

Reflections

The SoL Journal
on Knowledge, Learning, and Change



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IN THIS ISSUE OF REFLECTIONS we continue to explore the premise that the quality of our work is a function of our relationships and conversation – at both a local and global level.

Socio-anthropologist and SoL France member Alain de Vulpian focuses his research on the heart of SoL's purpose: to explore the interdependent development of people and their institutions. By “Listening to Ordinary People” – the nature of his work, and the title of his 2004 book – Alain raises the specific question of how we can guide the evolution of our organizations and society to embrace the richness of full engagement of ordinary people – something we ignore at our peril. This article is based on Alain's keynote presentation at SoL's Global Forum in Vienna in September, where he was joined in a panel conversation with Arie de Geus and Anne Murray Allen. Arie de Geus offered this implication: business needs and has not yet experienced its own “French revolution” to bring democracy to the workplace. Both de Geus' and Allen's comments are included here.

If we need to develop more capacity for self-organizing and self-governance, what does that look like in our organizations, and how can we help? Mark Addleson, Scott Brumburgh, and Raj Chawla offer “From Fragmentation to Aligning: Organizational Coaching and Ten Conversations for Organizing Knowledge Work.” In their experience, organizations foster social networks by actively encouraging specific types of conversations that practically promote aligning much more than any traditional organizational forms – many of which actually discourage collaboration.

The need to build relationships also spans the boundaries of our organizations. Peter Gumpert offers his notion of “The Connected Company.” A focal point in his article is a practical tool for assessing connectedness within and beyond the company. Reviewing this relative to what's needed seems a good place for most teams and organizations to start.

This issue's book excerpt is from Adam Kahane's *Solving Tough Problems: An Open Way of Talking, Listening and Creating New Realities*. As Adam notes: “The way we talk and listen expresses our relationship with the world. When we fall into the trap of telling and not listening, we close ourselves off from being changed by the world. We limit ourselves to being able to change the world only by force.” Adam documents an alternative that can bring forth our best selves and great possibilities.

Finally, we're delighted that the recent *Reflections* article on systems thinking at Ford provoked a number of comments. These immediately follow in our new “Readers Write” column. Your rants, raves and reflections should be directed to reflections@solonline.org for inclusion in future issues.



C. Sherry Immediato
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FORD'S IMMUNE SYSTEM

I APPLAUD JEREMY SELIGMAN AND HIS COLLEAGUES for their efforts to instill system thinking principles and practices at Ford (“Building a Systems Thinking Culture at Ford Motor Company,” *Reflections* 6.4/5). With a senior-level champion, they are well positioned to address cultural changes, overcome obstacles that derailed previous efforts, and have an impact on business results. Ford has a long history of system thinking and organizational learning, dating back well before the concepts were part of our current management vernacular. In fact, Ford was leading the industry in implementing and gaining benefits from systems thinking many years ago. A 2002 interview with Vic Leo (formerly of Ford, in *Reflections* 4.2) provides a good history of systems thinking, including what leads to quick fixes rather than fundamental solutions. Understanding the historical response will have some bearing on what issues these managers need to address so that their efforts have a better probability for success and longevity, and become part of the organization’s culture, rather than an isolated subculture.

Why were the longstanding systems thinking efforts and organizational learning practices at Ford derailed in the mid-1990s? Several factors contributed, and can explain why the innovations that Seligman is leading today, and describes historically (which Goodman in his commentary also refers), might again be derailed. Reasons for previous failures are based on the “immune system,” or the instinctive response of organizations to reject anything “foreign” or “new.” I would not argue whether Ford and other large corporations have immune systems, but I would ask what gives this immune system its potency. It seems that proponents of new ideas often contribute to the strength of that immune system by how they reify it through their actions.

The immune system is based on “learned” characteristics. For example, in conversations regarding early systems thinking initiatives, people have told me that when they first came to Ford, they would go in and talk to their bosses about important issues. They soon learned, however, that you do not go in to the bosses’ office, even if “the door is always open” with open problems. Bosses want solutions, and often they want you to propose what they have hinted at as their solutions. Conversely, these same “bosses” tell me that they wonder why their people don’t come to them to talk about problems more often! They are often painfully unaware of their own over-reactions and the predominance of their advocacy for their own views. In the hectic day-to-day, there isn’t great skill in inquiry, or awareness, or any real desire to address the gaps between what they say they desire and what happens. The net result is that people have learned not to ask the boss questions.

What is the story that is told with regard to systems thinking? There is what happened to the leaders of the previous efforts – their results were not recognized, they were not offered acceptable future positions, and they left the organization. With the leaders gone, others who practiced systems thinking felt exposed and without support. Was the leaders’ fate because of their use of systems thinking practices? That explanation becomes so potent that many people overlook other factors. The results are descriptions of the aftermath such as “monks preserving the arts and sciences through the Dark Ages,” “ST survivors,” or “failure of ST to take hold.” The language that results from this attribution reinforces the power of the immune system, making it as real as it is.

Many other factors contributed to derailing these earlier systems thinking efforts. There was an ele-

ment of bad timing – the Ford 2000 reorganization into a platform structure changed the organization, and reduced program management positions by 20%. The new CEO had his own agenda, which focused on “the teachable point of view” (see interview with Jack Nassar in the September 1999 issue of *Harvard Business Review*) and, importantly, *excluded any other improvement program*. At that time, if you talked about any improvement effort contrary to the “teachable point of view” program, you would quickly find yourself rebuked. These conditions explain why systems thinking people “all went underground” and were not “willing to come out of their caves.”

