allocated resources (Tobak, 2014).

Big organizations are often considered powerful and financially strong. That is something the people in grand organizations also believe themselves as it has very often been the case in the past of these successful big corporations. The long-term repeated success in the future is however not due to the size and large scale of the organization, but rather because of the ability to constantly adapt and reinvent in a way that effectively answer to the market needs (Worley, 2014). Unfortunately, most companies lose the ability to reinvent and adapt as they grow. Growth often naturally tends to create internal layers that hinder the effectiveness of the organization. The need to satisfy shareholders and grow, take over and replace the entrepreneurial, flexible mind-set as well as ability to constantly reinvent. (Segall, 2016).

Communication typically flows from the top to the bottom which means available intellectual property is limited to only the management and other decision making bodies in an organization. The lack of involving employees from the executing, working levels to decision processes and crucial feedback leads to the engagement of employees to reduce as these individuals feel excluded from the operations. The virtually non-existent collaboration between decision making bodies and employees involved in hands-on operations lead to stagnation in level of innovativeness overall, which consequently reduces the competitiveness and agility of the organization (Blundel, 2004). As the traditional working environment is riddled with rules, procedures, bureaucracy and layers that affect the overall culture of the organization making it sluggish in comparison to more modern agile companies. Hierarchy can be considered as the biggest vulnerability for any organization or corporation still relying on it as the driving management method (Morgan, 2014). The tall hierarchical structure opens up the platform for competitors and completely new entrants in the market to quickly take over weaker operations.

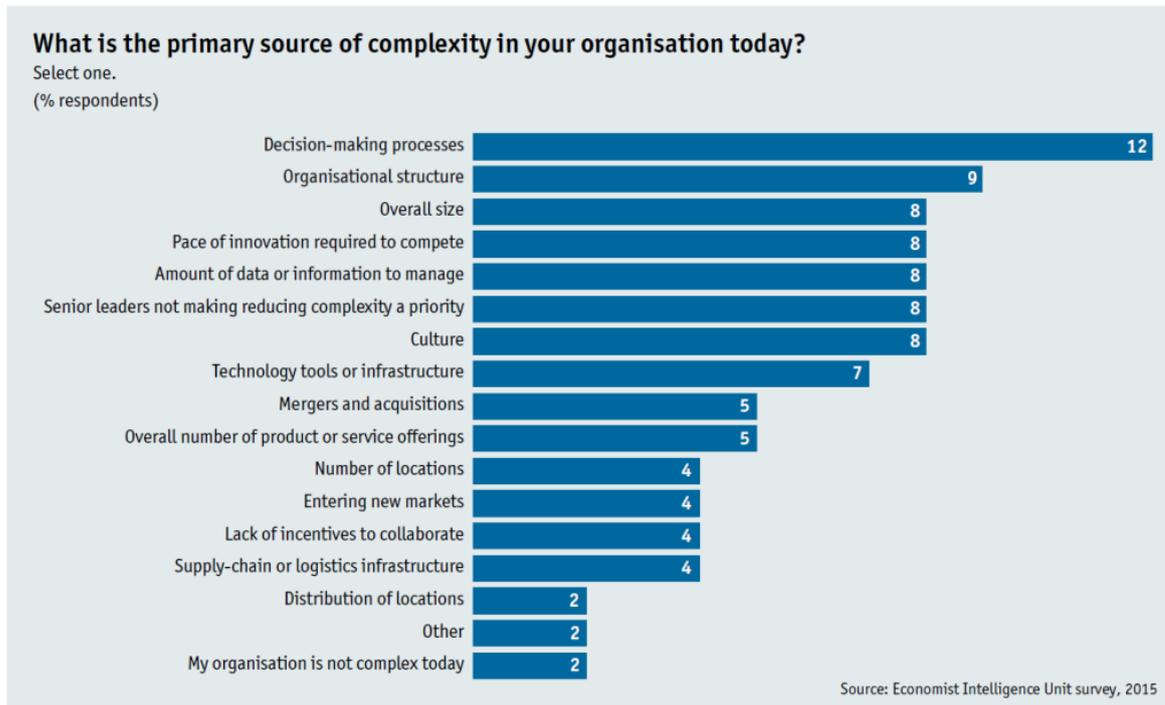


Figure 2 (SAP (c), 2015)

The Economist Intelligence Unit (EIU) survey results as seen above further indicate the problems of complexity arising from complex decision-making processes (12%) and the overall organizational structure (9%). 8% of the survey respondents also indicated 5 other sources for complexity. The survey was conducted from companies with annual revenue of more than \$500m from variety of industries. 331 executives answered. (SAP (c), 2015)

A strong ability to turn and make sudden decisions is required in order to thrive in the long run. Instead of executing hesitant sudden crisis management in the face of problems that not only turn out to be inefficient but also costly can be avoided by fixing the prevailing complex issues organisations face (Worley, 2014). Humans play a central role in letting complexity take form as we are evidently very complex beings both physically and psychologically (Maeda, 2006). Human race and civilizations have seen a rather constant growth throughout our known existence and as we have increased in numbers, the interconnectedness of individuals has inevitably led to complexity entrenching itself deep into our societies and behaviours. Complexity has had thousands of years to develop on its own without any obstructions as there has not been a dire necessity to simplify to survive.

3 Simplicity

Depending on the context, understanding what is meant by the term 'simple' or 'simplicity' often varies. To define any term and furthermore to elaborate on a concept it is important to scrutinize the public perception in-depth. Simplicity is to be distinct from easy as these are not synonyms. Easy requires minimum effort in order to achieve a sought for result, it does not require long term focused dedication and commitment to master the work at hand. However, even the initially difficult tasks can become easy through dedication and smart goal oriented work as well as repetition. It is of high importance to thoroughly understand the difference between easy results in comparison to ease of use to the end user through dedicated and thoughtful work on planning and executing stages. Easy is something an individual can do without prior practice and where this can and should be considered the goal of any product and service to the end user, solely creating such solutions because it would be easy and require minimum effort by players involved, should not be the case under any circumstances, as this sort of thinking hinders agility as well as blocks reaching the full potential of any company (Segall, 2016).

Complexity and easy are more on the same side of the coin as complexity is common phenomenon that occurs quite naturally as products and services, moreover organizations advance. In the market where traditional growth is an important measure of success of any business, the traditional growth that happens is accompanied by complexity as bureaucratic layers increase. An evident phenomenon of complexity taking form naturally is the evolution of human race and civilizations. The more we have discovered of ourselves and the surrounding world, the more we have invented to help cope with changing climates and situations related to the survival of humans. Innovativeness and ability to adapt have been the greatest strengths of human societies but are now beginning to add unnecessary burden (Segall, 2016). The necessity and curious nature of people has resulted in a cycle of adding more rather than focusing on what matters for the end user, moreover people involved.

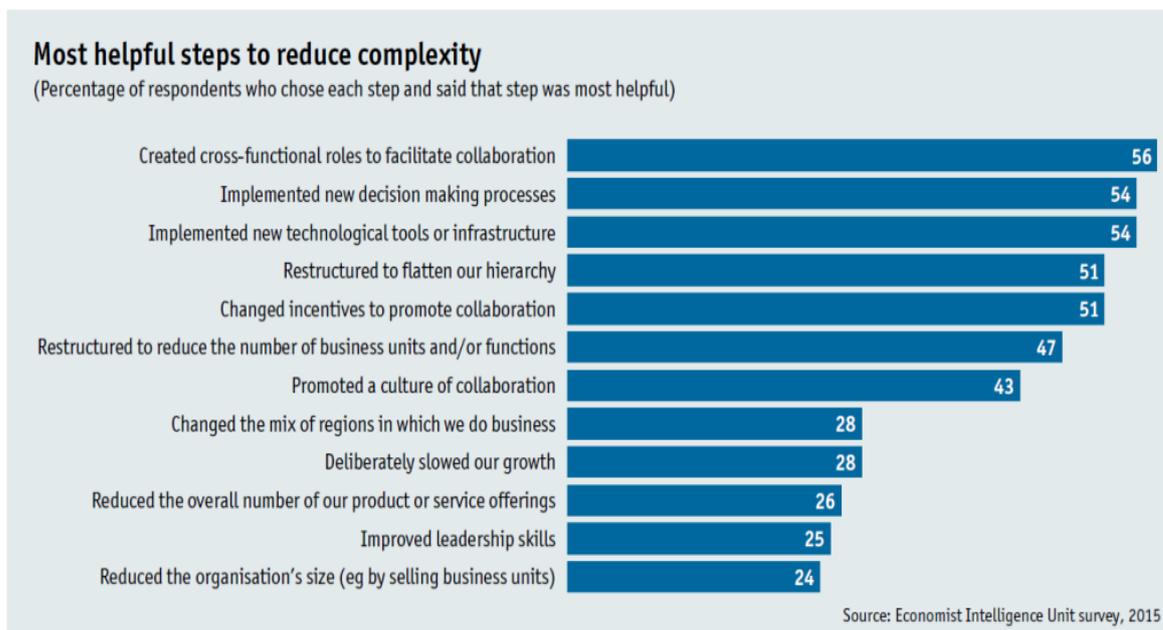


Figure 3 (SAP (c), 2015)

Taming complexity is far from simple and requires a variety of actions and factors to be considered. In the survey by EIU in 2015, as seen on the graph above, majority of respondents reported steps promoting a culture that prefers collaboration and overall flatter organizational structure as the most helpful aspects in achieving simplicity (SAP (c), 2015). The results of the survey by EIU correlate with the arguments of this paper as will be elaborated throughout the research.

The issues facing companies in the new digitalized age are many. The methods and tools to overcome complexity in organisations can vary, but above others is simplicity, which can be achieved by eliminating the unnecessary complexities that take away from the common goals of the organization. In this sense the “growth” is instead achieved by deductive methods rather than adding on more layers or growing in the traditional sense of size (Vessella, 2015). Simplicity is unnatural control of ever prevailing complexity, whereas the affection towards simple things is entrenched deep into humanity and our cognitive functions. Our inner affection towards simplicity and simple solution counters the complexity of our surroundings, which we have collectively created through social and technological advancement. The uncontrollable complexities we have managed to create hinder everyday activities and waste resources in organisations and to some extent our personal lives (Maeda, 2006).

