

# 7 SOLID REASONS TO BUILD LADDERS

There are many reasons why ladders come into existence. After examining more than 500 'ladder' examples, we have defined 7 categories detailing how 'ladders are born'.

## 1. LACK OF CONNECTION WITH REALITY

The organisation is still living in the old world where things changed slowly. The world out there has moved on, but organisations are still stuck with outdated rules and procedures. Often, an entire industry is still applying outdated methods when that same industry is already being shook up by a new startup that has adapted the service or product to changed circumstances.

*\* A perfect example of an industry that is lagging behind is the law practice. It is still very common to send faxes, print documents quadruple and jurisprudence itself is by default always running behind on society's reality. Recently a Dutch lawmaker wanted to speed up the judicial process and decided to accept a digital response for a certain procedure. This meant that instead of sending 4 copies of the same document the lawyer could send an email with the correct document. However - this is where genius strikes - the document in question had to be attached fourfold to make sure that the rule of quadruple was still applied.*

*\* Because of potential legal consequences, we still have to print out an entire contract, sign it page by page and then scan it back with the signature. There are perfectly operational digital services that could be used omitting the print to paper and back process, but those are not legally accepted yet.*

*\* On the subject of using faxes: loads of companies and people still mention a fax number on their business cards. If you ask around at the office, hardly anyone seems to know where a possible fax would arrive or if anyone would ever pick up on it. Do you still have a fax number on your business card?*



## 2. UNDERESTIMATING THE COST OF CONTROL

In our attempt to try and control the world and reduce the risks, we often forget the cost of control. It also costs money, time and energy to keep the right procedures in place. However, we have a tendency to underrate these costs, only focusing on the things that can go wrong.

*\* An employee of a local government told me that it took her 45 minutes of work to ask to be reimbursed for a bus ticket she needed to go to a meeting in town. She had to log on to the internet, find the right document, fill out the document, ask for a signature from her finance department, scan the document and upload it in the right category. This excludes the time it took for the person at finance to process the request.*

## 3. LACK OF TRUST

We don't trust other people. We have a tendency to try control everything - even if the result is the only thing that should be measured. Then we also attempt to control the process of how somebody achieves certain results. If we could completely trust someone, then we wouldn't need a system to control their behavior. This is without even knowing how it's going to happen.

*\* In most supermarkets, the self-checkout systems have become normal. Instead of having to go to a cashier, the customer scans the articles that they want and pays without interacting with a cashier. The idea is built on trust. (Most) customers actually pay for all the products that they have bought. Several studies showed that the cost of shoplifting (where the customer isn't trustworthy and doesn't scan all the articles) is outweighed by that of hiring a cashier, or longer waiting lines. The practice of shoplifting itself is easily discouraged by occasional random purchase ticket controls.*

*\* If I want to purchase a new stapler at the office, I must download a purchase document, fill out the document and explain why I need this product. My manager then signs to approve the purchase. I then send the document to the administration who will log the document and connect it with a purchase order number. Following this the document is sent to the finance department who will sign it. The document goes back to administration to log the signatures and I will get the document back with the PO number, and only then can I order the stapler from the retailer.*

# 4.

## WE APPLY THE SAME RULE TO EVERYONE

An obscure element that adds a lot to the proliferation of ladders and bureaucracy is the fact that we tend to instantly apply the same rule to everyone. Sometimes a certain procedure or rule is emphasised and applied temporarily to a small group of people. However, when applied to an entire organisation, it becomes less efficient.

*\* A Ministry wanted to stimulate more creative thinking within the organisation. They developed a digital management tool whereby employees could suggest ideas to improve their work. They had noticed that some of the ideas were quite vague and not really helpful. To upgrade the quality of the proposals, they assigned several idea-coaches to the workforce who helped formulate a more concrete idea. The idea-coach would sit down with the employee and after 15 minutes the quality of the idea would have increased significantly. With the best intentions, they decided that every person who came up with a new idea would have a meeting with the idea-coach to improve the quality. The result: less and less ideas were suggested because most employees didn't want to spend an extra 15 minutes with an idea-coach.*

*\* In the Emergency Services Department of a hospital in the Netherlands, the staff can only create a new patient file if the patient has completed a range of screenings (suicide-intention, self-sustainability, mistreatment, malnutrition, ...). This is relevant to a small percentage of patients but not for the majority (80%) of the cases - like a sprained ankle.*

# 5.

## A SYSTEM IS ALWAYS A DELAYED VERSION OF REALITY

We will change a system because the old way is no longer effective. However, building a new system or procedure requires a lot of time: analysing the situation, planning, designing, prototyping, testing, training, support and creating backup systems before the new system is implemented. By the time people are used to the new system, it is very likely already outdated.

*\* A financial team needs 5 months at the end of their fiscal year to predict their annual budget for the next year. It costs a lot of time, energy and money (and even more meetings with all departments) to create this budget. In reality, the 'perfect' financial plan has to be superseded by an updated version - a few weeks after the final version is ready, due to the fast-changing market. Why do we spend so much time on planning, knowing that the reality will most likely be changed by the time we're done?*

*Another fact is that most people in the organisation use the yearly budget plan as a kind of guiding tool during the year. At the end of the financial year, they use it to point fingers at each other when mistakes or miscalculations need to be accounted for.*

# 6.

## THE PROCEDURE BECOMES THE GOAL, LEADING TO COMPLEXITY

When procedures and systems are around for a long time, we sometimes forget the reason why the procedure was created in the first place. This often happens when the procedures have led to a complex layout like cross-department systems. They may even require a control system to make sure that all the rules are followed. In those cases, following the right procedure is more valued than looking at the added value the procedure provides. In extreme cases, this can even lead to situations where the procedures have an opposite effect to the original intention.

*\* Most government subsidy policies are intended to support the weaker/smaller/vulnerable parties in a certain industry. The procedures to apply for a subsidy have, over time, become so complex that the subsidies usually go to the organisations that have become experts in applying for subsidies. Sadly, most of the time these companies aren't the most deserving of financial aid.*

# 7.

## RISK AVERSION

We live in times where mistakes are hardly allowed. This differs from culture to culture. In the US, it is somewhat accepted to make a mistake and learn from it. In Europe, a few small mistakes are permissible, but in Asia people have an innate fear of doing something wrong or different.

In general, we are afraid to make mistakes. That is why we develop rules, procedures and systems to reduce the chance that mistakes will happen. We reduce the level of risk, but it can lead to a paradox where we have so many procedures and rules that people start to make more mistakes due to the complexity. In Belgium, it is even a specialisation in law practice to go for a mistrial or even an acquittal on procedural grounds.

*\* To promote a blog about my book on a business platform run by a big Belgian bank, I had agreed to give away ten books to the first ten people who would send a tweet about that blog. I would pay for the books, the bank would send them to the winners to make sure that their privacy was respected. It sounded easy and simple, but then the legal department heard that the bank would be involved in a Twitter competition. "What would happen if a participant came up with a dispute?", they asked. They needed to come up with contest rules to make sure that nothing could go wrong. Suddenly, more and more questions arose (what if somebody didn't have Twitter and wanted to participate? what if ...?).*

*All kinds of scenarios surfaced, and it took a month to be cleared. I don't know how much time, energy and money was spent by the bank (whilst involving people from legal, creating a selection committee who had to work out a procedure with contest rules, ...) where initially costs were estimated at €25 for the stamps.*