The current systems thinking efforts address some of these challenges, suggesting the building of “a new capacity for reflective dialogue, deep insight, and shifting entrenched mental models.” These are important challenges in changing culture, so that simple and misattributed causes do not reinforce the perceptions of an existing immune system. These efforts need to walk the fine line that connects the perception of improvement programs to executive’s concerns for business results. While changes in thinking and behavior are what lead to better results, they are just the intermediary changes. The purpose of systems thinking, or any other improvement practice, is to more reliably produce results and sustain performance. Otherwise, the criticisms of “learning for the sake of learning’ approach, without sufficient focus on real-world problems” are appropriate. However, good results might also be insufficient. Ford’s earlier systems thinking projects produced good results. These results ran counter to prejudices held by executives on the program’s performance. Executives did not pay as much attention to the intermediate product development measures that the team focused on, but to the program’s projected future market and financial outcomes.

Ford’s current resurgence of systems thinking needs to be applied within the context of desired business outcomes. System modeling applied to this earlier program’s market and financial outcomes would have provided data and opportunities for dialogue between program managers and executives. The program managers needed skills and tools to create the context to engage and address executive’s mental models. These are skills for managing change up in the organization. Rosabeth Moss Kanter’s commentary on a similar systems thinking and learning initiative (documented in the 1999 book *Car Launch*) clearly calls for these change management skills. “You want to learn to actually build learning organizations,” she wrote, “and arm people to be better organizational change agents rather than converted cultists.”

It is easy for proponents of systems thinking to become enamored with elegant techniques, but when they are applying them in company settings, they and their effort need to not only be connected to business results, but be sure that they are broadly perceived in that way. Managing those perceptions will require them to engage broader cultural issues that, when addressed, will allow them to make progress and create an organization that will welcome and sustain their efforts.

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JEREMY SELIGMAN RESPONDS

GEORGE ROTH WAS DEEPLY ENGAGED WITH FORD'S EARLY EFFORTS to instill Systems Thinking disciplines into Ford's organizational culture, and his comments add depth and texture to an understanding of the situation in which we found ourselves as we set out to reinvigorate these practices within Ford. We were very much aware of the causes and conditions that George details in his letter. We made a conscious decision not to recapitulate that analysis in the article because we felt it would distract from its purpose, which was not to provide a history of ST in Ford Motor Company. Our primary message was that the possibility of successful organizational change is always a function of understanding one's corporate cultural history, and that ST, as compelling as it may seem to its adherents, will not establish itself without a strategy that incorporates an analysis and understanding of the resistance behaviors and "immune responses" of the organizational culture.

George suggests that by naming the immune system, we have reified it and granted it powers it might not otherwise have. I appreciate the warning, and I agree that an understanding that we cannot stand outside the system is critical to any successful change management approach. I also agree fully with Rosabeth Moss Kanter's comment; we want positive change and business results, not systems thinkers. This is precisely the path we are pursuing, quietly helping a broad array of teams to understand their challenges, create the environment from which insights can emerge, and design better, more lasting solutions. As to the dangers of reification, it is our observation that the components that make up what we have called "the immune system" are not self-aware as such, and that powerful metaphors can create insight and allow for the possibility of innovative design through borrowing and recombination. We will be careful not to fall into the trap of believing that our models are the world, and we thank George for his commentary and guidance.

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SUPPORTING THE ENTERPRISE

IT'S BEEN FIVE YEARS SINCE I RETIRED FROM FORD after spending 33 years within its exciting grip. Jeremy Seligman's article is a gift for all those who have served and for those about to serve the organizational learning community. The author takes us on two journeys, hard and soft: the first focuses on professionalism, craftsmanship, and results; and the second on inquiry, possibilities and hope. Personally, I believe both are intertwined, though compartmental thinking convinces us they're separate.

Clearly, this Ford IT organization has some very sharp organizational learning pros. They demonstrate a keenness for putting into place the foundation blocks for capacity building: curriculum, competence, practice fields, and integrating lessons learned. Reaching out to include University of Michigan graduate students (MAP) and then employing these students to improve senior IT managers' use of dialogue and reflection skills is a great move, as is expanding the program internally to Ford personnel (FMAP).

The granddaddy question here is what impact will systems thinking within IT have on the larger system...the Ford enterprise? There's good news and bad. You can impact the larger system from anywhere within the system (good), but (here comes the difficult) you generally solve problems by working on the larger system of which the problem is a part. The author's CIO (Marv Adams) is a significant executive champion, and the ST group is very fortunate to have him. Some execs are content to "live with" or even "support" ST projects, but freeze the group out when results have broader system-wide implications. That won't happen here.

The possibility of embedding the practice of ST in large organizations is tough and speculative. Despite Jeremy's "soft" language, it's about SCALE. Who really knows anything about this territory? Ninety-nine percent of us are stumped. The author lays out a terrific set of theories and questions. Jeremy and his crew have gone beyond the insights of the group before them, and are now confronting the next stage of development. This Ford IT team seems very determined to give their company and its people a fighting chance to survive in this highly interdependent global economy. Encouragement from all of us is warranted. The systems age is here. Those who hold onto the piecemeal view will drag the enterprise down. Let's not let it happen.

Vic Leo

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THE FOUR TRUTHS OF CLARITY

JERRY SELIGMAN'S STORY OF HOW PEOPLE AT FORD embraced systems thinking (*Reflections* 6.4/5) reminds me of the very old observation that understanding the complexity of our organizations, what they want to achieve, and how to go about achieving what they want isn't hard because people don't have the tools; it is hard because people haven't been shown how to use them. What I refer to as 'the Four Truths of Clarity' show that we do have the tools, and that to use them we simply need to overcome the barriers to using them.

1. *Not understanding the system clearly, as it really is, both in what it wants to achieve and in how it works, leads to very ineffective and inefficient systems.* We experience this state of confusion when we lack clarity: on a *personal* level whenever we make an obvious mistake and say to ourselves, "I knew better than that"; on a *group* level whenever someone states after a group blunder, "I could have told you that, if you would have asked"; and on an *organizational* level whenever we see intelligent, passionate people with years of experience make seemingly stupid decisions.