3.1 Simplicity of Products

Simple and simplicity is to be distinct from dumbness or inability of a product to deliver services and function efficiently. To further elaborate on simplicity the example of products and services is hereby used. A product or service at the peak of simplicity looks and functions in a more straightforward lean way than it is. The work and effort behind a simple looking solution has ultimately required a lot more than can be witnessed externally. This kind of simple solutions can be very difficult to achieve as it means removing excessive complexity in form of unnecessary functions and adapting only the most useful aspects. Unlike one might think, the stripping and removal of unnecessary functions is not as straightforward as it might initially seem. Finding and identifying the most important aspects of a product requires thorough understanding of the customer needs, behaviours and the product itself; What is the product supposed to do, are the same results achievable with less and does the product positively and cohesively correlate with the established brand. (Maeda, 2006)

3.1.1 Simplicity in Technology

In smartphones for example, the evidence for simplicity and its effects in consumer goods become more clear. By looking at the offered mobile devices today in comparison to the first computers in the past, the difference in physical size and processing power is immense. The smartphones of today pack more power than NASA's computers in 1969 during the Apollo moon landings. IBM System/360 Model 75s was the mainframe computer used by the NASA scientists to make individual calculations and cost \$3.5 million per computer. This computer was the size of a car, whereas the Apple iPhone 6 for example packs 32,600 times more processing power than those computers. (Puiu, 2015) The comparison of computers of these eras is to some extent unfair as the technological knowledge is from two completely different worlds, often the power and capabilities today are used for mainly different operations than sending a man on the moon and back as an extreme example.

However, the consideration of smartphones and computers is one of the most evident indicators of simplicity in action. As the processing power, has increased, the relative size has decreased and will most likely keep doing so as technologies advance (Maeda, 2006). Our hunger for more functions and more capabilities creates the paradox and never ending cycle of innovations that forces the companies invent products that are easy

and simple for the end user, yet packing a ton of functions and capabilities in increasing amounts. Smartphones are one example, whereas similar demands can be recognized on other areas varying from technology to consulting-services. Whether it is technology or service, the simple and easy to use solutions are often the most difficult to create as this requires a great amount of dedication and bold actions to retain from the so-called innovators dilemma (Tischler, 2005).

There has, for the period of consumer technologies, been tension between the engineers and designers when creating a product. The engineers who, having created the solution, understand the product and its capabilities thoroughly and would very much like to add all possible capabilities at once in a single product for the masses to enjoy. New technologies need to be introduced in a way that is very easy to approach by the end user (Christensen, 1997). According to Marissa Mayer the director of Google's consumer Web products, the way to tackle the problems between simplicity sought by design and the inevitable complexity by added functions is to introduce the products as closed Swiss Army knife. When open, such device can look aggressive and repulsive as on the other hand a closed Swiss Army knife is very gentle and approachable, thus including the best of both world (Tischler, 2005).

3.1.2 Ease of Use

An important aspect to any product, service or model is simplicity and ease of use. Especially for new innovations it is increasingly important how they are introduced as the rate at which new things are introduced is immense for anyone to keep track of. The markets are oversaturated in a way that results in consumers ending up overwhelmed about all the offerings, many of which are extremely similar. An innovation is an idea that is perceived as new by its audience. However not every such innovation spread in similar extent as the other (Rogers E. M., 2003). In his book *A summary of Diffusion of Innovations*, Les Robinson elaborates on 5 recognized qualities that determine the success and diffusion of an innovation. One of these most important qualities is the ease of use and simplicity of an innovation, in other words the degree to which an innovation is perceived as difficult to understand, thereby also use. Mr. Robinson argues that new simple and easily understandable ideas are adopted at a greater pace as compared to those that require the adopter to develop new skills and understanding (Robinson, 2012).

In addition a poll conducted by Consumer Electronics Association in 2002 discovered that 87% of people rank ease of use as the most important aspect of new technologies and innovations. A great difficulty in embracing simplicity in terms of consumer products is the competitive landscape that forces piling new features as means to differentiate from the competition, even at the cost of an actual ease of use valued by the end users. It is also easier by the marketing teams to market the new technologies and features rather than ease of use (Tischler, *The Beauty of Simplicity*, 2005). No matter how good the product may be, it will be extremely difficult for consumers to find reason to purchase something that may cost more, but include less, unless the public perceptions around consumerism also change.

A stumbling stone for many services and products are the unnecessary elements that take away from the importance and efficiency of the core functions. Those functions and capabilities of products and services valued by the end user. These factors in products get the chance to come along when the innovators are either forced by the management to showcase their capability to add more functions or work towards inventing new aspects, simply because they can, even if these would not be of necessity for the end user (Christensen, 1997). Innovator's Dilemma often takes root in organizations which pack the traditional way of thinking in business where an employee has to showcase proactivity and usefulness for the company by coming up with new rather than improved solutions in order to maintain their jobs. Employees who work hands on with products often have a deeper understanding of the task at hand than the management further up, yet it is often the management that makes the decisions in more traditional, bigger corporations.

3.2 Attract-Retain-Simplify

Brand loyalty is vanishing, greatly due to marketers beliefs and behaviours which are based on older markets, where communication as well as overall flow of information was significantly lower. Saturation of markets in addition to common belief among marketers that attracting and holding on to customers is all about the increase of interaction and information the customers are provided with. Rather than attracting customers, companies are overwhelming possible buyers with ramped up messaging. Customers want relief for their overwhelming environment, therefore marketers who focus on simplifying the decision making for consumers make a lasting impact. (Spenner & Freeman, 2012)

A study conducted by Corporate Executive Board on pre- and postpurchase surveys in Australia, UK and U.S. for approximately 7000 consumers scrutinized over 40 different variables for customer stickiness. Stickiness is the customers willingness to buy the product or service multiple times. Additionally the study was conducted globally for marketing executives from 12 industries and 125 consumer brands. The study identified several key aspects for attracting the customers of which decision simplicity was top priority. Decision simplicity is the ease of gathering and comprehending trustworthy information that aids in the decision making. Simplifying decision making starts from a simple brand, that is capable of helping customers confidently end up purchasing the most suitable option for a specific purpose. (Spenner & Freeman, 2012)

Additional important findings from the research are the aspects of navigation, trust and weighing options, each of which play a significant role in successful simplified marketing of today. As discussed before, the customers attention-spans are overwhelmed by vast amount of information and simple navigation experiences can offer a key solution by reducing the amount of information and sources needed to reach a purchase. Often, contrary to most marketers beliefs, consumers need some amount of personalization on the route that leads to purchase of an item or service that would fit this specific customer perfectly, not over the top informative package including every small detail. The key here, again is identifying the real needs of a customer, while abstaining from unnecessary complexity on the decision making and weighing of options. (Spenner & Freeman, 2012)

3.3 Guiding the Customer

To help customers make the right decision that suits them best, is more important for profitability and stickiness of the customer in the long run, than getting goods or services sold for the sake of sales. Finding the right product makes a longer lasting impact that creates trust towards the brand. Where brand loyalty is dying, trust stands as an important decisive factor in determining whether a product is a success or not. The trust referred to here is not however, necessarily towards the brand itself, but rather trust towards the information about the brand and its products. (Spenner & Freeman, 2012)

Most product portfolios have grown to require immense amount of comparison of differentiating features, most of which are only marginally different between products. This results in vast amounts of information to tackle as other companies are offering similar overflow of data. Apart from low-value products (those valued under \$50, for example) consumers

use about 20% of their time on comparison shopping. Large product portfolios require significant amount of resources to maintain. Therefore, reducing the portfolio to only the most essential products saves resources as well as makes the weighing of options easier for consumers (Spenner & Freeman, 2012). Simplified product portfolios simplify the overall brand image to a more easily understandable form, which eases the decision-making process as well as the resources required for marketing efforts.

Organizations that thoroughly understand the problem with information overflow are more prone to simplifying, thus, further creating a competitive advantage. Additionally, in business and in life, communication is at a central position in interaction between people. People are complex beings that make communication a complex feat as every small non-verbal communication and use and tone of specific words are to be analysed by the sender and the receiver to prevent misunderstandings. The ways people in the organization communicate, directly correlate with the final product. Simplifying both internal and external communication to bottom line most important matters, reduces the information overflow both in a and outside the organizations, thereafter increasing focused flow of processes (Foley, 2015).

Additionally, simple brands have strength in quantifiable way per Global Brand Simplicity Index according to Siegel+Gale. The simplicity of the above-mentioned organisations that have managed to create an understandable brand is understandable when the results of the research indicate 63% of customers are willing to pay more for a simple, easy to use experience. Easy to comprehend consequently leads to trust towards the brand. Such brands are 69% more likely to be referred to by the customers. The organizations that are simple exceeded the average global stock index between 2009 and 2014 by 214%. (Miller, 2017)

4 Simple is the Solution

Simplicity and simplifying business evidently offers solutions to tackle current prevailing issues by streamlining business operations to more agile form. A survey conducted by Economic Intelligence Unit (EIU) indicated complexity as a significant threat according to executives of large companies in the US alone. 38% of respondents identified complexity as an occupant of 16%-25% of their productive time, whereas 17% of respondents reported complexity taking 26%-50% of their time away from crucial matters. However, the problem is not only with large companies according to Jacques Kemp, a former CEO and vice chairman of ING Insurance Asia/Pacific, as he has identified complexity taking over smaller organizations too. Sources of harmful complexity vary and reducing the impact of clutter is more difficult than might seem. In the survey by EIU 9% of respondents reported none of their simplification efforts worked and 8% reported slowing of growth due to failed efforts in simplifying (SAP (c), 2015). Problems and dangers of simplification are elaborated on later, whereas the following is elaboration on the universal factors on efficiently simplifying business in manageable, realistic way that ultimately benefits every stakeholder in the long run.

4.1 Goals

No matter the type of organizations, careful planning and design of internal structures is crucial for efficient, moreover, rather effortless execution of operations. No successful organization can afford guessing the right course of action as poor decisions can turn out to be very costly. To help make decision, simplification of goals in a clear manner is essential and achieved by careful introspection of the organization as well as of the customers sought to satisfy. The universal key to sustainable growth through simplification is focus (Vessella, 2015). As operations grow, it is necessary to stay focused and true to defined goals to avoid complexity. Simplicity at the core of business ensures focus on developing specific profit generating activities that are in cohesion with set values and goals. Once the organization speaks with a unified, focused voice, the product and brand are easy to understand by external customers, which leads to buying decision. Moreover, sticking to the original set of values work as a reminder for the goals in future (Kovač, 2015). When outlining goals, focusing on less is more. The list of goals should be short and precise, cohesive with the overall culture and values of the organization. Fewer goals

thus receive more undivided resources, further enhancing the efficient completion of each task as employees are not overwhelmed with multitasking (Vessella, 2015).

