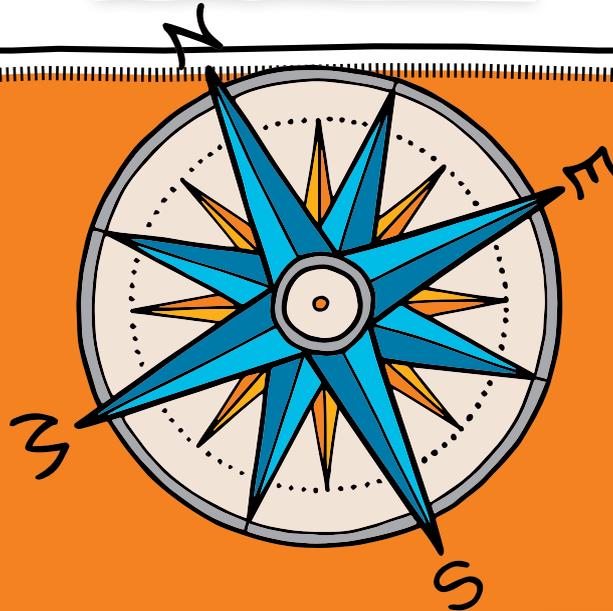


EXPLORATION
DAYS
&
INTERNAL
CROWDFUNDING



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Management 3.0 Workout © 2014 Jurgen Appelo

I am always doing that
which I cannot do, in
order that I may learn
how to do it.

Pablo Picasso,
Spanish painter
(1881–1973)

Many organizations struggle with self-education of employees. A very effective way to make learning enjoyable is for people to organize exploration days. Sometimes called hackathons or ShipIt days, these days are meant to invite employees to learn and develop themselves by running experiments and exploring new ideas.

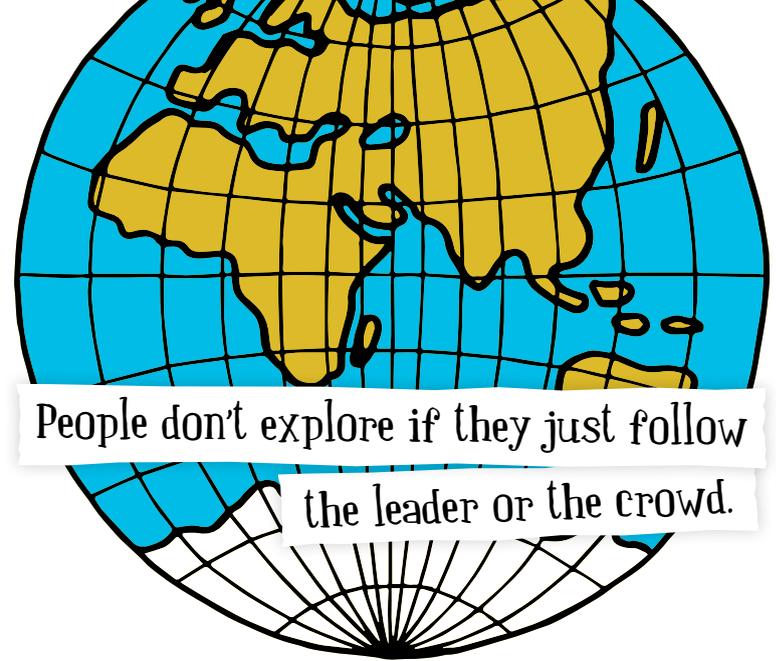
My favorite vacations have always been the ones where we fly to some faraway country, rent a car, buy a map, and start exploring.  I like to believe this is similar to what they did centuries ago: sailing off across the ocean and discovering new continents, new cultures, and new diseases.

Exploration is also the most effective approach to learning—a topic that appears to be a challenge in many organizations. An emphasis on learning is crucial for all businesses, no matter how successful they already are. After all, you won't have a *first mover advantage* for long if somebody else has the *fast learner advantage*.

You won't have a first mover advantage for long if somebody else has the fast learner advantage.

In modern organizations, more and more people are expected to be self-organizing. Sadly, I have noticed that self-*organizing* teams are not always self-*developing* and self-*educating* teams. I worked with software teams in which developers were very competent at playing Halo or Quake. But important software development practices, such as test-driven development and continuous deployment, were regrettably not among their core competencies.

The problem of team members needing more education can be a significant challenge because, in the words of science fiction writer Isaac Asimov, the only real form of education is *self-education*. Similar opinions have been offered by many management experts. We cannot educate employees. They can only educate themselves.



People don't explore if they just follow the leader or the crowd.

Development is always self-development. For the enterprise to assume responsibility for the development of a person is idle boast. The responsibility rests with the individual, her abilities, her efforts.