2. *Not understanding the system clearly is caused by barriers to what we experience and by our ability to experience the system.* The first barrier is that we are not able to process the infinite number of details available to us at all moments. And, with the inputs we are able to process, we don't. The second

barrier exists because we are usually mindless in a distracted state, paying attention to our own thoughts and not to the system.

3. *By understanding what influences these barriers to systems experiencing, we can overcome these barriers.* The first barrier of cognitive ability can be overcome somewhat by recognizing its existence. Knowing that we are not capable of knowing everything puts us in the position of asking rather than assuming. The second barrier of mindful attention can be overcome by increasing our ability to be mindful to what we can process about the system.

4. *Since we experience systems through our body, heart, and head, overcoming the barriers requires that we build our capacity to experience systems through our body, heart, and head with greater clarity.* Very simple exercises have been found to be useful and motivating in being mindful to information we receive from our body, heart, and head. It has also been shown that it is quite possible to develop one's ability to act in a mindful, clear way continuously.

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SYSTEMIC FORCES IN HEALTH CARE

The power and decision making dynamics described in Manoj Pawar's article ("Committees and Boards in Health Care Organizations," *Reflections* 6.4/5) are very real and very deeply entrenched in many health care organizations, particularly those which deliver direct medical services. In my experience, they stem from two systemic forces which set the stage for conflict:

The historical authority of the physician:

Direct medical care is a hierarchical, power based on expertise system. Decision making and final authority rest with the physician.

The emergence of professional health care management:

As hospitals and health care have become more complex and institutionalized, a "professional management class" has arisen.

When these two forces come together, an almost inevitable power struggle ensues between administrators and physicians – doctors being sometimes resentful and dismissive of administrators who they regard as less knowledgeable people attempting to infringe on physician's power; managers viewing doctors as entrenched power brokers who block administrators' ability to operate effectively.

As the author points out, the traditional health care power and decision making model, while usually appropriate for medical emergencies, is not effective in complex management situations requiring thought, deliberation, effective conversations, and sharing of mental models. The crux of the difficulty for many health care professionals lies in their natural tendency to transfer the traditional decision making model to all situations, and their related lack of capability to engage in other conversational and decision making modes when working through complex systemic issues.

Given the long history of the physician-as-expert decision making model, it is highly unlikely that fundamental transformation in health care decision making will come quickly, and it is at least equally unlikely that a frontal assault on the current model will achieve anything other than causing people to dig in to their respective viewpoints and ways of behaving, thus exacerbating the conflict.

What will work more effectively over time are approaches which acknowledge the closed system hierarchical model as existing for very good reasons and as effective in many situations, thereby “honoring the monarch” and respecting physicians’ very real knowledge and skills; and offer support in using other approaches for other kinds of situations, e.g. dialogue and participatory decision making, and tie the benefits of using these approaches to outcomes held dear by all parties – physicians, health care managers, board members, and other key players.

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Send your comments, questions, and suggestions to reflections@solonline.org

Listening to Ordinary People: The Process of Civilization on the Way to a New Society

By Alain de Vulpian



Alain de Vulpian

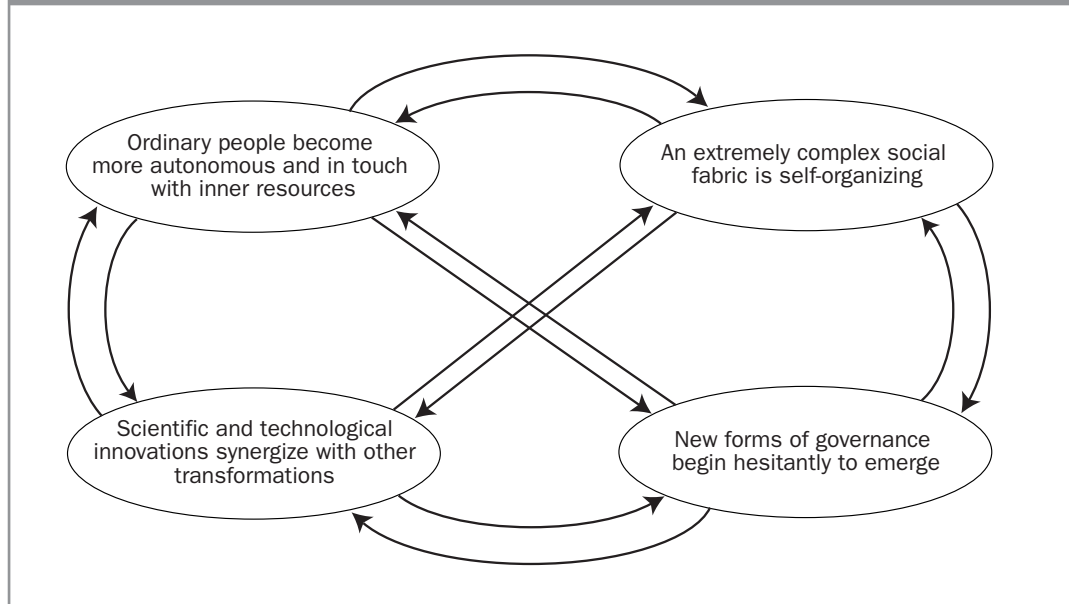
Since the end of the 1940s, a considerable volume of ethnological field research has been compiled in the democracies of Europe and North America. It focuses on changes in the ways people interact with the social and economic systems within which they live their everyday lives. One of the fathers of this line of research is the American social scientist David Riesman.¹ Throughout the 50-plus years of my professional life, I have participated in the development of this research. Now freed from managerial responsibility for my team, I have had time to re-analyze this mountain of data and re-examine the lines of force of the anthropo-sociological transformation through which we are now living.