4.2 Deduction

Identifying and discarding activities that do not help reach the goals, or are in some other way contradicting with the strategy and purpose of the organization, are a starting point for maintaining focused, efficient simplicity that drives for better results (Ashkenas & Bodell, 2013). People are naturally protective of their careers and work. To protect the ego, individuals try and find reasoning for the importance of their work even on a managerial level. Admitting the low-value of work is difficult from a subjective point of view. Therefore, bringing together multiple business units and functions through streamlining helps identify and put to halt low-performing activities. To efficiently reduce costs, organizations are to identify and eliminate jobs first as low-value activities (for example, unnecessary meetings and procedures) are often organization wide phenome. Reassessment of priorities is a constant routine-like procedure in simplifying the organization, but requires a lot less effort once wide-reaching simplicity is achieved (Ashkenas (b), 2013).

4.3 Strategy

All of simplifying comes down to strategizing and executing the approach to simplicity. A mantra of three terms; discipline, patience and strength create the foundation for formulating a strong strategy. Patience means the confidence brought by experience and strong values, to not make hasty decision, but instead carefully reassess operations and priorities per values and goals. Strength is the capability of organization to stay focused notwithstanding the distractions in the external environment. Finally, discipline is the capability of abstaining from activities that are not fit with the values and goals (Hoque, 2013). As per these values, instead of taking on more functions, that require additional resources to implement, organizations should focus and enhance, moreover, make the most of existing strengths, discarding the secondary activities. Operational changes should encourage simplicity by staying focused on the mission, people internally, and the consumers (Vessella, 2015).

To further elaborate on the importance of focus and deduction The Seven Levels of Consciousness -model is thereby applied. The Barret model measures the values of organizations and unlike most models, each level of The Seven Levels of Consciousness Model

corresponds to evolutionary stages in development of consciousness of organizations. The overall focus of the model is on for-profit corporations, but can be applied to any type. The table and model of the Seven Levels of Organisational Consciousness should be read starting from bottom so called deficiency needs and working up to so called growth needs. (Barrett, 2010)



Figure 4 (Barrett, 2010)

The model focuses on the needs of the organisation, while different levels focus on the needs of specific stakeholders on each level. Levels from 1 to 3 focus on pursuit of profits and other basic business needs, such as customer and employee loyalty in addition to high performance of systems. The focus of these levels is on self-interest of the organizations and their shareholders. Meeting these needs does not bring any sustainable or meaningful satisfaction, however, not being able to meet these needs creates a sense of anxiety for management. The middle fourth level focuses on shift from the hierarchical, rigid systems to those of more open and adaptive nature where continuous learning, involvement and accountability of employees empower for better results. Levels from 5 to 7 emphasize alignment and cohesion of culture, building of long-term sustainability and social responsibility as well as beneficial partnerships mutually. Meeting these needs require deeper level of commitment as these needs can not be permanently satisfied. (Barrett, 2010)

Focusing exclusively on satisfying the deficiency needs usually does not lead to market leadership. These organizations achieve financial success to some extent, but are generally too bureaucratic to reach maximum potential to adapt to changing markets. Consequently, employees do not feel empowered translating to lack of enthusiasm innovation

and creativity. In such organizations, ruled in a top-down environment of fear, employees often feel frustrated which can be seen as low-performance. On the other hand purely focusing on the growth needs leaves out the required capabilities for efficient operation, which results as inefficiency financially also due to lack of efficient processes (Barrett, 2010). Most successful organizations are capable of combining growth needs with deficiency needs in a way that creates a climate agility and trust, in which leaders are able to manage complexity. Such organizations display positive aspects from each level of the model which can be achieved by any organization by discarding the unnecessary aspects and applying what is useful, thus simplifying the organization to a more responsive, agile form.

4.4 Start-Up Thinking

Complexity and unnecessary layers or operations tend to take form in organizations as it grows in size. What once was an agile easy-going company in a carage with a strong entrepreneurial mind-set has become a bulky and process oriented company that can not respond to changes in the marketplace as efficiently as it used to. This is a common scenario in many organizations as entrepreneurs may have a belief that the so called „corporate“ mode is to be sought for. In the face of problems or a need to change, organizations are aware of the numerous theories and strategies for overcoming challenges. However, implementation of these theories turn out to be a lot more complicated due to numerous layers and processes. In case of failing to efficiently adapt to changes, organizations may result to firing people as cost reduction method, instead of scrutinizing the internal systems and making changes accordingly. (Misso, 2014)

Once an organization and the entrepreneurial small-business mind-set has changed to a more traditional institutionalized form, it is much more difficult to reduce the number and impact of unnecessary or costly operations, notwithstanding changing the culture altogether back to something more flexible and agile. In the face of changes in the external environment it is always the easier way of responding to add more layers by creating new jobs, hiring new people or adding some completely new operations instead of adjusting to the existing functions in a company. Making great changes in the existing environment becomes ever more complicated as the changes made, take away from the stakeholders' ability to maintain focus and effort on the main activities of the organization. Moreover, the most pressing issues affecting the effectiveness of the organization is difficult of individuals to identify with the organization (Misso, 2014).

4.4.1 Nimble Nature

Making relatively small, but educated adjustments in the organization is much safer in a simpler environment for when you're small and agile it is easier and less costly to work on problems through trial and error. Trying different solutions to answer to changes, while scrutinizing feedback gives the unique opportunity of quickly and efficiently to learn and implement new solutions in addition to improving the existing ones (Yang & Huang, 2011). Agility and feedback provide the possibility of making correcting adjustments to courses of action in a relatively fast pace and with minimum costs in case of the implemented changes not working in a sought for manner. In a thoroughly involved, safe and entrepreneurial environment the adaptability is a great competitive advantage against the players in the market with big corporate mind-set (Misso, 2014).

4.4.2 Trial and Error

Prototyping is one of the possible solution with which to effectively map out the alternative solutions to changes in the markets. Prototyping is a process of design which can be applied to any aspects of business and organizations from the traditional perspective of product design all the way to planning procedures and structures of an organization. Thoroughly scrutinizing the problem at hand and identifying the connected aspects, enables the creation and consideration of multiple courses of action. A careful selection and execution of a handful of the possible options in a relatively small scale fosters a platform for finding the perfect solution to be focused on more intensively. As the prototypes are tested in a small scale, the damages in the case of failure are not as great as when making big decisions at once (Martin, 2009). On the other hand, the information from prototyping is crucial for finding the best solutions that effectively answer to customer needs. Prototyping and the overall nature of trial and error in an organization is easier to execute in a simple, flat environment where trust as well as feeling of secure jobs and room for error are present, rather than in more traditional hierarchical corporation, where failure is often very costly, consequently costing people their jobs, thus further enhancing the bureaucracy and silo mentality.

4.5 Culture of Simplicity

Any company willing to achieve success holds the key that is the heart and soul of the company, moreover, culture and values around which everything revolves. While business models offer the framework or skeleton for success, values as well as the overall culture

form a competitive advantage that cannot be copied unlike the business model itself. A survey based research conducted by Bain & Company on 365 companies in Asia, North America and Europe, found that 68% of business leaders agree on organizational culture forming the greatest competitive advantage. Moreover, 81% of the respondents reported mediocrity in organizations being due to lack of strong high-performance culture. Yet, according to the research, fewer than 10% of organizations succeed in creating a thriving culture. Creating a high-performing culture is difficult as it requires a very specific type of leadership, that will be further discussed in last parts of this research. The few organizations that do manage to create such a culture find it extremely difficult to maintain it on the long run (Rogers, Meehan, & Tanner, 2006). However, this research paper in correlation with the results of the research by Bain & Company indicate, that the difficulty of doing so is a great contributor to why organizations should drive for such cultures, not everyone can achieve them and that itself can be considered an advantage to those who can.

However, an organization can have a strong personality and soul, but still underperform. If the values and behaviours of the organization are not in cohesion with the culture and goals, the employees may not feel the required connection with the organization, thus lacking motivation to work towards common goals. A distinct personality of a company can help attract like-minded people, with similar values, that in turn further enhance the culture, thereby decreasing the chances of complexity and lack of overall cohesion to take form. On the other hand, the high-performance nature of the organization keeps employees constantly dissatisfied with the results, creating a constant drive for better performance, thus, results. (Rogers, Meehan, & Tanner, 2006)

Notwithstanding the size of the organization, a sense of ownership by the employees and unity between people, drives for taking personal responsibility for the overall performance and results in a company as each person tries to avoid letting down the “family”. Such unity and personal responsibility for the performance can be reached when the values of the people are cohesive with one another in a way that people do not need to be monitored as they are very familiar with why, what and how the organization functions. This requires as well as creates a significant amount of trust between people horizontally as well as vertically. Cohesive values and entrepreneurial, responsible attitude among people in the organization, minimize the amount of personal and territorial issues distracting away from the result-oriented behaviour. The affectious enthusiasm of employees encourages

one another and ultimately radiates as great results to customers, thus, enhancing the overall brand image. (Rogers, Meehan, & Tanner, 2006)

4.6 Values

At the core of decision making are values of the individuals in an organization. When the values of the company and its employees are in cohesion, the people involved feel liberated. This feeling of liberation is crucial to achieve the utmost productivity possible as it works as part of the most efficient motivators for individuals. Values, are referred to as the common understanding of underlying beliefs, behaviours and actions of individuals and organizations alike. Individual values are expressed by individual behaviour and way of thinking; organizational values through cultural behaviour. Values can be both positive, in the sense that they bring out the best in individuals and the performance of an organization, or they can be very limiting in the form of bureaucracy, that ultimately hinders agility and competence of the complete unit. (Barrett, 2010)

When employee values are in cohesion with those of the organization, employees are more committed to the success of the organization, notwithstanding the well-being of colleagues, thus creating a co-operative, team-oriented, furthermore engaging environment. On the other hand, lack of alignment of values result to lower level of contribution, thereafter poor performance regarding sustainable level of high quality of products (Barrett, 2010). Organizations that foster people with shared values, considering every stakeholder, outperform other organizations according to John P. Kotter and James L. Heskett in their study on corporate culture and performance of companies over the period of 11 years. They found that companies with people that share similar values grew four times faster than the rest and had job creation rates seven times higher. Additionally, shares of these successful companies grew 12 times faster and had 750 times higher profit-to-performance ratio (Kotter & Heskett, 1992). Thereby it can be argued that there is a significant link between positive organization-employee-cohesion of values and financial performance.