Drucker, Management: Revised Edition loc:5807

I agree with the experts; education of employees is not the prime responsibility of the organization. On the other hand, waiting for people to start developing themselves is not always a successful approach either. People don't explore if they just follow the leader or the crowd. So what can we do? How can we create an environment that fosters learning and nudges employees to start their own exploration?

Education Days

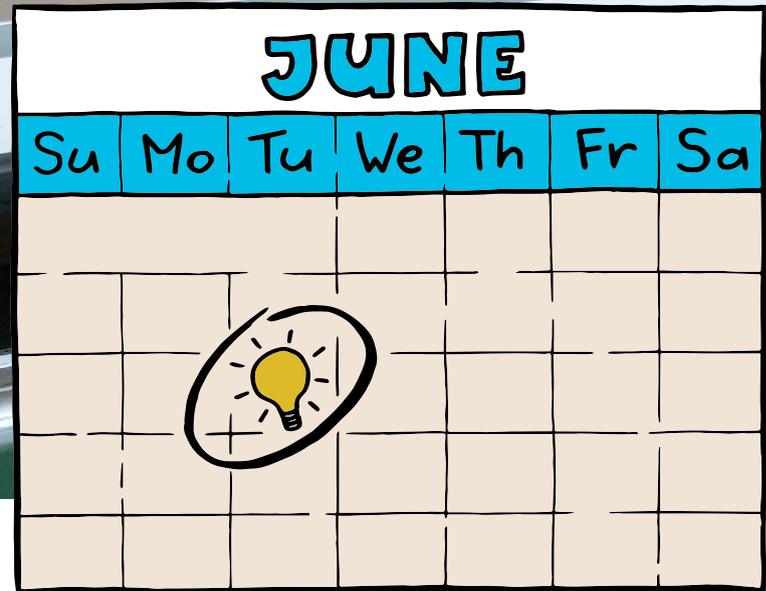
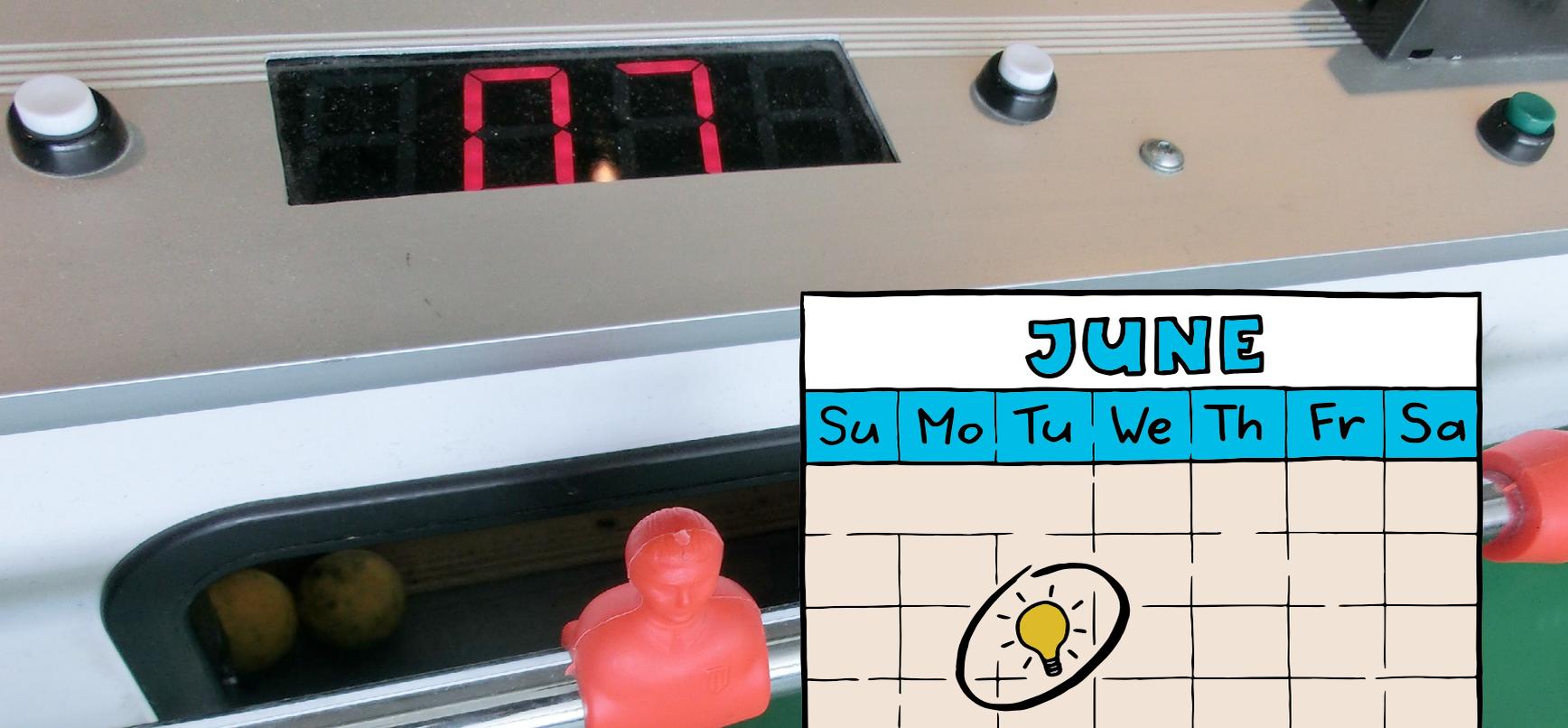
I once introduced the concept of **education days** in the company where I worked. Every employee was entitled to a number of days per year (we started with twelve) that they were encouraged to use for self-education. It didn't matter whether they spent it reading a book, attending a conference, experimenting with new technology, or building a prototype of some crazy idea. Anything was fine, as long as they *learned* something. It was almost the same as vacation days, but instead of spending those days exploring bars and beaches, we expected people to explore techniques and technologies. It touched upon intrinsic motivators such as *mastery*, *curiosity*, and *freedom*. I thought it was a good idea.