I have reached the conclusion that we are in the epicenter of a developmental process of civilization that is deeply transforming Western culture and possibly preparing the way for a worldwide civilization. What do I mean by a developmental process of civilization? Norbert Elias, the great German sociologist, gave body to this concept of a “chain reaction of chain reactions” that involves power holders, institutions, organizations, communications, ordinary people, manners, customs, the social fabric, emerging technologies, and so on.² This phenomenon transforms a civilization and gives life to a new society. No one has designed, desired, or piloted this chain reaction of chain reactions. It has occurred spontaneously, is continuing, and is now spreading to other regions of the planet.

This process is extremely complex, affecting all levels of our social life, from the extreme “micro” level (for example, the lives of couples and families, or networks of friends) to the “macro” and “mega” levels (for example, the birth of new organizations, companies and states, or worldwide regulatory bodies). In an extreme simplification, one could say that an explosion of personal autonomy is feeding into and enriching the social fabric, producing very high levels of complex interaction through which several technical and technological modes of progress are selected. These selections in turn reinforce the levels of individual autonomy and social complexity. These interdependences are bringing to life a new form of society that selects and is selected by new forms of governance (see Figure 1, page 2). But we shall see that governance is having difficulty in keeping up with the levels of complexity of today’s socio-technological fabric, resulting in distortions, turbulence, blockages, and loss of vitality.

This developmental process primarily affects ordinary people and the social fabric that is woven from their multiple interactions. During the past half century, ethnologists studying modernity have documented how ordinary people, searching for emancipation and personal

Figure 1: Society and Governance—Mutual Selection and Reinforcement



happiness, undergo a learning process: they progressively deepen their understanding of themselves and learn how to live their lives. More directly in contact with their sensations, emotions, impulses, and intuitions, and also better equipped to think for themselves, millions, and tens and hundreds of millions, of individuals are thus becoming independent entities in their own right, more autonomous and more capable of wisely conducting their own lives.

People in this process of transformation connect and disconnect from each other in their own ways. From these billions of connections, avoidances, and disconnections are born networks, halos of preference or influence, and interdependent sociosystems – in short, a social fabric of extreme complexity. The explosion of microtelecommunication after the mid-1980s was in response to the need for autonomy and connections, and has multiplied the speed and intensity of these spontaneous emergences of life.

Self-organizing and self-regulating, this new social fabric places participants on equal footing and thus, undermines hierarchies.

This new social fabric has all the complexity of a living organism. Self-organizing and self-regulating, it places participants on equal footing and thus, undermines hierarchies. It runs counter to bureaucracies and technocracies and all earlier forms of power and organization that govern from the top down. Acts of authority by these earlier forms of government are more frequently seen as ill-timed and as triggering unwanted effects, so that their capacity to wield power begins to crumble.

In families, businesses, schools, associations, and within public authorities, the search is on for new ways to influence the unfolding of events. Effective approaches are proving to be soft rather than hard, and correspond to an extended understanding of fundamental processes, and insights into how to derive advantage from them. These solutions tend to be therapeutic, strategic, and catalytic, resembling more closely the work of the doctor or the gardener than the efforts of the engineer or the lawyer. They are characterized by partnership rather than sovereignty.

The effects of this dynamic on the distribution of power are already strongly felt. The autonomous and vital individuals who comprise the majority of our populations are quietly

withdrawing from official society and its increasingly fatigued institutions. By living out their lives along this more autonomous trajectory, they construct another world.

L'Ami Public, a think-tank focused on the transformation of society, public powers, and businesses, currently conducts field research on French people who are clearly affected by this “process of civilization” – a good two-thirds of the population. Many of these people feel that professional politicians, parties, and even the trade unions don't see the real problems, exhaust themselves in artificial conflicts, and seek above all to preserve their own power structures. This population is more or less explicitly waiting for a change in both society and its politics, but refuses to get involved in the militant political action that is proposed. Many take refuge in the careful construction of their personal lives, protecting them from aggression and ambient stress. They frequently feel that the more they create their own fulfilling lives, the more society as a whole will actualize its potentialities. Others seek more deliberately to influence things that concern them and to provide solutions for this or that social ill. They thus participate in the immense movement toward social therapy that seeks to relieve society's aches and pains. This phenomenon is evidently not restricted to France. The current swarm of informal networks, associations, and NGOs is an expression of ordinary people taking power and compelling previous power-holders to treat them as partners.

Profound Change in Ordinary People

Every year, more people “modernize” themselves. This transformation starts with the struggle to emancipate oneself from enforced patterns of activity and existence, and from habits, traditions, conventions, and authorities, and then opens out rapidly into a learning process that envelops the self and the life it experiences. This double movement makes people increasingly independent and autonomous, and far more capable than their predecessors of piloting their own lives in their own ways. This change is profound, affecting not only values and customs, but the people themselves, their individual economies, and quite probably the organization and functioning of their brains.

The Movement Toward Emancipation

This movement has distant roots, and has seen a variety of incarnations at different epochs and in different milieus. Beginning during the Renaissance, through the later Reformation, and most evidently since the Enlightenment and the American and French revolutions, people in the West began specifically to seek personal emancipation and individual happiness. They affirmed their right to exercise the rationality of their own minds, independent from reigning dogma.

This combat for personal liberty is a struggle against the constraints imposed by society, but it is also a struggle within the self insofar as societal constraints become internalized. When one seeks to disencumber oneself from adherence to the past, a new, freer, and more flexible personality can replace the earlier pattern.

