

# The Connected Company

*Dave Gray, Thomas Vander Wal*  
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**Dave Gray, Thomas Vander Wal : The Connected Company** before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Connected Company:

1 of 1 people found the following review helpful. Not much new, but still worth while reading By Hans Peter Bech In The Connected Company, Dave Gray makes the statement on page 8 (of the ePub version) that this book is based on other people's thinking. I will agree. There is not much new thinking in this book. However, the book is still definitely worthwhile reading. The short version: Consumer market conditions are changing so fast that the traditional hierarchical and top down driven organizations cannot adapt fast enough to accommodate these changes. The inability to respond to changes in consumer market conditions increases exponentially with the size of the organization. Success can be a fast route to failure. Hierarchical, rule based and top down driven organizations cannot deliver quality service. Service is delivered in the touch point with the individual customer. It is not possible to foresee exactly what is required to deliver a positive experience for each customer. The person delivering the service must be empowered to do what is necessary to make the individual customer happy. Unhappy customers can create a tornado of bad-will through social media and be devastating to any brand. "The Connected Company" is well written and Dave Gray delivers his messages convincingly. The book and its contemplations are primarily related to companies and organizations serving consumers. The book is not addressing similar issues for B2B type companies. Services, production and security Living in Scandinavia, we are used to flat organizations and a high degree of delegation. With the lowest power distances in the world, Scandinavian companies already rely on the principles promoted in "The Connected Company". Unfortunately, this doesn't always translate into good service. You can also empower people to

terrorize their customers. Mechanisms to monitor and manage quality levels still need to be in place. Although I strongly believe in the connected company philosophy, there are situations where I prefer to be served by an old fashioned, rule based organization. I can live with a lot of variety and individualism when I buy a cafe latte at my local Cafe, but not when I fly, go to the doctor or have my car in for maintenance. I do hope that the Mac I buy from Apple is produced under the most stringent quality control circumstances. Even the most friendly and flexible customer service representative will have a tough job compensating for the consequences of a poor product. The combination of excellent products and excellent service is powerful. Excellent service is not always individual service. Example: A year ago my iPhone stopped working. I checked the Apple web site and found a service where Apple will send you a new iPhone immediately. When you receive the new iPhone you return your defective iPhone in the packaging delivered with the replacement. You have to call Apple to initiate this service. You also have to call the logistic company to come and pick up the defect product. But it all works so smoothly and you have a replacement in just a few days. When you turn on your new iPhone it automatically installs everything from your previous iPhone. This experience was so powerful that I - in the foreseeable future - won't bother looking at any other brands than Apple for my smart phones.

Creating and leading a connected company (= maintaining alignment) The book does offer discussions on how you create, lead and push your connected company forward. Part four of the book is devoted to "How do you lead the connected company". An interesting observation is made at the very beginning of this section: "Strategy is usually considered the province of senior executives. But senior executives are in some ways the least qualified to envision the future, because they are the most invested in the past and the least likely to be around in the long term. In a connected company, strategy happens at all levels, across diverse groups and different time scales, generating a rich pool of experiments for senior leaders to draw from." The delegation of strategy and execution requires very strong alignment around purpose, objectives and values. The book doesn't offer much help on how to check and ensure alignment. Maybe it is beyond the scope of the book to address the alignment issue, but a connected company must be based on people with a strong passion for the same purpose, objectives and values. The leader of a connected company cannot ignore the alignment challenge. Continuous alignment becomes one of the top priorities of leaders in a connected company. Even minor differences in the perception of purpose, objectives and values will tear a connected company apart. Tools and process for continuous alignment must be in place.

The connected company and the power distance As mentioned above countries with low levels of power distance will have a much easier job of embracing "the connected company" principles. Both the management and the operations people will be comfortable with this structure. The operational people will thrive with the empowerment and the leaders will accept mistakes and failures as the price paid for increased productivity and improved customer service. Autocratic and feudal type environments will have a hard time moving in this direction. The leaders don't want to delegate the "power" and the operations people are reluctant to take it. It will be interesting to see how the proliferation of connected companies will happen around the globe.

