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Building High-Impact Entrepreneurship and Investing Communities in Flyover Country | Part V: Embracing Empowerment

The pace of tech-driven innovation over the last half-century has been incredible: far beyond any other period of human history. Perhaps most famously, Moore's Law, first coined in 1965, and later revised in 1975, posited that the density/performance of integrated circuits would double roughly every 18 months. As of 2019, Moore's Law is showing a little age, but survives more or less intact.

In places where tech-driven, high-impact entrepreneurship is central – think Silicon Valley – it is hardly surprising that management paradigms are continuously refined to optimize speed. Emerging (and established) tech companies must identify, analyze, and react to changing technologies, markets and competitors "on the fly." It is very much a lead, follow (closely) … or get run over environment.

As a result of an unforgiving "what have you done for me lately" competitive landscape, Silicon Valley entrepreneurs and managers have developed management principles and structures that emphasize timely, transparent, accurate decision-making and execution over slower, precision-oriented, and more traditional principles. Principles that reward "failing fast" and encourage bottom-up leadership and transparency as opposed to more conservative top-down, silo-driven models of innovation.

Perhaps the most basic characteristic of Silicon Valley management practice is a strong preference for flat organizational charts. Ideas and decisions move up and down the management ladder faster when there are fewer rungs on the ladder. But it is more than that. Most high-impact emerging companies make a point of blurring both hierarchical lines and functional divisions, in terms of both "hard" management objectives (faster and more dynamic creative processes; discouragement of silo thinking) and cultural objectives (one-for-all, all-for-one esprit de corps).

Maintaining this kind of organization of course gets harder as emerging companies become more established. Still most successful high-impact startups strive to keep organic management thinking alive as they mature, often with skunk works to encourage cutting (sometimes bleeding) edge thinking, as well as cross-functional teaming and more regular movements of team members horizontally across the organization to discourage silo thinking. All of which make for faster, better, and cheaper ideation – defined as the creative process of generating, developing, and communicating new ideas, comprising all stages of the creative process from conception to development to realization.

To see some of this thinking in the real world, check out famed VC John Doerr's recent book, "Measure What Matters." Doerr's instant classic includes a series of case studies of how larger and more established organizations implement management practices associated with startups to maintain the lean, efficient, bottom-up culture that characterizes most successful emerging companies.

Most interesting, for me, is that the successful companies Doerr profiles, including the hardcore tech firms, succeed mostly based on how people-focused their organizations are. Organizational structures are fluid, and shaped by the work, as opposed to the more traditional approach of fitting the work to the organizational structure. Managing by OKRs (Objectives and Key Results) – ostensibly the focus of the book and first developed by legendary Intel CEO Andy Grove – starts with empowering the team, which in turn starts with flat, cross-functional structures and the bottom up ideation they enable. Get the people part of the equation right, and the results will largely take care of themselves.

The business (and social) culture in most areas of flyover country, including my own corner in Wisconsin, is more traditional than Silicon Valley's. A few of our more established businesses have started talking the talking, and a handful are walking it, if only in fits and starts. But the dominant paradigm remains the traditional, closed hierarchical organization and silo-based divisions of authority that make for slower, safer progress – and leave its practitioners ever more vulnerable to their more nimble competitors.

We need to do better, if only because we can't keep living on the ruins of an economic infrastructure built by an earlier generation of entrepreneurs a century ago and more. It's time for a new generation of high-impact entrepreneurs to build a new economic foundation for the next century. For that to happen, we need to move past the management paradigms of the past and get with newer paradigms – the kind that are changing the face of the economy as they fan out beyond Silicon Valley.

Next time, why, if we really care about creating quality jobs, we have to start thinking more about creating wealth.

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