For some, emancipation does not mean merely liberating oneself from earlier social and moral constraints; it also means escaping from one's social condition. Beginning in the last decades of the nineteenth century, this motivation encouraged social change: it fed the collective struggle of the proletarian class, and then more and more clearly encouraged the personal engagement of workers in the race for modernity and consumption. During the first two-thirds of the twentieth century, hundreds of millions of Europeans and North Americans

changed their daily habits so as to rise in the hierarchy of modernity and social standing. In the 1960s and 1970s, the most extreme version flourished in the United States, where the individual was convinced of the possession of a unique personality that had at all costs to be freed from its socially imposed shackles and affirmed in spite of all resistances.³

Sensation and Emotion Rediscovered

As Western culture developed over the last few centuries, it turned its attention away from sensations and emotions to concentrate on clarity of thought. In the education of its children it emphasized the visual at the expense of other senses, which were often deprecated as close to animality and sources of sin. Western culture placed the accent on clarity of representation, on the intellectualized, and on the rational.

But by 1952 in Sweden, and by 1954 in France the first fissures appeared in this once useful but now repressive edifice. People – in particular young people who felt themselves to be “modern” – were discovering tactile, olfactory, proprioceptive, and auditory sensations, and were living polysensual experiences with astonishment and pleasure. This polysensualism has spread more and more widely through Western populations.

As ordinary people awaken to their sensations and their emotions, they make discoveries. Some of the most frequent and most significant are:

- the crucial importance of affection and love
- the illusion of “One Great Love,” or the “Great Revolution,” and the more satisfying accumulation of micro-happinesses, through physical and mental well-being, which is really what makes for happiness
- the desirability of cultivating semi-ecstatic experiences (e.g., communion with nature or the cosmos, or an oceanic feeling of oneness and fulfillment – as natural phenomena, immanent, or the presence of God)

Navigating Life Wisely

An increasing number of people with secondary educations have chosen to make use of their observation and reasoning skills to reflect not on ideas, concepts, books, and ideologies, but on themselves and their own concrete life experiences.

Today most people simply want to shape their own lives in their own ways. They want lives that include affection, micro-happinesses, and feelings of well-being – the moments of fulfillment and the elements of meaning that are vital needs for the majority of people. Earlier motivations that once took priority, such as duty, the fatherland, religion, the revolution, career, social standing, or consumption, are absent or relegated to the back of the queue.

In 1984, while we were exploring attitudes among young moderns in the course of their development, we first described the way such people guide their lives. We named this approach “strategic opportunism,” also known as “adaptive navigation.” Steering of this kind does not determinedly pursue a previously fixed objective; it makes the most of opportunities as they occur, and re-evaluates objectives according to the difficulties encountered. People sense arising opportunities and threats, and try to take advantage of the former while avoiding or transforming the latter. They feel neither subject to fate nor all-powerful. They cultivate their autonomy but do not consider themselves sovereign individuals, or actors external to their environment who act on it to transform it. Rather, they see



themselves as links in an environment by which they are transformed and which they transform. Progressive exploration of the individual's "right path" results just as much from personal impulse as from the reactions of the environment. Such explorers are accustomed to the hypercomplexity of society, and learn to navigate their lives almost by osmosis, without conscious application. They learn from events that teach them how to be part of a systemic rationality. Many have made immense progress in this art of finely piloting the course of events, based on intimate knowledge and intuitive perception of the underlying processes.

A New Social Fabric

As they change, people feed the development of a new social fabric that reinforces their transformation. Historically, people arrived in a preformed society that slotted them into place and shaped them, whereas today they arrive in a flexible and permissive society that they themselves help shape. Modern, autonomous individuals are quietly withdrawing from official society and its moribund institutions. Field research shows that as they search for warm personal connections and less stressful relations, they give life to a radically new social fabric. This fabric is extremely complex, by interwoven, sloppy and fluctuating links of every size. It feeds a non-hierarchical society that regulates and organizes itself. The real power of ordinary people – generated through their networks and the organic structures they create to influence the course of events – is increasing. Deeper forms of democracy are seeking to emerge, and new types of organisms are developing, with one foot in the economic world and the other in the societal one. People at the heart of these activities, baptized "entreprenauts"

at Sociovision, are simultaneously entrepreneurs and skillful navigators in a web of multiple networks (the Internet being one of their most useful tools).

Inquiries show that these entrepreneurs and their organizations have numerous traits in common. Their primary motive is not to make money, but to procure enjoyable lives that give them a sense of meaning. They make use of, and help develop, new information and communication technologies. They do not always fit into the categories used by organized economies and the finance industry, nor even into the arthritic institutions of representative democracy. In their socioeconomy, durable vitality and success come from synergistic meetings and interdependences, from the capacity to participate in interacting networks. These networks may be inspired by geography (clusters) or result from contacts in the local/global telecommunications networks. Industrial and business enterprises and powerful bureaucracies are themselves invaded by networks of shared sympathies or interests that develop spontaneously in the crevices of their structures and organigrams. Major companies, champions in the economic and financial dimensions of life, can no longer neglect the societal dimensions of their strategies, for new societal dimensions are now interacting with them at every level.

Emerging Forms of Governance

A new kind of governance – one that can adapt to the levels of complexity in society, have effective influence on the course of events, and improve the comfort and vitality of the social organism – is beginning to emerge. By governance I mean the effective capacity to influence the course of events in the short and/or long term in a chosen direction. Good governance contributes to positioning the organism on a road in its environment that is both durably comfortable and energizing.

Forms of governance and the processes of civilization are and have always been interde-



pendent. In the society that is coming into being, the practices of governance and socio-technological forms are mutually selective.

Authoritarian governance from above, whether based on the hierarchical tropisms (desire for power combined with a tendency to obey), or on the application of force (as well as short-sighted voluntarism), function less well in a hypercomplex society peopled by relatively autonomous persons. Powerful seniors who consider themselves still to be in positions of power and think they know the right answers (whether for technocratic or for ideological reasons), hang on tight to their hard power and systematically make use of unilateral authority or force. In this manner they create turbulence, conflict, and perverse effects. In the medium or long term, they cannot achieve their goals. The developmental process therefore tends to select them out. Yet it is true that such types accentuate the pre-chaotic character of any systems within which they are active, increasing the probability that these systems will switch abruptly from a chaotic state to a new order – one that could just as well be far outside the line of development of the civilization process as within it.