Well, it was. But it didn't work.

The idea was worth trying because apparently it *does* work in some other organizations. Google has its famous **20% time**, a policy that says employees are allowed to spend 20% of their time working on any idea that interests them. [Hayes, "Google's 20 Percent Factor"] 🍎🍎🍎🍎🍎 It has not only worked as a good motivator; the practice has also generated many great ideas for the company. Products such as Gmail and AdSense were conceived in 20% time. Interestingly, it was reported recently that Google has downplayed the importance of its 20% time policy [Mims, "20% Time Is Now As Good As Dead"] in favor of a more top-down approach to innovation and more reliance on employees to develop themselves in their own free time. [Mims, "20% Time Is Not Dead"] Apparently, Google has realized that having a fixed number of hours for exploration and learning is neither the best way to get people to develop themselves nor an adequate approach to building innovative products.



At Cisco Labs in Norway, they don't budget the time for people's self-development. Employees are allowed to spend any amount of time they want on their pet projects, and for some that means upgrading the football table in their lunch area. During my visit to Cisco Systems, I was shown their football table, which had a card reader installed that was used to sign in players using their security badges. 📺 Goals were registered with a built-in laser and shown on an LED-display on the table. Even the speed of the ball was measured. [Happy Melly, "Danger, If You Read This Story"] Cisco's employees had made all these modifications themselves because, for them, the football table is their technical research lab. Olve Maudal, who showed me around the company, told me that other organizations often try to encourage creative ideas by providing lounge areas with fluffy cushions and colorful wallpaper. Olve stated it was more effective to just allow people time to play and experiment. I agree. It wouldn't surprise me if, by now, the football table in Norway supports Google Glass and has drones flying over it, capturing live video that is streamed to YouTube.



Unfortunately, my organizational reality several years ago proved a bit more stubborn and less playful than the examples I gave from Google and Cisco. Our employees argued that they had no time to learn and always had more urgent things to do. They had project deadlines to consider, customer demos to prepare, and meetings to attend. Therefore, they told me they saw no opportunity to make use of their education days. I thought this was strange because the same people had no problems making use of their *vacation* days. A more logical explanation seemed to be that they didn't consider their *education* to be as desirable as their *vacation*. Education, in their eyes, was just another task to be prioritized by management. Important maybe but not urgent.

Experienced creative networkers know that important things and urgent things rarely overlap. Doing what's good for you, and developing useful habits, takes motivation and discipline, like flossing your teeth, eating vegetables, and going to the gym. People need to grow into it. (I've managed the first one, but I'm still working on the other two.) Because organizations cannot really change people and educate them, a good alternative is to tweak the environment so that people change themselves, educate themselves, and start developing the desired habits. [Appelo, *How to Change the World* pag:48]

ShipIt Days

One company that understands this well is the Australian software company Atlassian. [Pink, “How to Deliver Innovation”] Once every three months, they select a day on which everyone in the company works for the entire day on an idea of their own choosing.  The requirement is that they deliver a result in just 24 hours, hence the name **ShipIt day**.  (The original name was actually *FedEx day*, but the FedEx company started to voice concerns about this.) Several other organizations, including Facebook and Spotify, organize similar internal events called **hackathons** [Zax, “Facebook’s Hackathons”] or **hack days**. It pretty much boils down to the same thing. Business stands still for one day—some people even stay at the office for a whole night—and everyone learns.