As a prime example of the power of values and financial profits is a clothing company Patagonia Inc., founded by Yvon Chouinard already back in 1973. Chouinard has been able to run the company true to his values throughout the years, while attracting like-minded people to the company. In his book *Let My People Go Surfing*, he describes the importance of values by stating:

„When you get away from the idea that a company is a product to be sold to the highest bidder in the shortest amount of time, all future decisions in the company are affected.” (Meltzer, 2017)

Thus, having strong values and commitment is a clear indicator of thinking in a long-run which makes all decisions in a company more likely to be cohesive and supportive of the core values, thereby with the people internally. When values of the people and the culture of the organization internally align, the overall attractiveness to like-minded people increase, which in turn helps reinforce the values as well as retain the top-performers. (Barrett, 2010)

In 2011, on Black Friday, Patagonia ran an ad encouraging people not to buy and consume to further convey their values and actions against consumerism, ultimately to reduce the amount people buy and consume. The complete opposite happened however, Patagonia’s Black Friday sales increased by 30% in comparison to previous years. The anti-consumerism message was in complete cohesion with the values of the company, but instead, paradoxically, made customers buy more, increasing the profits of the company (Meltzer, 2017). The internal strength of values and culture as well as the attractiveness of the overall organization therefore radiate externally as a strong brand, which is evidently ever more valuable in the increasingly saturated markets.

Ultimately, it is the combination of the culture of the organization and values of its people that significantly contributes to forming the competitive advantage. Value-driven organizations with strong cohesive culture outperform other organizations significantly. Moreover, bringing about such organization can be achieved by careful focus and simplifying of all aspects of the business. Keeping the ranks at a sustainable level and hiring only people that share the values of the organization is the key to long-term success. Simplicity should not be considered just an aspect of a company or a specific activity to be done on a regular basis, instead simplicity as a culture should be the whole heart and soul of any organization willing to succeed.

4.7 Motivation

While the world is changing, so are the attributes of the population. Millennials (people born during 1990’s) are starting to rapidly take over the workplaces, markets and moreo-

ver the population as older generations step aside. With the Millennials, arrives new issues for managers to deal with. Profoundly redesigning workplaces, moreover organizations to a simpler form is crucial for the success and survival of organizations (Bersin, 2014). Issues highlighted in the first chapters of this paper showcase the current prevailing situation most of the world's markets and organizations are currently at. The integrated culture at the core of simplicity creates clarity and flow, leading to meaningfulness of the operations and greater feeling of belonging for the employees and managers alike, thus radiating as remarkable results to the external environment.

A central part of any organizations success is the willingness of the people involved to work efficiently for the common goal. Everyone has the need to earn reasonable salary as the means of survival in monetary capitalist economy. Financial rewards have the capability to motivate individuals towards better performance, especially in a physical production companies, where the job itself may not be satisfactory and thus higher salary makes it possible for individuals to find satisfaction through spending (Parkin, Johnston, Buckland, Brookes, & White, 2004). Financial incentives lose their power in production work as automation seems to take over production facilities eventually and new generations require more meaningfulness from the operations themselves. Monetary rewards do not boost productivity in the long term as humans have the tendency to get used to things eventually, thus naturally creating the need for more (Whitley, 2002). These incentives have the tendency to shift employee motivation away from the meaningfulness and the original motives, towards pure pursue of individual financial gains, which ultimately takes away from the overall strength of the organizations as employees lose interest in the mission and values of the organization. Moreover, rewards do increase job satisfaction, which then in turn translates as positive employee performance.

4.7.1 Intrinsic vs. Extrinsic Motivation

Intrinsic and extrinsic motivators are the very basic of Human Resources -theory revolving around external and internal factors of motivation. The before mentioned monetary incentives work as extrinsic motivators, externality that motivates people, whereas their counterpart intrinsic motivators are aspects of motivation that stem from the inside. Intrinsic motivators are more long term oriented and efficient in the long run, also scrutinized as part of this research in regards of leadership that creates an environment of trust that further empowers the motivated employees to reach common goals (Baldoni, 2005). Trust is an essential part of successful organizations as it fosters the platform for long term, com-

mitted work by the employee, thus also reflecting to employers. Leadership will be discussed more thoroughly on later chapters of this paper.

4.7.2 Empowerment and Involvement

Employee empowerment and involvement are aspects that are not to be overlooked as they increase the overall understanding and commitment of both the administrative side as well as employees, on the organization and its processes. These aspects make people feel valued in an organization, thus much less resistant to changes that the fast-paced environment constantly offers. Empowerment is a leadership approach that increases employee involvement by giving employees authority and freedom of making decisions to predefined extent, making it possible for the employee to reach his/her full potential to solve problems, thus increasing fluency and efficiency of operations. Having responsibility and control over your own work increases the feeling of individual value for the organization. Increased autonomy creates a sense of ownership over the individual work, thereby increasing the individual effort to deliver better results. (MacLeod & Clarke, 2012)

In regards to before discussed shifting in workforce as Millennials are taking over the work environments, the feeling of involvement and recognition of individual efforts becomes ever more important for any organization seeking to be successful. The responsibility and authority to work individually by solving problems facing the organization, creates a feeling of being in control of one's own life, which combined with external recognition works as empowerment, thereafter leading to more increased performance in hopes of more recognition. (Ovidiu-Iliuta, 2013)

Proper empowerment and involvement of people in an organization to administrative issues is crucial for enhancing greater dedication and loyalty, moreover trust that is required of efficient organizations today. In top-down structured organizations of tall hierarchy, the general decrease of motivation as consequence of rigid work environment has a negative impact on performance and innovation. Employees are more satisfied and motivated in organizations with high involvement and overall contribution, thus showing as enhanced productivity, which ultimately leads to increase in overall well-being of the organization, that eventually translates to better long-term profits. (Ovidiu-Iliuta, 2013)

4.7.3 Time and Happiness

A study conducted in University of Warwick found that in a scientifically controlled laboratory environment happiness made people around 12% more productive in comparison to initial productivity, whereas lower level of reported happiness is correlated with less productivity (Oswald, Proto, & Sgroi, 2014). Happier people also use their time more efficiently in a manner that increases productivity without sacrificing quality. According to a study from University of Toronto, the most productive people work in cycles of having approximately a 17-minute break completely away from work, for every 52 minutes of work. Constantly trying to stay focused for the whole 8 hours leads to cognitive boredom, which eats away the ability to focus. Concentration and other psychological aspects work in a similar manner as muscles, they require some rest, for it is not possible to stay focused, tense for the whole eight hours required in most workplaces (Evans, 2014).

The trend of traditional working hours and how time is spent is still majorly on the side of favouring non-stop working without proper breaks. Working hard is commonly considered a fine virtue that defines a good worker, whereas taking a complete break from work every now and then is considered lazy and unproductive. Even when the studies for the benefits of latter are evident (Evans, 2014). The culture and atmosphere in jobs is often not such that fosters a platform for belonging and feeling of safety, which are at the heart of happiness. Importance of the sense of belonging and safety is given evidence by an internal study by Google that found the most productive teams being those where individuals feel equal and safe, an environment where there is no constant need to prove oneself (Duhigg, 2016).

The emotional-wellbeing of individual employees is easier to manage in more linear organisations that value the contribution of everyone equally and in a thoroughly understanding manner. Because of a flatter, simpler organizational structure, the individual efforts and causalities between people and results can be recognized more effortlessly than in an organization that has layers upon layers and managers are not involved in the everyday activities of employees.

5 Dangers of Simplifying

Several issues can be recognized concerning simplicity in business and more generally in organizations. Elaboration on the issues convey the idea of simplicity as a driver of success when executed in a manner that focuses on strengths of an organization in an efficient way, the simplicity introduced generally in the research is essentially efficient minimalism. There is a counterpart to this introduced thoughtful simplicity, a more uncontrolled simplicity that forms because of continuous brutal focus on main strengths of an organization, that completely neglects any other activities and the external environment, thus resulting in a monolithic organization unable to harness the power of simplicity.

5.1 Destructive Simplicity

The central tenet of the alternative, more harmful simplicity is that over time instead of becoming complex as companies grow, as argued in this paper, they become simpler. Simple in a way where the overall structure turns inefficient and inelastic to face the dynamic markets, as managers and workers alike become numb to the success and relative lack of effort to achieve goals. In other words, the culture inside the company becomes narrow and ignorant to externalities, lacking in richness and responsiveness. Furthermore, this dangerous type of simplicity may blind the management and personnel and lead to overall belief that what once made the organisation successful will also automatically result in passively holding that position of success too. Thereby the lack of organisational variety leads to lack of variety demanded by the environment, tethering the organisation from adapting new set of skills and capabilities. (Miller (b), 1990)

5.1.1 Machine and Organism Responsiveness

Difference between the argued for simplicity and the counteractive simplicity discussed here can be further elaborated as a difference between companies that work as organisms, efficiently responding to external and internal environment and adapting to every situation accordingly, in comparison to those that turn into machine like entities (Beer, 1994). Machine-like organisations have managed to deduce all the noise and external, secondary activities and factors to such extent they lose the ability of an organism-like counterpart to efficiently react and adapt to rapid changes constantly happening in the

markets. Moreover, the comfort in these machines block their ability to learn and improve, which is arguably one of the most important aspects of any modern organisation (Steinbruner, 1974). However, a well-tuned machine has the capability to outrun every other form of organisation, as is the core argument of this research. This tuning should be conducted carefully in retrospect to the environment and core strengths of the organisation in such sophisticated manner that does not hinder the overall flexibility.

5.1.2 Blind Ignorance

Thus, it can be argued that not all types of simplicity are good for organizations. The blind, narrow and to some extent ignorant simplification may lead to organizational decline in greater extent. There are numerous examples of formerly thriving companies that have focused on single operation in such extent that has excluded considering almost everything else in the surrounding environment, thereby indicating further evidence for the importance of properly conducted, continuous reasoning and reviewing of operations and their relevance. (Miller (a), 1990)

Companies that have successfully out-innovated their competitors may turn the innovativeness in such an obsession that embodies the dangerous type of simplification that may have initially brought the success. Indeed, it can be very difficult to make a clear distinction between dedicated, focused work that brought the initial success and obsessed, narrow simplification that tends to bring failure. For example, these companies may begin to focus on innovation and technological advancements in such extent that the sole focus of the organization start to revolve around R&D activities, neglecting the other contributing departments thereby rendering their influence and effectiveness (Miller (a), 1990).