Others, whether powerful seniors or newly influential arrivals, invent better informed and more subtle forms of governance, adapted to an ongoing development process. They know that their power is both limited and shared. They act by relying on knowledge or intuition about latencies, and about auto-organizing and self-regulating systems, intimate processes that underlie the course of events. These actors help produce harmony and vitality as they influence the civilization process. Their contributions reinforce that civilization process, which in turn feeds their increasing influence, thus selecting them in a positive manner.

Passage from a hierarchic, simplified society to one that is heterarchic and hypercomplex tends to modify the distribution of influentials (those who exercise de facto influence in real governance). The capacity for influence of those who were weak grows, while the influence of those who occupy positions of hierarchic power diminishes, until they learn to exercise influence in a governance adapted to the situation. Governance that works, that orients the socio-systems concerned in an effective manner, becomes a cooperative activity involving diverse actors, among which ordinary people do not occupy minor positions.

Everyone who feels a responsibility for exercising influence on the course of events is, whether they know it or not, going through an apprenticeship for a new world, casting around to find new forms of governance that feel suitable. This concerns the traditionally powerful such as fathers of families, directors of businesses, and government leaders, as well as the new power-carriers that are emerging. Real but uneven progress has been made: we see great strides in families and in the emerging socioeconomy, but much less progress in states and their structures and in established “big business.” For the present, we’re still far from the critical mass necessary to shift in a broad and institutional way to these new forms of governance.

Families

Families have changed profoundly. In Western countries the proportion of those who think that the father of a family should be the boss in the home has been in steady decline during the past 30 years. In France, for example, 60% thought this in 1974 and 41% in 1984; only 29% thought this in 1999. Quite apart from opinions and values, this phenomenon affects

In the society that is coming into being, the practices of governance and socio-technological forms are mutually selective.



the reality of families' functioning and behavior. A study carried out by Sociovision Cofremca has shown that in France in 1995, hierarchic families represented only 15–20% of the total. Half of these were patriarchal, and half matriarchal. Those who lived in patriarchal families said that people were continually quarrelling. The study also showed that in 1995 nearly two-thirds of French families were clearly heterarchic, in which everyone had their say, and the father had a certain degree of influence only if he was sufficiently adept.

This evolution is moving in the same direction everywhere, but in 2000 varied considerably from country to country: 10% of Swedes thought that the father of a family should be the boss, 20% of Germans, and approximately 30% of the British, French, and Italians. These figures rise to 40% in Spain, 45% in the U.S., and 74% in Brazil.

Nation States and Governments

Broadly speaking, there are four intersecting phenomena today that tend to destabilize nation states and most governments. First, ordinary people, in becoming more autonomous, are no longer satisfied by a representative democracy that installs a power from which they then feel increasingly distant, and which they consider too controlling. Second, top-down governance is losing its efficacy in a social fabric that is increasingly hypercomplex. Third, the advanced globalization of the economy and the more timid globalization of civil society diminish the importance of the national unit, which is where states exercise their power. Finally, the collapse of the Soviet Bloc put an end to the cold war, making the worldwide geopolitical game more fluid.

More or less democratic as the case may be, states and their governments are sovereign within their own territories. This sovereignty can be reduced to two characteristics: (1) states

are the legal monopolists of violence within their frontiers and can therefore constrain their citizens, who for the most part tend toward obedience; and (2) their relationships with other states are based on economic and military power, with or without the use of violence, leading in extreme situations to war, annexation, and/or oppression. This system is slowly breaking up, and could be in the process of transformation into a system in which local, national, and global governance become a matter for concerted action, open to the participation of a multiplicity of actors, from public authorities to ordinary people. But we are still a long way from anything of this nature.

Toward a New Political Governance

Today, even in the most democratic countries, democracy is inadequate for autonomous people eager to participate in the course of events relevant to them. The citizens elect their representatives and benefit from a certain degree of protection of the individual, but the governments govern from the top down, in an authoritarian manner inspired by technocratic or ideologically partisan rationalizations, and the law of the majority is imposed on minorities. However, the ordinary people that constitute the civil society are gaining influence on governments and states' functioning. And states are making adjustments.

For instance, during the past quarter century, associations and NGOs that have sprung more or less directly from the ordinary people have multiplied and gained leverage. National and regional public authorities turn more often to associations to carry out complex missions that they themselves are ill-prepared to handle. But it remains difficult for formally constituted authorities to abandon the notion that their formal structure gives them a position of superiority over the organizations they wish to use. The international organizations are penetrated to the core by NGOs. We have seen cases in which the network of NGOs and ordinary people linked by the Internet have been able to force multinationals, states, and even networks of states to give ground.

Nevertheless, the majority of governments in the most-modern countries have not yet found how to imagine, design, and install administrations at ease with modernity and able to establish symbiotic relations with the society of ordinary people. And many of them have lost a great part of their ability to govern. For example, the U.S. government proclaims that it wants to make the country the leader of the world, yet its efforts have only degraded the country's image and shredded the "sympathy capital" it may have had. Similarly, French governments on the left and the right have been promising for decades to reduce unemployment, yet unemployment is a long-term and persistent problem that shows no signs of abating. In these countries, those who make their careers in government and administration have not yet understood how to govern a modern society. They have neither the glasses with which to see and understand, nor the knowledge of how to act. There is a problem of creativity and apprenticeship.

A New Take on the Balance of Power

The current process of civilization has yielded new actors, as we have just illustrated, and has reduced the effective action and the legitimacy of violence. During the 1990s, the system inherited from the treaties of Westphalia in 1648 (which maintained a balance of power between sovereign states in Europe) began to crumble in the face of the concerted influences of a wide variety of factors.