On a ShipIt day or hack day, you can work on whatever you want, as long as it isn’t part of your regular work. [Zax, “Facebook’s Hackathons”] You can choose to do it alone, but it’s probably more fun to team up with some of your colleagues. Such days can be wild and spontaneous, but they work better when they are planned. [Brands, “FedEx Day at PAT”] At Atlassian, they usually have a “ShipIt organizer” who prepares meetings to come up with ideas that can be turned into projects. [Atlassian, “ShipIt Day FAQ”] At Facebook, they have a group called Hackathon Ideas where people post ideas during the week leading up to a hackathon, so that teams can form organically around them.



How often should we do this?

At Atlassian, they organize a ShipIt day every three months. At Facebook they organize their hackathons roughly every six weeks. Doing it more often has too much of an impact on people’s regular projects and work lives. And less often means people get impatient, waiting for the next one. My guess is that the optimum for most organizations is somewhere between one and three months.

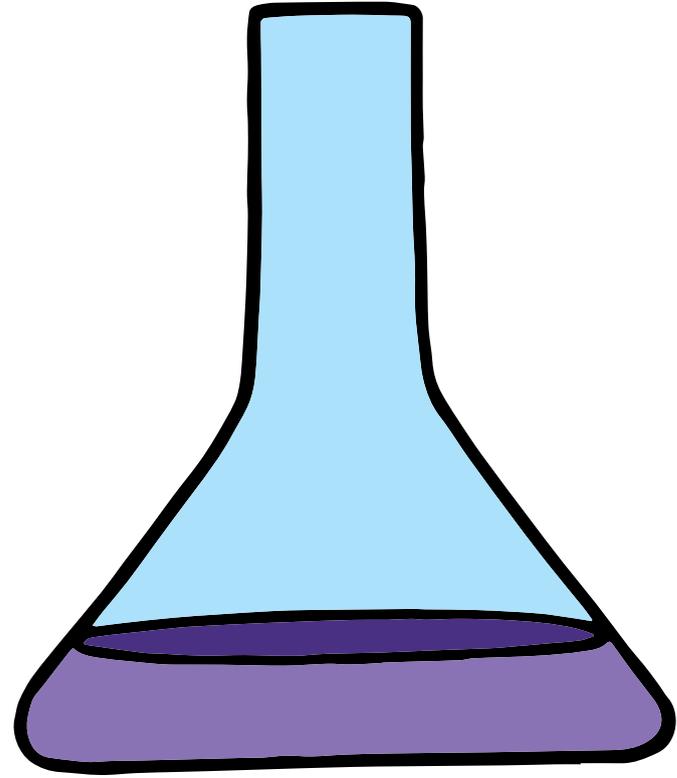
According to the people at Atlassian, ShipIt days work well because they stimulate creativity, they help solve actual problems, they increase knowledge and experience, and they are a lot of fun. [Silvers, “ShipIt Day in the Wild”] The people at Facebook and Spotify seem to agree that hack days lead to more focused and open working environments. And they not only involve developers, but designers, marketers, and other experts as well. Last but not least, these “synchronized education days” seem to help increase social connections between people, help them to self-organize, and increase commitment among employees.

What ShipIt days and hackathons add to education days is that peer pressure makes it harder for employees to claim that they are “too busy”, an argument that is also heard among Google’s employees. [Mims, “20% Time Is Not Dead”] Second, the commitment to present the results in 24 hours gets rid of the free format of the education days. Third, handing out an award for the best idea, as a token of recognition among peers, seems to target people’s sense of *honor* and *mastery*. Fourth and finally, when some people’s ideas evolve into actual new products, this will clearly satisfy their desire for *status*. (And I think employees will rarely spend such days playing Quake or Halo.)

Should we be
experimenting
or delivering?

Everyone knows that the outcomes of research cannot be planned. (Otherwise, we could simply plan our way to vaccines for malaria and HIV.) Therefore, it’s not required to deliver a successful idea at the end of a hack day. The goal is learning, not shipping. It

is great when a team delivers a potentially shippable product, but it’s also great when the explorers fail spectacularly by discovering the wrong continent, one they had never planned to find.



Internal Crowdfunding

When I was CIO, our management team felt responsible for gathering innovative ideas from employees. We appointed an innovation committee, with representatives from several departments, which had the task of choosing which ideas to invest in as a company.

That didn't work either.