0 of 0 people found the following review helpful. If you read a business book this year, read this one! By Bo McFarland The "Connected Company" is a guide full of examples and research to enable companies, both large and small, to become more agile and customer focused. The book shows how we got to large companies built on hierarchical divisions, and how this organization structure hinders these same companies from responding to market disruptions and keeping up with changes in their markets in general. In addition to providing many insights and case studies on how large companies got here, he also illustrates how many large companies have adapted and thrived. Dave boils down what has worked and his thesis is that companies can reorganize themselves to have a platform of services that support self-directed teams he calls pods. He then goes into how to manage a portfolio of pods to make big and small bets. Key to Dave's thesis is that hierarchy immobilizes companies in the current age of rapid change. Hierarchy may have worked for manufacturing, but services and customer's expectations and power (social networks) have radically transformed the environment for companies. Now they must focus on customers in every aspect of their operations or they will lose.

9 of 10 people found the following review helpful. More business consultation from the Dachis Group By Tom Sales In April I reviewed "Social Business by Design" by EVP Dion Hinchcliffe of The Dachis Group, noting that Dachis seems well positioned to guide its clients into the social business realm. Now we have "The Connected Company" by Dave Gray, SVP of the Dachis Group, offering another perspective on how companies must engage their employees, partners and customers if they are to survive in an environment of continuous change. Hinchcliffe's book was distinctive in dedicating much less focus on the technology aspects of adopting social business than other books like it. Gray's book is even more focused on the business, cultural and motivational necessities if companies are to succeed. Often technology and the sheer coolness of tech companies (Apple, Google, Facebook, ) inspire business leaders to emulate them and all of us to wish we worked for companies like them. The focus in both of these books is on business strategy. The results of companies that have committed to getting connected (IBM, GE, Apple, Google, Vanguard Group, and others) indicate that working in more engaged ways is becoming mainstream. This seems great for the Dachis group because they can now function as business consultants beyond just technical or Web consulting. I loved how Gray designed the flow and presentation of the book to practice what he's preaching. His Table of Contents is 15 Kindle pages long, offering links to chapters and subsections of chapters throughout. In addition to the ease of going right to what you're interested in reading, this enables the reader to jump around as they

hopefully start planning out how they will apply these strategies in their own companies. Gray also uses his own graphics and illustrations throughout to clarify his discussions--many of which he also uses in his blogs and slideshows elsewhere. The book is divided into 5 parts. The first part provides the rationale for why companies need to get connected, stating that customers are changing and expressing their opinions so easily and quickly now that only adaptive companies can keep up. Gray establishes his treatment followed throughout the book by starting with case studies about how several companies learned dramatically that they could not keep up with posts and messaging that were coming from both inside and outside their respective organizations. His writing is clear and precise, introducing and establishing examples and metaphors (e.g., cities and cars are examples of connected systems) that he then uses later throughout the other parts. Many of his references come from Gray's readings and interviews, and he references those at the end of each chapter so the reader can dig down for further detail. By the end of Part One, we know that services (or customer experiences) are not strictly under the company's control; customers each have their own definitions and expectations of how they want to be served and companies and their employees must be prepared to deliver different experiences according to each person's expectations. Based on that good foundation of what customers want in the first 7 chapters, Part Two then explains what a connected company is and how it can respond to those customer expectations. Gray establishes that knowing their true purpose (not just making profits) distinguishes connected companies. He works through famous examples of how IBM and GE re-made themselves and then through additional examples (Southwest Airlines, Ritz Carlton). He also introduces how many of these companies have adopted the Net Promoter Score as a way to address customers who hate their experiences. In Part Three we learn how connected companies (Netflix, Whole Foods, Nordstrom's) use pods to interact with customers, and how pods are like smaller versions of the overall company but with the ability and data to make their own self-directed decisions. This part is where there is the greatest focus on systems, software and platforms but it is all done at a higher, more conceptual level to understand how these pods can be supported, not controlled. In Part Four, Gray describes how connected companies are led, differentiating the roles at the pod level, for leaders and for managers. And finally in Part Five, he describes how to get started in transitioning to a connected company and some warning signs along the way. "Social Business by Design" reassured senior leaders that social media and business was not just a technical play. "The Connected Company" arms them with greater understanding so they can make the organizational changes necessary to make each employee an important contributor. At certain points, I could see how Gray was synthesizing many of the same books I've read into a compelling narrative, and so it was kind of an outsider's perspective on what he sees happening across many companies. This is not typical, as most authors seem to have been more engaged in the inside of the companies and changes they're writing about. What makes it all work is the way he puts it all together to guide companies to the next level.

