

# THE PRINCIPLES OF 'FLOW MANIFESTO', EXPLAINED

By Hans van Bommel and Bard Papegaaij on the 8th of September 2022.

On the 23rd of March 2021, the Flow Manifesto ([www.flowmanifesto.io](http://www.flowmanifesto.io)) was published as an open initiative to help enterprises become better and more purposeful.

The first reactions were mostly positive. But we also had people hesitating to sign because it meant speaking out against common practices inside their own enterprise. They feared what would happen if their management found out. This says a lot about the way we humans are compelled to conform to the status quo.

This article explains the manifesto in more detail. We are trying to make it less abstract to help people see the rationale behind the manifesto's statements. We think the past year has shown enough global indicators to convince a much larger audience that things can't go on the way they were. We hope this article helps that audience to support the manifesto as a starting point for a new way forward. Let us explain the principles.



### Principle 1 - Positive impact on society, economy, and environment over profit or cost

Enterprises have an enormous impact on society not only because of their external impact but maybe even more because of internal circumstances which have a deep impact on the happiness of people.

An enterprise that is sincere about having a positive impact must have a higher purpose than making a profit. If it doesn't, the enterprise will have too many reasons to diminish or even negate its positive impact in the pursuit of higher returns. Profit in itself is not wrong, of course, but only after making sure, as objectively as possible, that the net impact is indeed positive. Enterprises must account for the way they make a profit using accepted standards.

If they are found to do more damage than good, the costs of that damage should be taken from their returns, for every year they do that damage. Having a positive impact is the measure of an enterprise's success; making a profit is just one instrument to make this possible, not the goal itself.

Government-funded enterprises must equally comply with these principles but instead of making a profit after all negative impacts have been deducted, their funding will be based on their net-positive impact score.

### Principle 2 - Moving forward while responding to change over following a detailed plan

All enterprises must be considered temporary. They fulfil a purpose in society for a limited time only as long as their product(s) delivered had value. As enterprises rise and fall, their organisations are even more volatile and are constantly changing in size, structure and complexity. This makes managing an enterprise an utterly complex task. Therefore, following a big, detailed and predetermined plan is guaranteed to fail. Trying to do so is not just unhelpful; it actually reduces the enterprise's ability to achieve the positive impact it is capable of.

What can be done is helping the enterprise cope with change in the context of its environment. We call this Enterprise Adaptiveness and see this as a prerequisite for the enterprise's longer-term survival and ongoing positive impact.

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Doing so doesn't always require a grand vision or strategy for the longer term. You can work with the current product(s) your enterprise delivers and work out from there what to change to increase your enterprise's net positive impact. Using some science and analytics to look ahead and analyse the future and then using your intuition to choose a path forward, you can learn to develop both your intuition and business instincts in small increments, constantly testing the quality of your choices against the indicators of progress you set for yourself.

Start with turning your sense of direction into a narrative and spreading this throughout your enterprise. Then let this narrative evolve and emerge as everybody learns from their actions and adapts to the evolving needs of society and the equally evolving role of their enterprise within it. The role of management is to encourage a constant forward movement and performance increase, maximising workforce well-being while the enterprise increases its speed in doing the right things right.

## Principle 3 – Autonomy of groups and human interaction over processes and control

Process and control are only useful where it is useful and possible to follow a detailed plan. Using them where they shouldn't be used results in the loss of craft: the skilful and expert use of knowledge, intuition and experience needed to navigate complex situations. Overuse of process and control suppresses people's ability to use their substantive knowledge and causes that knowledge to drain away; people either leave out of frustration or they stay and adapt, letting their own judgement and knowledge go in favour of just doing what they are being told.

To undo the damage done by the unrestrained use of process and control, enterprises must learn to organise their people and their work around the delivery of their products and let people's decisions, actions and behaviours emerge naturally from there. Giving people the autonomy, support and trust to do the right things and learn to do them better will lead to much better longer-term outcomes for everyone.

## Principle 4 – Just enough substantive governance over comprehensive architecture and reporting

Enterprise flow can only be created on a knowledge-based basis in order to sustain the desired forward acceleration.

That knowledge comprises all the information about the total system the enterprise needs to discover what needs to change and how. The ability to build up and work based on oversight and insight is the absolute key to unleashing an enterprise's full potential. Oversight is the ability to see how everything hangs together and works together to produce impact. Insight is the understanding of the value and relative importance of the many parts needed to create the whole. These two things put together is what we call substantive governance to support Flow.

Models are meant as tools for their creators, for the purpose of exploration, discovery, communication, reporting and instruction. Models are often used to predict the working of systems but these predictions are seldom accurate: the system is too complex, the model is not detailed enough, or reliable data is lacking, leading to guesswork and (usually biased) estimates taking the place of real numbers.

Comprehensive (or Complete) Architectures are a similarly misguided abstraction of reality. Instead of focusing on gaining understanding and collecting relevant information, such architectures become overburdened by confusing levels of detail and flawed precision. They are understood only by a small number of specialists, speaking an arcane dialect. They constrain people's autonomy and ability to make informed decisions by being overly restrictive and prescriptive.

The art of substantive governance and useful architecture lies in doing just enough: just enough for what is needed in each stage of the production process; just enough to help people understand and learn; just enough to support people in sustaining a forward movement and getting better at it.

## Principle 5 – Product transformation and managing transience of technology over organisational structure and hierarchy

Enterprises spent way too much time reorganising their operating models and organisational structures. Not only does this always generate resistance, confusion and unnecessary turbulence in the flow of work, it seldom addresses the real issues blocking performance and performance improvement. The problem lies not in creating the right hierarchies, for instance, but in reducing those hierarchies to the minimum level required for stability and guidance.