5.1.3 Departmental Dominance

Dangerous simplification by ignorant focus on only a few aspects of the organisation can lead to another pitfall of simplicity that is departmental dominance. When a narrow aspect of an organisation is praised as the dominant reason for success, it quite easily leads to a sort of snowball effect. If in an innovator firm as discussed before, the focus turns to R&D related departments in such amount that emphasises hiring, promoting and rewarding of researchers, leading to attracting the top talent, thus funnelling the limited resources of an organisation to only a handful. Recruiting top talent should by no means be avoided, however, only focusing on talent and employees of certain department, whilst neglecting the

talent management in other departments tends to lead to dissatisfaction. The best people in other department then feel unappreciated and change to organisations that value their skills equally. The average or below average, unmotivated workers then stay in the department increasing the erosion of the neglected operations. (Miller (b), 1990)

5.2 Why Organisations Fail to Efficiently Simplify

It is and can be argued that the top layers, capable of final decision making in any organization play the greatest role between achieving successful simplification and one that is narrow and leads to inability to adapt and act. In current context, the focus is on managing an organisation as a general term for people in deciding leading positions in an organization, to convey the connection between managing and unsuccessful simplification.

5.2.1 Numbing Success

There are some core reasons as to why organizations fail to achieve the sustainable simplicity that creates outstanding results and instead end up in the strong grasp of before mentioned ill-supplied form of lazy simplicity. Partly the latter is caused at a managerial level. New managers in the beginning are eager to learn more of their environment and are thrilled by the initial successes these applied learnings provide. Over time the positive reinforcement of these methods by successes induce these managers to search for solutions more narrowly, applying "*If it ain't broke, why fix it*" -attitude in a counterproductive way, ultimately leading to these managers forming quite definite opinions, moreover conclusions of what works and what does not work. These opinions are dangerously formed by looking backward, to applications and environments which are often very much different from the one prevailing (Barbara & James G., 1988). The research by EIU introduced at the earlier part of this paper indicates, with 44% of respondents reporting, poor management as the main problem for failed simplifying (SAP (c), 2015).

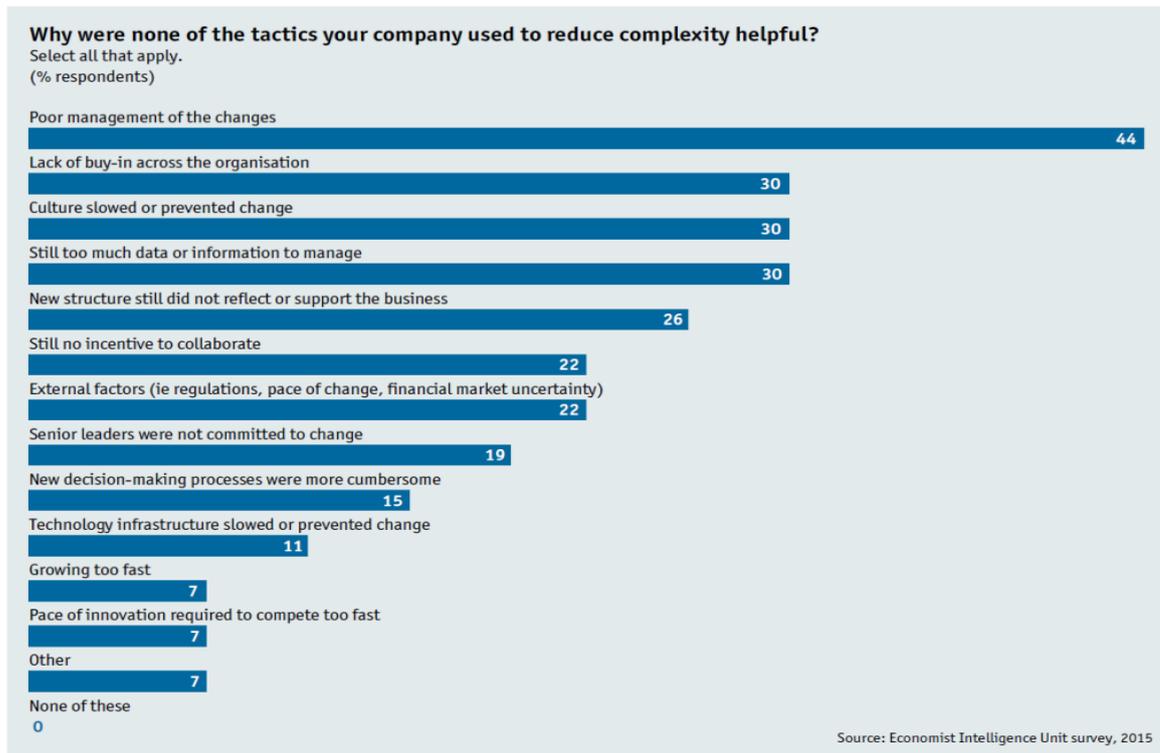


Figure 5 (SAP (c), 2015)

Both in good and bad, experience enables managers to form a sort of lenses through which they see the surrounding environment. These cognitive lenses enhance the established sets of assumptions, beliefs and values, thus showing which aspects are scrutinized, which are ignored and their interpretation. The lenses take effect mostly unconsciously and gradually hardens the focus to ever more narrow scope around aspects that reinforce the presumptions managers may have of their success. Success has the dangerous tendency of giving the managers too much confidence in conducting operations in a narrow way or by dominantly focusing on one element of strategy (Staw, Sandelands, & Dutton, 1981). As attention to most other aspects of the organization and strategy fade, the managers in some cases become intolerant of the opposing views, which leads to subconsciously fostering the monolithic structure of an overly simple organizations by keeping like-minded people close. Such narrowly opinionated bubble leads to loss of open discussion and organizational learning, which is crucial for long term survival of any business (Zaleznik & Kets de Vries, 1985).

5.2.2 Lagging Perceptions

Adding boundaries for organizations to simplify when there is still a common trend of keeping oneself unnecessarily busy with a variety of tasks as this is considered a great trait. People might complain about being too busy in order to seek respect and to showcase their individual importance as they are constantly needed somewhere. Being involved in numerous projects is considered a source of prestige, moreover a status symbol. Managers may also hesitate to stop or deduce unnecessary projects in order to avoid admitting what they're doing is of low-value, instead managers work to convince others what they're doing is absolutely critical, rather pointing out unnecessary projects others are working on (Ashkenas (b), 2013). The unwillingness of the management to discard unnecessary projects results in zombie projects that still exist in the organization but are not focused on. It is difficult for managers to end these projects due to a certain amount of ownership and work put to them, no matter how useless these activities might now be. Instead managers might deny the existence of a problem with these or enforce the belief that the problem is not serious (Kets de Vries & Miller, 1984). Moreover, in case of difficulties, managers may enforce the importance of their projects and decision to maintain credibility.

5.3 Lack of Realistic Introspection

A great challenge facing organizations unable to efficiently simplify operations is indeed the human factor. Even in successful organizations there can be occasional failures and setbacks that could require re-examination of the managerial decisions as well as prevailing values and procedures because of closed information loop. Yet administration in organization is unlikely to introspect as the root of problems can often quite effortlessly accounted as something external out of management's control (Weick, 1979). Manager as any human in general is more likely to broaden their knowledge and learn from failures only if the occasions are of repetitive nature, clearly and evidently linked to a specific behaviour or of great magnitude (Mintzberg (b), 1989). However, as the before mentioned occasions are very rare in thriving organizations, the information managers must deal with is very limited and has the tendency to lead to failed interpretation of the given data. This setting may lead to accounting failures to externalities out of management control, such as the economy or failures in some other department, whereas successes are gladly attributed as the result of strategic managerial actions even if the clues pointing so are weak and insignificant (Salancik & Meindl, 1984).

Ultimately the core cause for unsuccessful simplification, moreover compounding complexity lies in the way an organization is managed. The changing environment organizations are facing is evidently new and requires vastly different coping methods than those which used to be efficient in the past. Complexities get the chance to take root when managers attend to prevailing issues with good intentions, but end up making processes more complex. Managers naturally have the need to be in control as there is a sense of responsibility for the results attributed with higher position and decision making power. The need for information to execute decisions has the tendency to result in complexity and wasted working hours of subordinates, which could be eliminated by streamlined organizational structures that makes it easier for manager to be involved in processes throughout the organization, thus reducing the amount of emails and necessity for meetings that ultimately eat away from productive time. (Ashkenas (a), 2007)

6 Managing for Simplicity

A lot of the complexity as well as simplicity in products and services offered, stem from companies offering them, moreover the organization's internal factors directly correlate to the quality and value of the offering, notwithstanding the efficiency of delivering. Naturally, if an organization is complex and difficult to comprehend internally, so are the products externally. Organizational structure is due to people in the organization. Human factor is becoming ever more important in any business as automation and new technologies are taking over industries. This translates to the need for organizations to pay more attention to the human factor, which is a core part of this research. During the previous pages, prevailing issues in organizations as well as reasoning for simplicity has shown that in many organizations more energy and resources are used in tackling complexity than achieving profitable results. Much of resource consuming complexity is due to incapability of management to tackle these issues. Simplicity is not easy, as has been brought up repeatedly in this research, however, the organizations that achieve and maintain simplicity to tackle the challenges of constantly changing markets are the ones where management leads the process.

This part of the research focuses on elaborating on the serious significance of certain type of managing in an organization, moreover leadership. Managers and leaders are used as separate entities in this research even the two are similar and have common overlapping aspects and individual traits to some extent. Both require certain types of specific behaviours, skills and mentality. The aim of management, is to provide ensure the organization is working towards a unified direction and that goals are met, thus the overall functioning of the organization and its operations are responsibility of the management. As a backbone for the notion of management, good leaders should strive for the attributes of good managers and vice versa, to create an overall efficient executive capable of leading the organization, moreover its people out of complexity. (World Health Organization, 2008)

6.1 Managers or Leaders

Managers are the individuals that ensure processes run in a satisfying manner and that desired goals are met through careful planning and execution of key functions such as budgeting, organizing of staff and overall controlling of operations. In other words, man-

agers ensure availability of resources and workers to produce the best possible results sought by the organization. (Bohoris & Vorria, n.d.) Certain attributes can be connected to efficient managers. Such managers are often consulting and authoritative of nature, thus having the ability to efficiently communicate to employees specific tasks and expected results. Additionally, managers are analytical and authoritative in a way that allows them to efficiently negotiate delegations to employees, notwithstanding administrative processes (World Health Organization, 2008). Manager is often an individual assigned to the specific task of overlooking certain, or the whole functioning of operations depending on the size and structure of the organization.