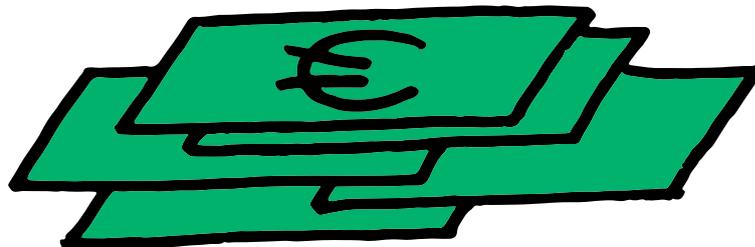
People submitted more ideas than we could handle, and many felt personally rejected when their idea was not selected by our innovation committee. The effect was the opposite of what we had intended: instead of getting better ideas, the flow of new ideas dried up!

Some companies have discovered that it is better to leave the selection of innovative ideas to employees. They take the hackathon a step further and turn it into an **innovation stock market** by giving all employees a personal (virtual) budget that they can use for investing in ideas.  Any employee is allowed to float a new idea on the stock market, but she will have to convince her peers to invest in her idea. With this approach, there is no innovation committee needed because employees decide together, as a crowd, which of the ideas have the best chance of succeeding and generating a return on their investment. Basically, what you achieve with such a system is an internal version of **crowdfunding**. [Burkus, "Why Hierarchy Stifles Creativity"] This can work beautifully because the job of management is not to select the best ideas; it is to create a great system that allows for the best ideas to emerge.

A worker-driven idea stock market, however, is probably not enough to survive in an ever-changing global market. One cannot leave strategic product development to pure chance and self-organization among employees. This is one reason why Google replaced its free-format

The job of management is not
to select the best ideas;
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Google Labs experiments with its more focused and disruptive Google X program. [Schrage, "Just How Valuable Is 20% Time?"] But a top-down pursuit of long-term strategic opportunities and bottom-up development of short-term ideas for improvement don't need to be in conflict with each other. Probably, you need both. You cannot bet the future of the company on whatever employees come up with as playful experiments. [Mims, "20% Time Is Now As Good As Dead"] But you do not have a future *at all* as a company without an incentive for employees to develop themselves, motivate themselves, and generate innovative ideas. [Mims, "20% Time Is Not Dead"]



As with any other adventure, there are different paths to the same goal. When your regular education days and 20% time don't work, you might want to consider turning them into ShipIt days, hack days, or a more exclusive and secretive program like Google X. And it may or may not be interesting to add an idea market, powered by internal crowdfunding, as a complementary approach to any disruptive innovations that top management is working on. These are all useful contributions to people's self-education. They address intrinsic motivators such as *autonomy*, *mastery*, and *purpose*, but also *social connectedness* and *status*. People work on something they like to do for a cause they think is important. But people also see what their colleagues have worked on, and why this matters to *them*. And there is nothing as rewarding as delivering something interesting in just 24 hours, except maybe seeing it being turned into a real product thanks to an internal crowdfunding system.

Some experts say you get the best out of employees when you treat them as entrepreneurs. [Vanderkam, "Encouraging Employees to be Entrepreneurs"] By making a bit of time available for them to work on their dream projects and allowing them to gain support from their peers to actually get those projects funded, you help people feel more connected to their co-workers, and you help the organization become more innovative. No committee in the world can achieve that.

You get the best out of employees
when you treat them
as entrepreneurs.



Self-Education

Learning is different from training. Training is something organizations can do to teach employees how to handle a specific set of tasks. Learning is what employees must do *themselves* to cope with the complexity of their environment. And learning is optimal when people run experiments and explore unknown terrain. [Reinertsen, *Principles of Product Development Flow*] That's why I prefer to use the term **exploration days**. 🍷 The goal is to get employees to learn as much as possible by generating and exploring new ideas. Experts agree that the purpose of hackathons and other forms of exploration days is to experiment with ideas, not to ship things. [Zax, "Facebook's Hackathons"] And organizations must learn how to run such experiments regularly, because those that learn fastest are the ones best able to survive.

The purpose of training is to reduce variety, to get a group of people tackling tasks in the same way; so training reduces variety. The purpose of learning is the exact opposite. Learning increases the individual's capacity to respond to different situations; it increases variety.

Hoverstadt, *The Fractal Organization* loc:161



Is this only for software developers?

Absolutely not. Anyone can explore ideas and generate interesting results. [Spotify, “Hackathons Aren’t Just for Developers”] This is yet another reason why I prefer the name **exploration days** over **hack days** or **ShipIt days**, because people in non-development departments can find it difficult to figure out how to “hack” or “ship” things in their line of work. But innovation is not only about improving products; it is also about inventing entirely new ways to do marketing, HR, legal, operations, or management. [Appelo, “Innovation Is Not Only in Your Code”] All employees, no matter what their line of work is, can rethink the way they do their jobs and see themselves as explorers!