With a foreword by Alex Osterwalder. The future of work is already here. Customers are adopting disruptive technologies faster than your company can adapt. When your customers are delighted, they can amplify your message in ways that were never before possible. But when your company's performance runs short of what you've promised, customers can seize control of your brand message, spreading their disappointment and frustration faster than you can keep up. To keep pace with today's connected customers, your company must become a connected company. That means deeply engaging with workers, partners, and customers, changing how work is done, how you measure success, and how performance is rewarded. It requires a new way of thinking about your company: less like a machine to be controlled, and more like a complex, dynamic system that can learn and adapt over time. Connected companies have the advantage, because they learn and move faster than their competitors. While others work in isolation, they link into rich networks of possibility and expand their influence. Connected companies around the world are aggressively acquiring customers and disrupting the competition. In *The Connected Company*, we examine what they're doing, how they're doing it, and why it works. And we show you how your company can use the same principles to adapt—and thrive—in today's ever-changing global marketplace.

.com Anatomy of a Social Network Network researcher Ron Burt has identified two types of activities that create value in small-world networks: brokerage and closure. Brokerage is about developing the weak ties: building bridges and relationships between clusters. Brokers are in a position to see the differences between groups, to cross-pollinate ideas, and to develop the differences into new ideas and opportunities. Closure is about developing the strong ties: building alignment, trust, reputation and community within the clusters. Trust-builders are in a position to understand the deep connections that bond the people together and give them common identity and purpose. These two kinds of activity, bridging and trust-building, demonstrate two very different ways that people and organizations can bring value to a network: Bridging leads to innovation and trust-building leads to group performance. The value that comes from these activities is known as social capital. Like every other form of capital, social capital represents stored value—in this case, relationship value—that can be translated into meaningful and tangible benefits. The power of an individual node in any network can be considered along three dimensions: Degree, closeness and betweenness. Degree is the number of connections a node has to other nodes; for example the number of people in

your family, or on your team at work, or the number of "friends" attached to your Facebook account. For an organization it could be the number of sales affiliates or business partners. The value of a high degree is potential: the potential to connect and interact with a great number of other nodes in the network. Closeness is a measure of how easily a node can connect with other nodes. For example you are probably very close to your team at work because it's easy to connect to them: you can contact any person at any time. But you might be further away from other people in your company. Some you might be able to catch by walking down the hall or popping into their office, while to see others you might need an appointment, or you might need to be introduced by a mutual acquaintance. Anyone who has tried to make a connection on LinkedIn knows that the greater the distance, the harder it is to make a connection. The value of closeness is ease of connection: The shorter the distance between you and other nodes, the fewer network "hops" you need to make, the easier it is for you to make connections when you need to. Betweenness indicates the degree to which a node forms a bridge or critical link between other nodes. For example, many executives are protected from distractions by executive assistants or secretaries who act as gatekeepers, who control access to the executives' time and attention. The value of betweenness is the power you have to block or grant access to others. The more nodes that depend on you to make connections for them, the greater your potential value to them and thus the greater your power. Thus, the most powerful person or organization in any network is one that has a high number of potential connections, all of which are relatively close and thus easily accessible, while at the same time enjoying a position within the network such that it can choose to block or grant access to other nodes. "I was blown away by *The Connected Company*. Simply stated, I suspect it will go down as one of the most important management books of the early 21st century. It is a remarkable treatise on the new optimal organizational framework for businesses of the Information Age." - *The Park Paradigm* If you buy only one business management book this year, make it this one. It's that good, and definitely timely. Whether your organization chart stretches across continents or consists of just you, your smart phone and your computer, you can learn important insights and paths for new action from this well-written book. - *Books, Books and More* About the Author Dave Gray, SVP Strategy, The Dachis Group, is an author and management consultant who works with the world's leading companies to develop and execute winning strategies. His previous book, *Gamestorming*, has sold more than 50,000 copies and has been translated into 16 languages.