Leaders on the other hand have and communicate to others a vision of what can and is to be achieved. Leaders work to motivate everyone by being involved in processes and evolving strategies. The sense of mission leaders often have, translates to their ability to influence people to work together for a common goal. Leaders implement creative ways to solve problems by coming up with new solutions and influence the working environment in a positive way (World Health Organization, 2008). Instead of tackling the age old research question of whether leaders are born or bred, this research identifies traits and attributes efficient leaders have, notwithstanding the background. Successful leaders have similar attributes that help them communicate to others the direction and vision of the organization. Efficient leadership requires commitment, calmness to take risks, and creativity. There are no leaders without followers. Thereafter, it is required of a leader to create an environment of trust and flexibility, by aligning the people in such way that fosters innovation and inspires for best possible outcome in individuals. Leadership is not easy and requires selflessness and introspection, moreover integrity. Leadership is essentially everything one does that is seen as effective and just by others (Bohoris & Vorria, n.d.).

6.1.1 Differentiating Attributes

Some non-quantifiable specific attributes and mind-sets that differentiate leaders and managers have to do with the attitudes towards handling different factors emerging in business. Most notable difference is the managers need for stability and control, which may lead to resolving problems as quickly as possible without understanding the problem thoroughly, thereafter focusing on the symptoms rather than the cause. On the other hand, leaders are capable of delaying the resolve to understand the cause more thoroughly. Leaders have more in common with creative thinkers than with the traditional perception of business managers. During research, the most notable differences between

managers and leaders emerged to be personality, way of thinking and motivation, moreover the distinctive selfless personality of leaders that drive the organization to greatness. The precondition for managing others is managing oneself, this means the ability to avoid pursuing selfish goals, in order to enhance the outcome for the organizational goals on the long run, even at the expense of personal benefits. This trait is essential for outstanding leadership. (Zaleznik, 2004)

Leaders are active rather than reactive, when it comes to responsiveness. Managers tend to work on finding answers to existing or emerging problems in a manner that conserve existing order of matters managers personally identify with. Whereas leaders actively shape ideas, scan the environment for signs of change and are driven by change, in other words challenge. (Bennis & Thomas, 2002) The distinctive capability of a leader to adapt efficiently to situations comes from the ability to weigh factors influencing and affecting people, from how small gestures are perceived among different groups to putting a situation into perspective. Another distinctive capacity that differentiates leaders from managers is the durability to withstand and transcend adversity. The ability to learn from hardships in order to adapt the lesson later on to another context is crucial for great performing leadership (Zaleznik, 2004).

6.1.2 Leadership Theory

Companies that have shifted from good performance to great performance and maintained it follow the 5 levels of leadership throughout the organization as introduced in a research by Jim Collins and his research team. The research was conducted over the period of 40 years of 1435 fortune 500 companies in successful 11 of which the below elaborated level 5 Executives held key position. Independent of industry, great companies outpaced others by at least three times over 15 years and had a Level 5 Executive. (Collins, 2001)

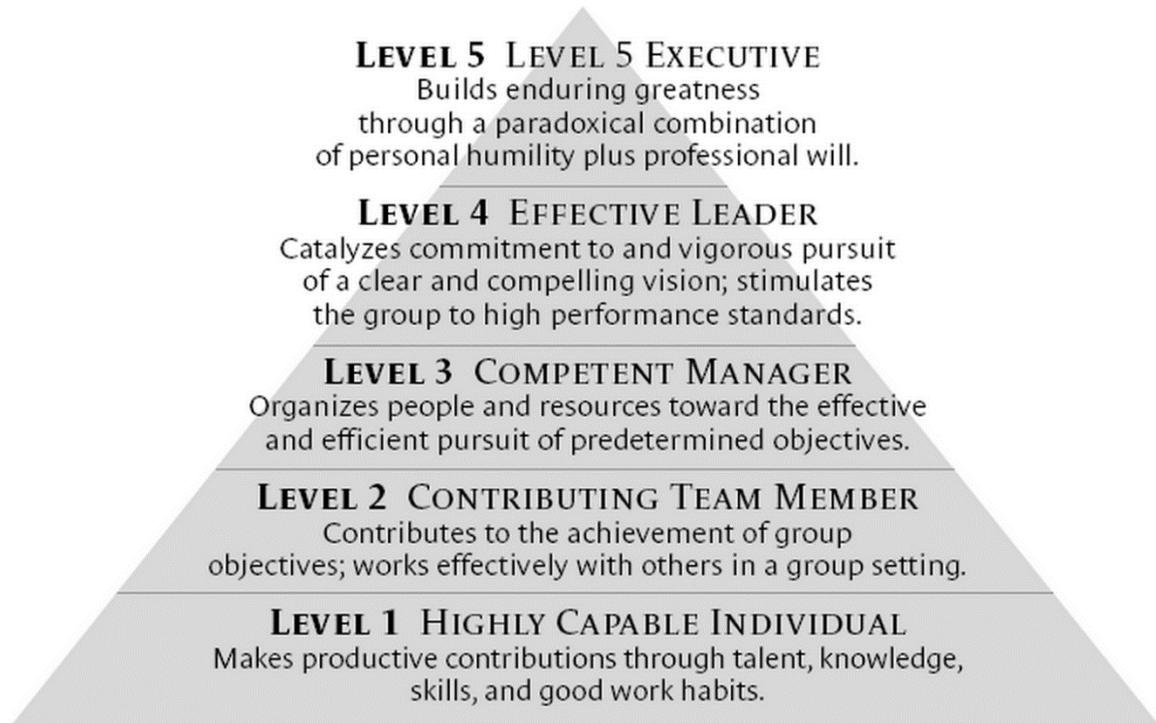


Figure 6 (Nguyen, 2014)

The above introduced levels of the Level 5 Hierarchy -model, indicates the roles, nature and managerial responsibilities of people with decision making power in organization with more traditional top-down structure, whereas this research focuses on simplifying the bureaucracy to a flatter form, where the identified roles of management overlap to some extent. In efficiently simplified, modern, adaptive organization the people are involved as managers of their own work in addition to being influenced by competent leaders. The Levels seen above are thereafter compiled.

6.1.3 Managerial Employees

A starting point for any organization willing to succeed is to hire and maintain highly capable individuals as indicated by level 1, however in addition to competence, these individuals are required to have cohesive values and working habits with the culture and values of the overall organization. Otherwise the level 2 contribution to team, as required from these individuals is not achievable. Additionally, to being an employee, the individuals should also have the abilities of a competent managers, as indicated repeatedly, every individual is also responsible of managing individual work and meeting organizational goals. Per this elaboration, it can be summarised, that in an efficient simple organization, everyone should hold at least the attributes of the levels from one to three, thereby holding the posi-

tion of manager of their own work. On the other hand, the Level 5 Executives in this case as per the results of the research, must boast the attributes and abilities of every level in addition to special characteristics of Level 5 Executive, moreover, professional knowhow and will, combined with humility. (Collins, 2001)

6.1.4 Role of Managerial Employees

Another important model that indicates the importance and roles of management is the SMART (Strategic Measurement Analysis and Reporting Technique) -model (Neely, et al., 2000), which does not directly indicate the involvement of leadership and management, however from this model further elaboration on interrelations of leaders and managers can be derived. The performance Pyramid as seen below, takes closer emphasis on defining and sustaining factors of success, rather than traditional financial and productivity performance indicators.

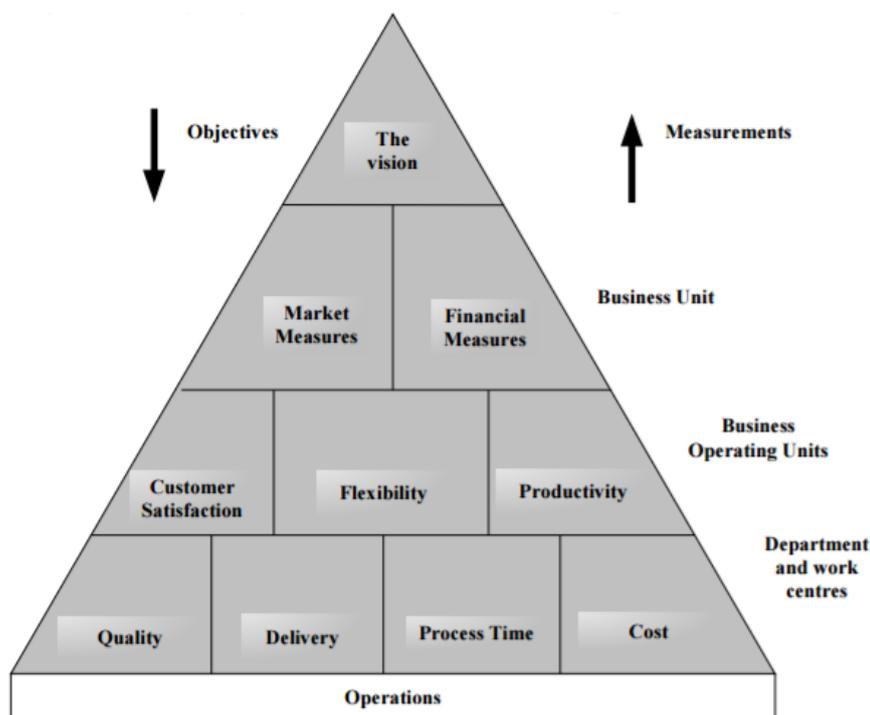


Figure 7 (Neely, et al., 2000)

Objectives indicated by the four levels of the Performance Pyramid deal with the efficiency and effectiveness of the organization internally. At the first, top level of the pyramid is the vision, which is developed and communicated by the leaders to stakeholders. On the second level, short-term goals are set by managers, thus the employees involved, whereas leaders determine long-term goals in accordance to visions and values of the organiza-

tion. Third level works as a bridge between day-to-day operations and administrative processes, finding the balance between productivity, flexibility and customer satisfaction. The before mentioned on the final level consequently lead to specified objectives to be executed as operational specific actions (Bohoris & Vorria, n.d.). The roles and levels are not as specific in efficient simple organizations as indicated by this model.