Exploration also means discovering new terrains or ideas in other people’s areas of work. At Pixar, the famous animation company, they teach everyone, including the accountants, how to draw because learning to draw means learning to become more observant, which is useful for everyone. [Taylor and LaBarre, *Mavericks at Work* loc:3507] At Semco, in Brazil, they teach all employees the basics of accounting because understanding finance is also useful for everyone. [Semler, *The Seven-Day Weekend* pag:133] Note that the point here is not that you should learn to draw or balance accounts (coincidentally, I taught myself both), but I do suggest that all employees in a company learn to explore and expand their horizons.

The best approach to self-education depends on the organization. Maybe Shiplt days could have prevented the failure of my education days several years ago. In other organizations, where motivation and discipline are already sufficiently available, 20% time might be the better solution. Maybe you can initiate a couple of well-coordinated hack days to let people get used to the idea of self-education, and then gradually release the constraints when the teams are able to keep up the habit themselves.

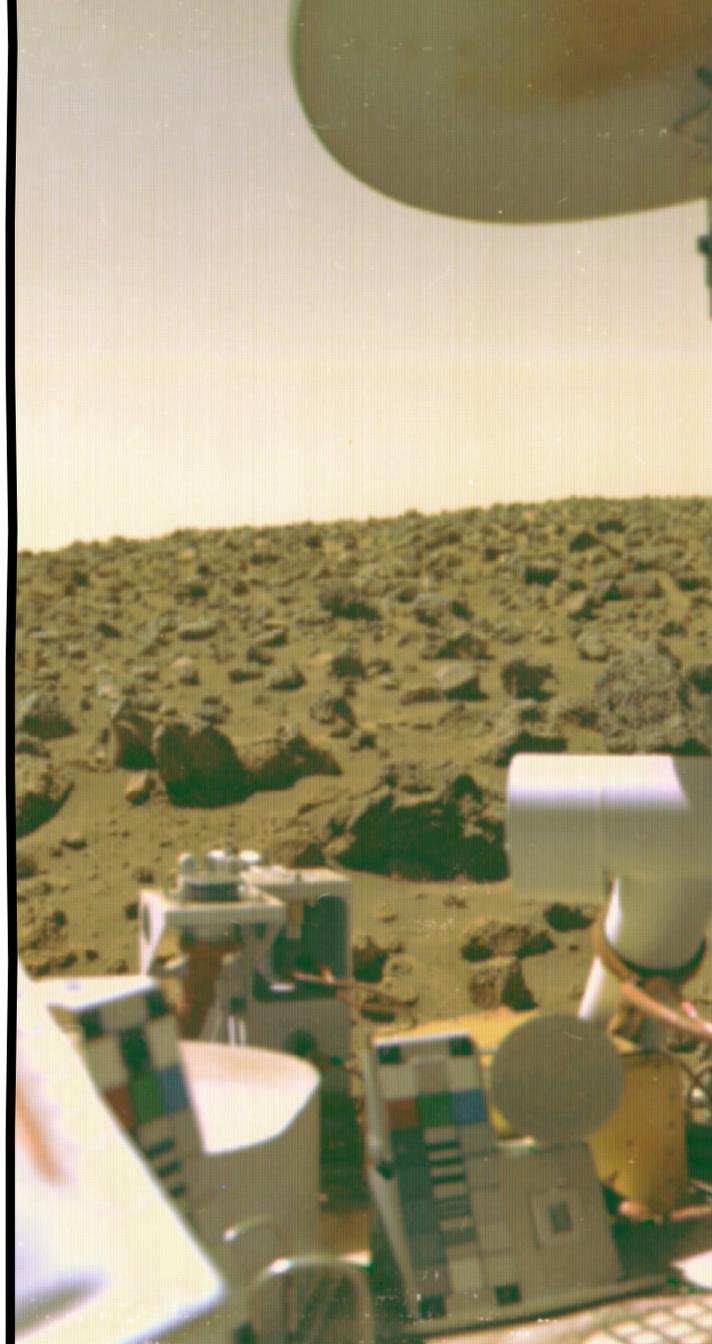
Be creative in your organization's approach to learning. Investigate the different practices I've outlined in this chapter and apply these **three steps to creativity**:

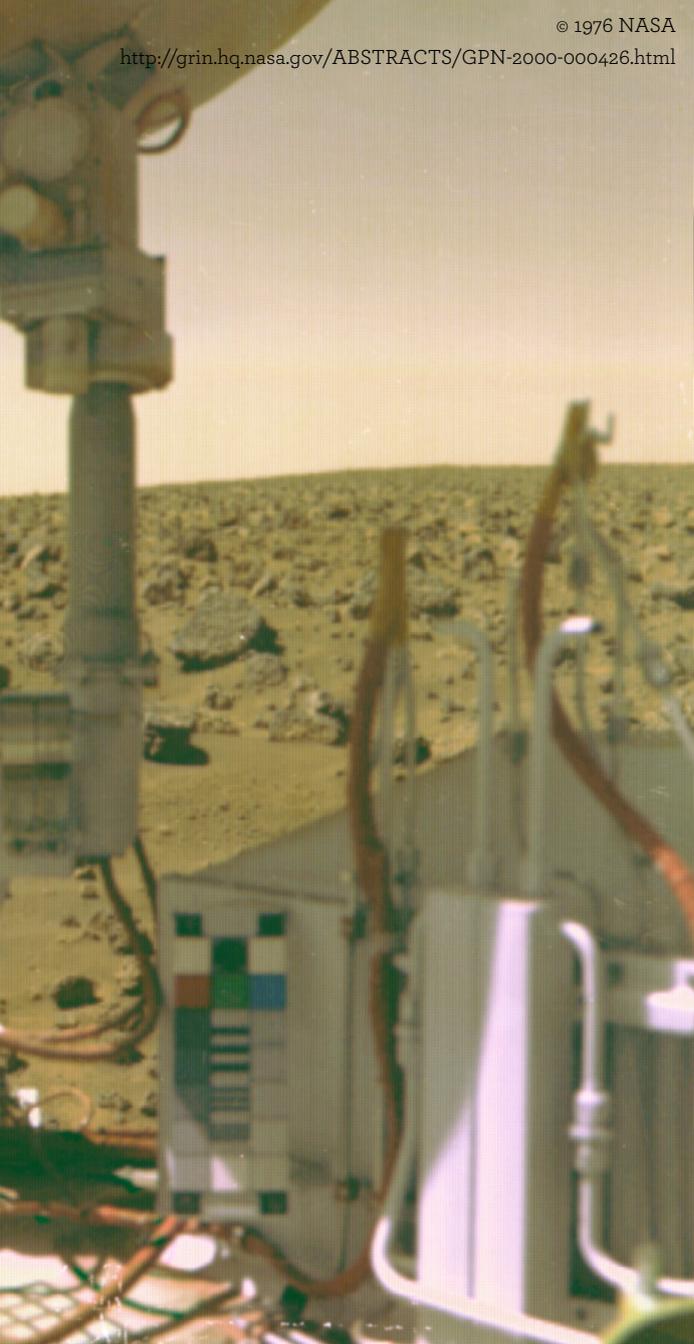
1. Connect unrelated ideas;
2. Strawberry yogurt and naked fairies;
3. Synthesize and simplify.

Most people are eager to learn new things but many of them don't know how, or they focus on irrelevant topics. Set up the constraints in the environment so that people learn relevant stuff. But never try to educate them. Help them to educate themselves by allowing them to explore. I can hardly think of a better management workout practice that helps engage people, improves work, and delights clients, all at the same time.

Adaptive and evolutionary systems by their nature involve experimentation. Since the way ahead is a gray zone, if we want progress, we must experiment.

Rother, Toyota Kata loc:2008





Casual Friday

“We have a version of exploration days at etracker which has generated some nice results. Every second Friday we have a ‘casual’ Friday. On this day, every developer is allowed to do whatever he wants. Some use this day to clean up things they didn’t have time for during the week. Others use the day to build cool new features of which product management usually says that ‘no one is going to need them’. But after releasing those features it sometimes turns out that our customers do love the new features. Maybe we should better call them anarchy days.”

Yves Stalgies, *Germany*

Our first ShipIt day

“We experimented with a ShipIt day in my company with eight colleagues. Our experience was that the requirement to do this in one day felt like a great incentive. People were enthusiastic and excited about participating, maybe because it was a new experience. There was great energy in the group. There’s something special about concentrating on one topic during one day, and there was a great feeling of satisfaction of having achieved something in only one day.

The 24-hour format was a bit difficult for some people (understandably, some have to get their kids from school, etc.) and I felt a lot of preparation by the facilitator (including materials and ideas) was necessary to make things work well. But we enjoyed trying this for one day and we will be sure to repeat this on a regular basis!”

Anthony Claverie, *France*



Rotation days

“I’d like to share a variation of exploration days called ‘rotation days’. It’s nothing fancy but it does wonders. It was introduced recently in a section called ‘Methodology, Interoperability and Architecture’ at the European Commission. The section has five teams, with three to five members each, and all teams work in different areas.