- **Local and regional powers.** During the 1990s, the local/regional scene began to gain in importance against the national one. This smaller locus is the site of the greatest contributions to social and economic vitality, and affects people most directly. This is the level at which the majority of newly formed links emerge in the increasing complexity of society. Nationalist ideologies fade, institutionalized governance adjusts, and the trend toward decentralization broadens.
- **International enterprises.** In the current context of globalization, states locked inside their own national territories lose some of their powers of constraint over multinational business.
- **Globalized civil society.** Associations, charitable networks, diasporas, and religious or political movements (e.g., Islamist, fundamentalist, pro-Israeli, pacific, oneworlders, etc.) have become globalized, exert pressure, circulate money and ideas, organize demonstrations, and even sponsor terrorist attacks.
- **Networking among states.** A complex network of states in complicity and in conflict is permanently reforming and changing, tending to become a system in its own right. It replaces the fixed blocs of the cold war. Flexible and interactive supranational groups form. Each state is thus caught in an interplay (of constraints, opportunities, and threats) that devalues simple power in favor of skillful maneuvering. Some states try to resist this trend. Among these is the most powerful of the lot, the U.S. However, as Joseph Nye has very clearly shown, even the most economically and militarily powerful state on the planet is not omnipotent.⁴ The mishaps of the Bush administration in Iraq illustrate this very well.
- For more than half a century, Europe has been organizing its own existence. This is a process that no single person or group of people is steering, but which many actors are influencing. It advances, retreats, and bifurcates, but still continues its process. At one time many thought the result would be the creation of another empire – a United States of Europe with supranational powers. It now appears more likely that it will end in the creation of a system of pacific, post-state and post-national, governance whose orientation will emerge from a complex confrontation of different influences.

In this dawn of the twenty-first century, humanity is confronted with an accumulation of vital threats. For example, the unequal distribution of wealth, climatic warming, the return of warring religions, terrorism, gathering epidemics, etc. Such challenges can be met only by a planet-wide system of concerted governance. The process of civilization is pushing us toward it, but we have a long way to go. And we may not get there in time.

The Role of Big Business

The source of strength of most big business in the nineteenth and twentieth centuries – the chain of command, top-down control and organization, standardization, repetition, bureaucracy, forecasting and planning, division of labor, mass marketing, empire building, mechanical thinking, and predatory attitudes – has become a handicap. Businesses today, big or small, are faced with a redoubtable challenge, even (or especially) when they don't realize it clearly. They must invent or discover their own forms of adjustment to people's evolution, to the changing social fabric, and to emerging technologies that open up new domains of thought

and action. The process of modernization is transforming them, whether they know it or not, and they have to re-interpret capitalism.

During the 1970s and 1980s, businesses more or less consciously sought to find out how to synergize with modernity. But the effort was piecemeal and usually encountered enormous resistance from within the companies concerned, so that by 1990 they still did not know how to make the most of the potential of modernity. Globalization and intensifying competition led many of them to tighten up everywhere they could in a frantic effort to increase profitability. They merely deepened the gulf that was already separating them from the society of people.

Brilliant Intuitions and Inconsistent Application

A few companies were out in front. They had an intuitive understanding of the change in progress and made partial responses to it. I had the good fortune to witness three cases from up close.

In the early 1970s, under the impulsion of André Bénard and Pierre Wack, Royal Dutch/Shell developed a system of strategic planning by scenarios. Pierre Wack had perceived that in a world that was growing more complex, traditional forecasts lost their relevance and should be replaced by multi-dimensional scenarios. He laid out his scenarios with an extremely original perspective: instead of trying to imagine different futures, starting from a rational analysis of possibilities, he sought to use his networks of contacts to locate the processes of transformation that were already under way and to envisage the ways in which real life could combine them. He had opened the door to a completely systemic perspective. He thought that responsible senior managers, confronted with scenarios that rang true, would change their mental maps of the world. Pierre Wack's innovative lessons made slow progress in the business community.

In the same period, propelled by its young president, Per Gyllenhammar, Volvo became aware that Swedish workers were becoming more autonomous and that it would soon not be possible to get them to work on assembly lines. So in 1974 creative imagination at Volvo led to the automobile industry's first great rupture with traditional assembly line production, which was replaced by autonomous teams.



This was also the period when François Dalle, the President of L'Oréal, began to investigate what he called "parallel hierarchies." He had seen that a business was a living organism, and that in the interstices of management and trade-union hierarchies, living networks were developing spontaneously and producing their own leaders. He realized that senior management could tap into these networks and make use of them.

In many businesses during the 1970s and 1980s, initiatives were undertaken to meet the process of civilization. Management began to talk of human resources rather than "personnel," making allusion to inner resources that were probably underutilized, and perhaps possible to mobilize to the benefit of both workers and the business. Management by objectives

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became current practice, quality groups were introduced and multiplied, and attempts were made to reduce the drag of hierarchized bureaucracy and to provide increased room for responsibility and initiative. More-or-less spontaneous developments in micro-telecommunications technology began to transform the pyramid of top-down internal communication into interactive conversation.

But responses to what was and is a global challenge were partial and sketchy. Employees were modernizing at least as fast as their companies. By the end of the 1980s it became evident that the gap between them had not been substantially reduced: no general advance had been made in making good use of the "human resources" in personnel. In 1975, a majority of employees in France dreamed of fulfillment in their jobs; by 1985, many of them wanted a job that

would leave them time to fulfill themselves elsewhere.

Marketing modernized without radically transforming itself. During the 1970s and 1980s, it was not unusual to find heads of companies or marketing directors who dreamed of putting their enterprises in total synergy with the diversity of their consumers and the developments in their sensitivities. In their attempts to achieve this goal, some business leaders distanced themselves from massive abstract categories such as "my market," "the consumer," or "the housewife under 50," and drew closer to the realities of living, complex people. Some broke away from the idea of influencing and manipulating potential customers in favor of interactive adjustment through dialogue. Market research tools that were both quantitative and psychosocially pertinent became widespread. Business started identifying favorable ongoing social developments they could use without drowning in complexity. Some companies learned to seize the crucial moment of a reversal in sensitivities for their product launches.