6.1.5 Responsibilities

As indicated before, rather than being stuck to a specific role or layers, employees in organization also function as managers, responsible for their individual work. These managerial employees should focus on critical internal business processes, in addition to external factors that facilitate the satisfaction of customers. Moreover the involvement of people in administrative process design, enhance the productivity and sense of purpose. On the other hand leaders have to identify the organization's core strengths and vital functions needed as well as provide the resources, furthermore supportive atmosphere, each with the intention of delighting customers. The fluctuating market and strong oversaturation of offering demand organizations to constantly monitor, modify and improve existing products and internal processes. Leaders are responsible of identifying the need for change and communicating the direction to others. In addition to identifying the need for change, effective leaders should also have the sense of responsibility that stems from the commitment to vision and goals of the organization. Moreover, to maintain operations as they are in case the values and culture of the organization would be threatened by change (Zaleznik, 2004). On the other hand, managers, in this case employees involved in the processes thoroughly, should participate and be allowed to suggest solutions. Ultimately, leaders are responsible for the financial performance of the organization by developing and implementing strategy, while employees that boast the characteristics of managers should take responsibility for the outcome and improvements of operational actions.

6.1.6 Managers and Leaders

The distinctive difference between the managers and leaders is ultimately in the overall competencies. Managers make decision and execute plans, organize the internal structures as well as the people in a systematic manner. Leaders must be capable of all these aspects in addition to demonstrating the essential skills required for efficient human interaction. Thus, can be concluded that a manager is primarily competent around practical business, whereas the leader must be competent in business related practicalities in addi-

tion to involving people in pursuit of common visions. However, without the competencies attributed to managers there is a lack of the vital part of business, results. Any business can be run with purely managerial competencies, on the other hand the organizations willing to succeed in the new everchanging markets require strong vision-oriented leadership to guide through the complexities of change. In best case scenario, an organization has many managers or individuals that have managerial competencies, whereas only few leaders. Such combination provides the difference between agile simplicity and lagging complexity. Logically in a simple, flat organization it is easier to achieve the circumstances which make the difference between good performance and those of sustaining great, lasting performance. (Perrin, 2010)

6.2 Leadership Practices for Success

Instead of statistical representation, in a research conducted by AchieveGlobal on differences between managers and leaders, the research team sorts leadership practices to six qualitative zones, which further enhance the arguments for certain leadership traits and their significance in achieving sustainable high-performance. (Perrin, 2010)

Zone 1.

Reflection – Leaders examine their motives, values, attitudes and actions as a leader in challenges, taking into consideration differing points of views and take responsibility for their own mistakes, thus further examining personal aspects.

Zone 2.

Society – Leaders apply principles of fairness and respect in terms of the greater good, seeking to balance both individual and collective wellbeing by making socially and environmentally beneficial decisions, notwithstanding the negative impact on themselves and encourage others to do so.

Zone 3.

Diversity – Leaders respect, encourage and leverage diversity by understanding and collaborating with people and teams from various cultural backgrounds both internally and externally of the organization to create an environment where cultural needs are fulfilled.

Zone 4.

Ingenuity – Leaders create a climate of flexibility and speed where innovation thrives, by involving individuals in problem-solving process, allowing the possibility to offer and execute practical ideas. Leaders also strive to develop themselves to enhance overall group capabilities.

Zone 5.

People – Leaders connect with individuals on a common level shared by everyone to foster commitment and improve overall communication by emotional intelligence and genuine interest and care of everyone's wellbeing. Leaders adapt to various needs of different groups, minimizing the negative human impact, thus maintaining an environment of trust.

Zone 6.

Business – Leaders develop and execute strategies and plans, make decisions to guide others towards organizational goals by clarifying the values and vision, in accordance to the changes in external environment to implement efficient plans on the long run while quickly adapting to changes.

Business competent individuals in leading positions is merely not enough to meet the ever-growing demands of the complex, challenging environment. An effective leader shifts focus between the zones as situations command. The introduced Leadership Zone Model correlates with the results of the research conducted by Jim Collins and his research team. Additionally they found that the top level 5 executives were never boasting of their successful endeavors, but indeed remained a compelling modesty, avoiding crediting themselves, whereas in organizations where executives did boast and credit themselves over others, the results on the long run significantly declined. The top executives that create lasting results are also unwavering in their professional focus on the mission, moreover the success of the company, which they go about by removing all distractions from the way and never setting for good enough. Yet in the case of adversity these leaders take responsibility, introspect, learn and adapt, rather than point fingers to other players in the company or to externalities. (Collins, 2001)

6.2.1 Environment of Success

No matter the type of organization in question it is the employees experience fostered by the climate leaders create, that fundamentally determine the level of success and an atmosphere that strives people to deliver the best results (Barrett, 2010). Leaders are responsible for guiding the organization to success, to work as an example to rest of the people in an organization is a great power that is accompanied by the further responsibility of taking every stakeholder into account, furthermore, to include everyone in an open environment that allows for contribution on solving problems, notwithstanding the status of a stakeholder (Groysberg & Slind, 2012). Involving employees on every level to contribute to business-critical decision making empowers the employees, reducing the need for hierarchy, thus naturally flattening the organization and further easing the burden of management as the resources required to control people are minimized (Rander, Willyerd, Ludlow, Brown, & Hecht, 2016).

6.2.2 Open Channels

The ultimate key to achieving organization wide simplicity and openness is engaging communication between leaders and employees. Instead of the traditional top-down communication that resembles commands from the top not to be questioned, leaders should initiate in a more active, ordinary conversations. Fostering cultural norms that value conversation, gives even the larger organizations the capability of functioning like a start-up, where ideas are often shared and discussed openly. Smart leaders reduce the mental and emotional proximity between themselves and the people who work for and with them, by switching the information flow from passive, one-way distribution of information to an including exchange of ideas from the bottom to top levels (Groysberg & Slind, 2012). Open communication requires employees to trust the leaders and feel safe to discuss even more sensitive financial data openly. Such trust consequently derives from the leaders capability to know when to listen rather than talk, moreover, the ability and humility to openly listen to opposing views in order to constantly learn and improve for the benefit of many (Schoemaker, Krupp, & Howland, 2013).

Elements of Organizational Conversation			
Intimacy How leaders relate to employees	Interactivity How leaders use communication channels	Inclusion How leaders develop organizational content	Intentionality How leaders convey strategy
Old Model: Corporate Communication			
Information flow is primarily top-down Tone is formal and corporate	Messages are broadcast to employees Print newsletters, memos, and speeches predominate	Top executives create and control messaging Employees are passive consumers of information	Communication is fragmented, reactive, and ad hoc Leaders use assertion to achieve strategic alignment
New Model: Organizational Communication			
Communication is personal and direct Leaders value trust and authenticity	Leaders talk <i>with</i> employees, not to them Organizational culture fosters back-and-forth, face-to-face interaction	Leaders relinquish a measure of control over content Employees actively participate in organizational messaging	A clear agenda informs all communication Leaders carefully explain the agenda to employees Strategy emerges from a cross-organizational conversation
What It Means for Employers and Employees			
Leaders emphasize listening to employees rather than just speaking to them Employees engage in a bottom-up exchange of ideas	Leaders use video and social media tools to facilitate two-way communication Employees interact with colleagues through blogs and discussion forums	Leaders involve employees in telling the company story Employees act as brand ambassadors and thought leaders	Leaders build their messaging around company strategy Employees take part in creating strategy via specially designed communication vehicles

Figure 8 (Groysberg & Slind, 2012)

Open atmosphere for communication enables leaders to anticipate market changes and trends as the information flow is greater and more varied, this requires that leaders are constantly ready to challenge the status quo (Schoemaker, Krupp, & Howland, 2013). The overall point of such communication is to emphasize the point that contributing to enhancing organizational performance by communicating information and ideas are welcome from every stakeholder. The conversational atmosphere should be aligned and reflect the vision, mission, moreover, the values of the organization’s strategic goals. Thereafter, it is necessary for leaders to communicate extensively the rationale behind managerial decisions to give a bigger picture of the organizational performance to every stakeholder, which improves the overall value of contribution on matters of organizational strategy (Groysberg & Slind, 2012).

6.2.3 Return on Involvement

Openness and organization-wide availability of even sensitive information includes the risk present at digital age as anyone can tarnish the image of the organization by opening up on online forums or blog posts. Technology has eroded the ability to control employees freedom of speech. However, inclusive, leaders turn such risk into a virtue by giving up

control over the way stakeholders communicate in and about the organization. Leaders should loosen control over communication, thus making life of individuals less stifling, thereafter increasing the feeling of freedom and productivity. Freedom and openness organically increase employees feeling of inclusion and importance that has the effect of turning stakeholders into brand ambassadors. Stories from the experiences at frontlines of operations are more lively, genuine and less corporate than the artificial communication constructed by Public Relations departments alone. (Groysberg & Slind, 2012)

6.2.4 Constructing the Winning Culture

Unless formed organically right from the beginning of an organization, the winning culture of openness and simplicity has to be carefully constructed or shifted from a complex low-performance to a high-performance culture of simplicity. Changing an existing culture is not simple or easy as people are by nature resistant to change, which requires actively influencing the habits and beliefs of people on a deeper, more meaningful level. However, a crisis situation can make the necessary push that breaks down resistance as the priority of people shifts to survival. Fluctuation of modern markets creates a highly volatile environment that demands constant stripping of unproductive or harmful habits. The constant change demands for strong, determined and willing leadership, provided that leaders understand their key role in directing the change. Forming a strong culture of simplicity requires maintaining what is unique about the existing culture and discarding any secondary, distracting aspects. Leaders should manage organizations by their example, being involved in operations throughout the company and communicating actively the vision and mission, moreover, the common objective in cohesion with the values of the organization. (Rogers, Meehan, & Tanner, 2006)

6.3 Leading Simplicity

Complexity is natural, progressive, and develops worse automatically, whereas simplicity is unnatural but necessary form of control and containment of unnecessary distractions. Leaders that make it organization wide priority to constantly simplify decision-making and overall processes, reducing complexity that takes form due to institutionalization and bureaucracy, increase the agility and performance of the organization significantly, consequently enhancing competitive leverage compared to competitors that are not capable of managing complexity and maintaining efficient simplicity (Rander, Willyerd, Ludlow, Brown, & Hecht, 2016). Furthermore, leaders that encourage and involve people on every

level especially on frontlines to simplify to their best abilities the processes they are involved with further empower the employees and release resources from managing people and processes to analyzing the environment and guiding the organization to right direction. After all, the people working on daily basis, hands-on with processes should know the best which functions are essential and which create unnecessary complex work (Ashkenas (a), 2007).