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A natural hierarchy which stabilises and supports Flow becomes simple when it is built around product transformation as its primary function. This is the most logical and effective way to organise work in an evolving enterprise. Product transformation is simply the cycling of products through product state changes.

One of those (internal) products is technology. Technology only needs to be changed when it becomes more limiting than enabling. When new technologies are introduced, obsolete elements need to be removed from the burden of maintenance and support. Since technologies keep appearing and evolving, managing the transience of technology is essential to avoid piling up big hurdles along the enterprise's forward trajectory.

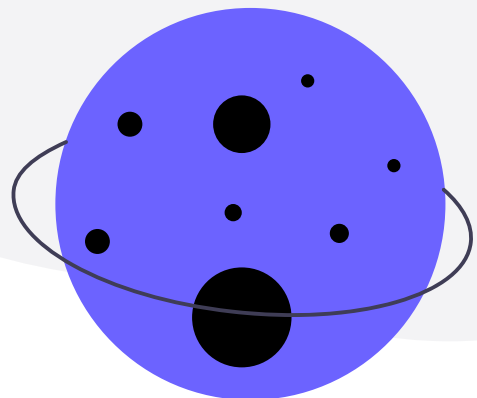
## Principle 6 - Managing low dependency and supporting evolution over managing high dependency and supporting revolution

In complex situations, people look for a powerful leader, one who is 'brave enough to make decisions', is not afraid to 'take the plunge' and will 'come up with the solutions'. Complex situations are often seen as cluttered and obscure and as 'a big problem'. Obviously they must be tackled on a big scale, usually by a team of top managers ready to use tough language and apply drastic measures. The striking thing about this approach is that nine out of ten times it will not have the desired result.

We would like to state that what complex issues call for is quite the opposite: leaders who have the guts to say they don't have all the answers and don't claim a monopoly on wisdom. What managers need is courage; courage to say that change is necessary and that they want to start an evolution. Evolutionary change is done by taking many small steps. Small is the new big. You know where you want to go, and step by step you find out how to get there. If we may overstate the idea a little: the bigger the problem, the smaller the steps, but still on a grand scale. Think big, act small.

Becoming a high performer and achieving the ultimate state of Flow is all about organising for Enterprise Adaptiveness. This means being great at reconfiguring capabilities to adapt to the everlasting changing context of the enterprise. Constantly leading the whole enterprise forward, each state is a cumulation of the state the enterprise products are in at every given time while moving forward. The ultimate state of Flow is the highest level of change management achievable. An enterprise that masters this state is more likely to stay relevant for a longer period of time.

To get there, we must make a distinction between Enterprise Productivity and Enterprise Performance. Productivity is about efficiency we will get into when we go into Flow more specific: it is a process-based internal optimisation, focused on doing better what the enterprise is currently doing. Inside this enterprise productivity, the free flow of information and energy is important. But that is a kind of 'particle flow' - an exchange of information and energy between parts - low and high dependencies which need to be managed. Effectiveness increases when we can remove high dependencies first and optimise low dependencies next. This leads to Enterprise Performance: the ability of the enterprise to quickly and effectively adapt to a new desired state. Flow is a temporal state in with for a moment in time everything comes together supporting the forward movement to its max, while the people involved in this motion are happy and relaxed.



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## WHICH BRINGS US TO FLOW

Managing an enterprise is not (just) about doing things well, or doing them better - that's efficiency. Efficiency is essential for performance, but it is not a good indicator of impact. We can be very efficient at doing the wrong things, for instance. Flow, the way we use the term, is about the enterprise's ability to change in a way that maximises its positive impact. This meaning is closer to effectiveness than efficiency. In evolution, the survival of a species hinges on its ability to adapt to changes in its environment, while simultaneously changing that environment in its favour as much as possible. This is called Evolutionary Adaptiveness. Enterprises' survival is based on similar principles, which we call Enterprise Adaptiveness.

(Enterprise) Flow is the adaptive, forward movement of the entire system. Internal Flow is the efficiency with which that system uses its available resources. In practice, this means an enterprise must constantly work at becoming better at changing itself; it must constantly work to minimise obstacles to change. This is a never-ending process, as there will always be obstacles, some of which the enterprise itself has no control over. There are also obstacles that shouldn't be removed at all. Some obstacles may actually be necessary for the enterprise to function - like friction and inertia are indispensable when cycling. They give us something to hold on to and to organise around while at the same time setting bounds on how fast we can move and change direction. With such obstacles, the art is knowing, based on insight and oversight, how far their negative impact can be minimised, without losing their necessary and positive function.

The enterprise must constantly work at increasing the speed at which it moves towards its desired and defined goals, maximising forward direction. Being able to change quickly and effectively in itself doesn't mean much when it doesn't contribute to the desired forward motion, based on a well-thought-out strategy to move in the desired direction.

This is mostly a matter of awareness: are all the people involved in moving the enterprise aware of that desired direction, and of alignment: do all those people actively contribute to moving the enterprise in that same desired direction? Awareness and alignment are human aspects that can be supported by processes and technologies but cannot be replaced by them. Humans have the ability to make sense of the world, to be truly creative, and to use their sense of purpose as a guide to direct their choices and actions. Awareness is closely related to mindfulness: people's ability to observe their own minds at work and their ability to direct and shift their focus to different modes of perception. Alignment is based on people's intrinsic motivation, social motivation, and (to a lesser extent) extrinsic motivators such as punishments and rewards.