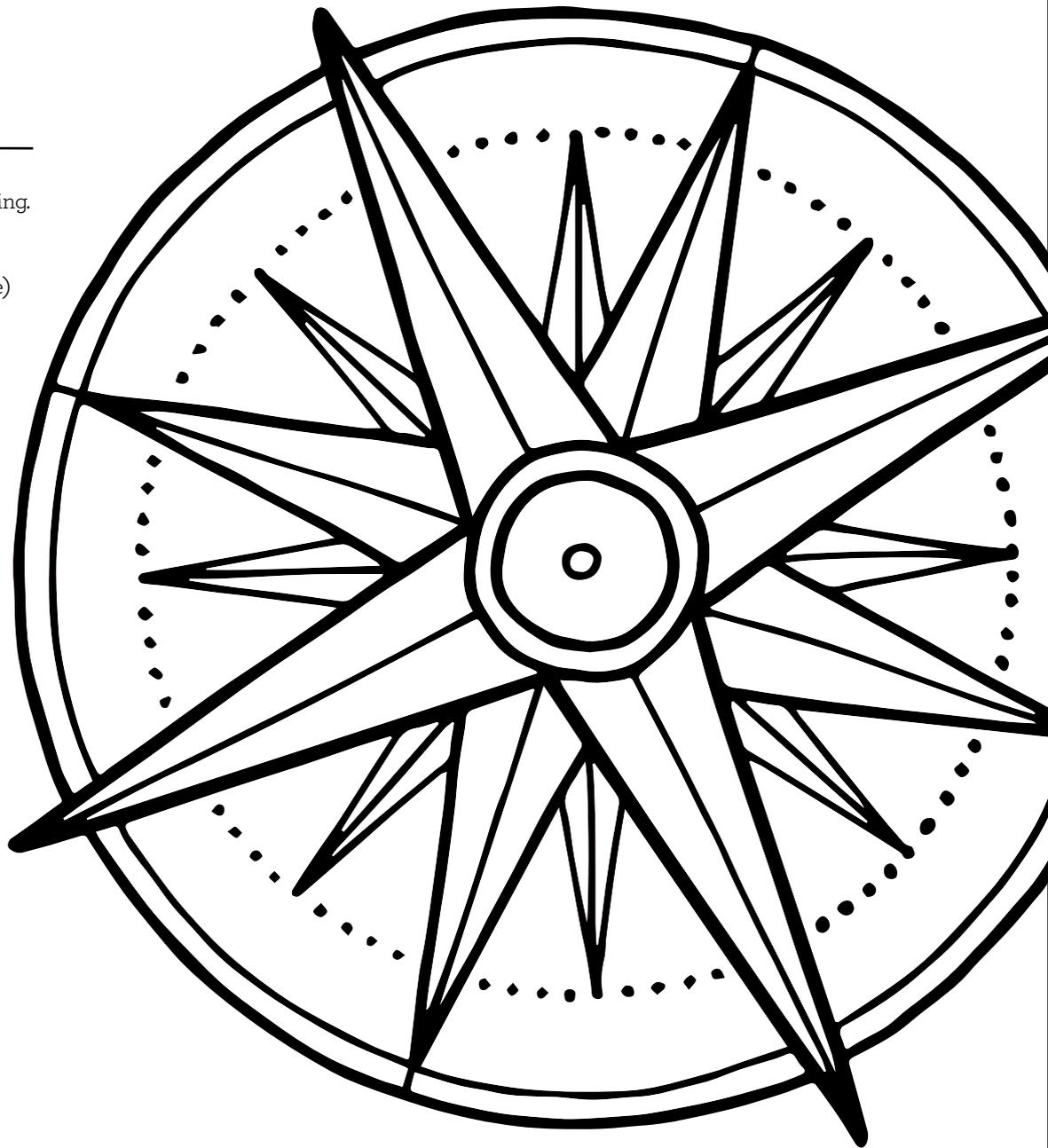
Once per month a member of one team works one full day in another team. The host team has to prepare an assignment, and at the end of the rotation day, both the guest and a member of the host team write a brief report about what happened, what they’ve learned, etc.”

Ivo Velitchkov, *Belgium*

What now?

Now it is time for you to start learning by doing.

1. Read more about exploration days (ShipIt days, hackathons, 20% time) in the referenced articles.
2. Organize an exploration day with just your own team, during the week or over a weekend.
3. Use the results of this experiment to convince other teams to organize another day together.
4. Consider setting up a stock market for ideas, where people can invest in each other's experiments and somehow reap the benefits of having supported a successful innovative project.



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