6.3.1 Lead by Example

Efficient lasting simplification efforts only succeed when leaders bring the results desired by others alive as their own day-to-day actions. For simplification to take deep entrenching roots, leaders should be the embodiment of the culture and values of simplicity. When leaders act in cohesion to organizational culture and what they „preach“, they tend to create a follower effect because people by nature are heavily influenced by what other people do and say, in that order (SAP (b), 2015). As a leader, the effect you have on followers is amplified for people's futures are somewhat dependent on the direction leaders take the organization to. Employees scrutinize the actions and words of leaders with more care, analysing and looking for signals of what is acceptable in the organisation, as career progress is dependent on leaders view of an individual. How the leaders see employees directly correlate to behaviours of individuals, someone seen as efficient by the leaders, also tries to reinforce this image, thus how leaders see the subordinates works as a self fulfilling prophecy (SAP (a), 2015).

6.3.2 Simple Communication

Due to the follower effect, leaders should clarify the desired outcome of endeavors, to work smarter instead of harder, while influencing others to do the same. Communicating only after the leader has clarified the sought for results and is ready to act upon them ensures leaders are truly thinking and acting, furthermore leading strategically with intense focus on operations that create true long term value for the organization (SAP (a), 2015). Leading towards a specific goal requires focused, precise communication and as people can remember three things at once with ease, this minimizes the possibility of misunderstandings and increases productivity as employees know precisely what is needed to be done. Further, in communication as in other aspects of simplification, less is more. People are overwhelmed and lengthy explanations will not efficiently deliver the message. Simpli-

fied communication is direct and gets to the point no matter the difficulty of the topic, thus saving time and resources (Mazza, 2016).

6.3.3 Benchmark

Additionally to being an efficient leader of simplicity it is essential to learn to quantify and benchmark the processes whether they are actually making any lasting difference for the overall performance of processes (Ashkenas (a), 2007). Additionally to further enhance the contribution and inclusive culture of simplicity, leaders should try to find and recognize natural leaders in the employees to whom assign more responsibility and possibly select as the following leader. Promoting from within ensures preserving the values and culture of simplicity as the one being promoted is already familiar with simplification and its effects. On the other hand however, promoting externally is essential in case an organization is in a dire need of change for the sake of survival (SAP (a), 2015).

6.3.4 Successful Simplicity Examples

It takes tremendously strong leadership to achieve efficient, sustainable simplicity in business. Simplicity that equips the organization with the means to answer to needs of customers, while maintaining the agility to shift focus when necessary, moreover, to significantly stand out in the complex world. The following is a brief indication of example organizations where the combination of simplicity and leadership as argued in this research, seems to preliminarily prove the high-performance of simplified organizations, where leaders focus on values and long-term mission of the organization, rather than egoistic, individual short-term benefits.

Steve Jobs and Apple are the greatest example of efficient simplicity that brought Apple tremendous success under the somewhat unique leadership of Steve Jobs. His obsession with simplicity was manifested in everything the company did and still does today, it remains to be scrutinized if Tim Cook's Apple will sustain the simplicity or whether Jobs' leadership was the key. Instead of uncontrollable growth to different industries and booming product portfolios, Apple has kept tight focus on a narrow product portfolio and abstaining from tempting profitable, yet non-relevant markets. From Steve Jobs, certain already discussed leadership practices for simplicity can be derived. In all of his ventures, Jobs emphasized focus, removing any distractions that would take the attention away from essential functions of products and processes. The relentless focus on aspects that

matter and those that do not play a significant role for the ease of use from customer perspective, is what enabled efficient simplification of complicated systems. Additionally the obsession of perfection in the form of simplicity enables Apple to offer ease of use and relief from complexity of technology, thus making the life of people significantly easier. In a busy world, people do not have the time to learn how to use a product or service. (Isaacson, 2012)

Additional companies manage to deliver what customers need and when they need it by simplifying the customer experience, thereby attracting loyal customers that result in financial business results and adding value to shareholders as well as the people using these services. Google is know for search and organizing information to an easily accessible and useful form and the notion of easily finding what the customer is looking for is in cohesion throughout the organization. Amazon offers a platform for easily purchasing almost anything and delivering the purchases in a customer-centric easy way. Whereas Dunkin' Donuts is universally very clearly understood as a place where to get a donut and a coffee. Netflix offers hours of visual entertainment online, fast and easy. What and why a brand is can only be easily understandable externally by customers if it is internally communicated in a cohesive, easy to understand manner. Commitment to simplicity starts at the top and should be consistent with the mission and values of the organization, without neglecting what matters the most, the customer's perspective. (Molloy, 2015)

7 Limitations

Due to the nature of this research paper there are certain critical limitations that had to be considered when conducting this research and when looking at the results. The main problem has to do with the width of the overall subject, which this specific bachelor paper is only a fraction of. Therefore, remaining within the pre-set parameters was essential, but also took away from absolute objectivity and preciseness of the research and results showcased. All the aspects influencing the introduced and elaborated on competitive advantage of simplicity and interconnectedness of leadership could not be crossed out or considered due to common limitations with bachelor papers, thereby leaving room for uncertainty and further research. The importance of the topic to author created a challenge as the subject is of personal value to the author, creating a need to constantly monitor objectivity and raising the need for acceptance of any outcome of the research also contradicting to those results and proving personal hypotheses initially sought for.

Another limiting factor in this research is proving the link between leadership and the competitive advantage of simplicity. Proving such argument as an absolute fact would require thorough primary research conducted first-hand in multiple organizations and crossing out all external factors. The bachelor paper does not offer room for such in-depth elaboration. Furthermore, the secondary nature of the bachelor paper has the tendency to take away the credibility of the research as an exact proof of leadership and simplicity as drivers of competitive advantage. This research however works as a thorough theoretical platform for further research.

The width of the subject also created the limitation of finding specific, academically credible secondary sources, that would focus on the sole theme of simplicity and leadership. Some essential factors discussed in this research paper have been intentionally left out not to create any distracting complexity about the topic and to remain the strict focus within pre-set parameters. Secondary nature of the research has the tendency to take away the credibility of the paper as connecting an abstract idea to a concrete phenomenon leaves loose ends.

8 Conclusion

Previous pages vastly introduce and elaborate on the notion of simplicity and leadership as well as the deeply entrenched interrelation of these two. To be truly simple a leader needs to go deeper into thoroughly understanding the problem, rather than pursuing a more superficial form of simplicity that does not create a lasting competitive advantage in the oversaturated, increasingly complicated market environments. It is also evidently clear, that achieving simplicity is far from easy and requires tremendous amount of commitment and discipline from leaders. Simplicity is much more than mere minimalism and removal of excess clutter.

The research indicates an underlying strong request for simplicity-leadership, irrelevant of industry as the means for success beyond profitability. Employees that behave as managers of their work on all levels of the organization have a high impact in the development and sustainability of the organization's journey to excellence. However, these managers can only work cohesively towards a common goal when led by disciplined, selfless individuals. Whether simplicity alone offers the solution to better profits and successful organizations is debatable and demands further research that takes into account every variable accounting for profitability of an organization. On the other hand, it can not be debated that the involvement, contribution and commitment of leaders and managers to the long-term goals of the organization make a distinctive difference between mediocrity and lasting high-performance. The research, in addition to Business Excellence/Performance models and frameworks clearly indicates a significant positive correlation between organizational success and leadership.

Where this research fails to specifically quantify the argument of simplicity as a competitive advantage, it does succeed in providing strong indications for the need of simplicity in organizations as well as consumer products. There are also indications for simplicity as a key to creating and sustaining efficient organizations. The power of simplicity lies in the increased agility of and further, the ability to make rapid decisions that efficiently provide solutions. Simplicity thereby certainly increases the adaptability and responsiveness of organizations. There is no longer room for complexity that hinders the maneuverability. The findings of this research provide a strong and elaborate theoretical background for

further quantifiable research on effects of simplicity and provides proof for specific actions and behaviours of leaders that make it possible to sustain efficient high-performance through the practices of simplicity.

Great simplification leaders drive organizational performance through focus and clarity as well as outstanding communication both internally and externally. Simplification leaders are able to navigate and balance the short- and long-term needs of the global environment, instinctively recognizing when being mostly good is good enough, yet focusing on achieving the ultimate best possible results. These leaders maintain focus on the big picture while communicating the purpose and vision of the organization, thus inspiring and engaging individuals on all levels. Efficient leaders are also capable of clarifying the communication to the most understandable form and tackling problems piece by piece, thereafter avoiding confusion, complexity and frustration.

Great simplification leaders unleash the maximum organizational potential by empowering and involving individuals to take ownership over the processes and work. These leaders showcase selflessness by openly receiving feedback, collaborating with everyone on all levels, thereby creating an environment of trust, where employees feel safe to communicate across hierarchies if such are present. Rather than micromanaging how work is done, high-performing leaders aim to recognize, involve and develop individuals according to their talents, which makes it possible for employees to achieve great results without excessive monitoring.

Ultimately leaders that are capable of achieving and maintaining high-performing simplicity-driven atmosphere have the courage to lead. These leaders dare to take risks, seize opportunities and make decision as well as take responsibility in case of failure. Yet, these leaders never boast of successful results due to their own actions, but always point outwards, crediting others. The humility these leaders have, provide them with the ability to learn from failures and adapt the new knowledge to upcoming situations, therefore constantly learning and improving. It takes great courage to tackle complexity and challenge the status quo by being faithful to the organization and simplicity, notwithstanding the possibilities for personal gains.

The rapidly changing, globalizing world requires for simplicity that evidently provides agility required to thrive in oversaturated markets. Customers are overwhelmed by constant

feed of information from all around and thus have no time to sort out every different service and the differences they offer. People need the relief of simplicity and easy to understand offerings that make their lives easier, moreover, simple. The most successful companies in the world are and will be those that are easy to understand, cut through the clutter by getting straight to the point, offering people what they want and when they want it without the hassle more common generalist brands tend to provide. In the digital marketplace companies that are very bold, focused and deliberate in their mission stand out, thus taking on the complex competitors. Achieving such efficient simplicity through focus and clarity is a difficult task, achievable when leaders foster a disciplined environment where innovation thrives. The more simple and focused the brand is, the more competitive it becomes. Disciplined leadership goes a long way in driving a high-performing culture, whereas simplicity is the ultimate tool to face challenges in the rapidly changing digital age.

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