This was progress, of a sort. But it has to be admitted that by the end of the 1980s a truly dialoguing micro-marketing had not yet been discovered or invented. The majority of businesses were not in fact symbiotic with their consumers. Observatories described "consumer fatigue," which marketing tried to overcome by stepping up advertising pressure or conducting price wars. As consumption became blocked or satiated in the more-modern countries, advertisers looked for business development in countries newly open to consumer-oriented competition, where numerous potential client segments were still easy to conquer by well-worn mass-marketing techniques.

The majority of senior managements in all the Western countries saw at the end of the 1980s that *people's expectations with regard to businesses had changed*. From being principally financial and transactional, they were increasingly becoming relational, societal, moral, and ecological. Nevertheless, the vast majority of businesses were able to respond to this demand only with a transformation or two and a large volume of opportunistic communications.

Divorce: Traditional Big Business vs. The Society of Ordinary People

At the end of the 1980s and the beginning of the 1990s, the rapid globalization of the economy and an explosion in communications networks intensified competition. Simultaneously, a conjunction of factors reduced the importance of managers in favor of the shareholders. A new and somewhat caricatural version of capitalism appeared, leading a number of publicly held companies into competition centered on shareholder value. The businesses concerned were (and are) valued, and judge themselves, by the quarterly or even daily movement of share price, which of course makes them the slaves of short-term hopes and fears linked to media announcements and anticipation of profits.

Some companies began to explore modernity and invested in the authentic learning processes required by it. The majority, under pressure to produce urgent results and without the requisite knowledge, turned away to better-known territory. They gambled on mechanical improvements and rationalizations in their organizations or strategies, at the price of degrading their internal climates and their relations with their own social ecosystems.

They devised more effective organizations, tightened everything, and required faster and more-efficient work, often through the use of new technologies. Such management practices, without taking account of local human conditions, have often greatly increased stress. They also encouraged the development of short-term employment. Because this enabled similar



levels of production with fewer employees, it led to massive layoffs. The flexible working hours desired by employees, in particular by women, were transformed into flexibility imposed and controlled from above. As computers became more integral to the workplace, they were used not to increase freedom and interdependences among personnel but to discipline and accelerate. Management introduced computer-driven systems for managing clients relations, and computerized telephone systems that rigidify and dehumanize vocal communication.

During the 1990s, surgical operations multiplied. Companies sought economies of scale and rationalized their perimeters. Bits were cut off here or added on there. Complex living business entities were chopped up. Recombinations took no heed of the existing cultures of forcibly merged teams. Enormous enterprises were created with no underlying social, cultural, or human realities. Such was the casual negligence of history, of experience, of accumulated knowledge, and of collective intelligence.

These efforts bore fruit: profits of such companies quadrupled between 1982 and 2000. But there was a price to pay. Competition centered on shareholder value locked a considerable proportion of large companies into a closed financial universe, segregated from the surrounding social, human, and sometimes even economic, realities. Priority given to short-term profit was exactly out of step with the processes of modernization, which place the emphasis on human fulfillment, durable vitality, protection of the environment, and meaning in life.

By the end of the 1990s, the number of people whose work appeared meaningless and who felt themselves subject to unreasonable degrees of constraint rose steadily.

This divorce between big business and the society of ordinary people has had very serious consequences. The divide between companies and their workers grows wider. The deterioration in the moral status of large companies increases the degree of confrontation. And finally, their ability to be self-guiding and to survive diminishes.

By the end of the 1990s, all the observatories of change in the most-modern countries noted an increase in levels of stress and frustration linked to work and to the practices of large companies and administrations. The number of people whose work appeared meaningless and who felt themselves subject to unreasonable degrees of constraint rose steadily. Quite apart from the general relativization of work, behaviors arose that were dangerous for the company: complicities for mutual protection and to work as little as possible, resistance to any change in organization imposed from above and affecting personal lives, the brain drain of young or skilled staff away from large companies and public administration, and dreams of early retirement “to be able to do develop independent and interesting work.”

In several European countries a growing majority of employees thought that their own interests and those of their companies were divergent. This feeling grew among junior and middle management, and in this situation are the outlines of a dangerous opposition: shareholders and business leaders one side, and the living company entity on the other.

The public image of large organizations deteriorated during the last decade of the century. Previously, this image had in fact improved when leading companies benefited from the discredit that bureaucratic administration had brought upon itself and business became associated with the hope of a freer and more human world. This honeymoon did not last, and the image of big business deteriorated sharply, though public sentiment toward small businesses remained quite positive. This loss of moral stature has been observed in all countries at the

cutting edge of modernity, particularly clearly in the U.S., and more benignly in Germany. In all the Western countries, between half and sometimes three-quarters of the population think that large organizations do not serve the public interest. Public opinion everywhere has registered the growing discord between traditional big business and its employees. In France, for example, the proportion of those who consider that the interests of business are usually opposed to the interests of employees has grown continuously since 1985.

There are numerous grounds for complaint. Most people find no meaning in business that spends its time in financial games, that sells off a bit here or grabs a bit there, that sacks a chunk of its work force, and that apparently has no interest in internal social harmony nor in the quality of life of its employees. Big business is criticized for making children work in developing countries, for experimenting on animals, for pollution, for poisoning our food, for firing people even while it is making profits, for not caring at all about the development or quality of their surrounding communities, for disrespecting consumers, and for disregarding the quality of their products or services. Corporations' efforts to convince staff and the public otherwise have frequently been perceived as artificial pretense and attempts at manipulation. Polls have shown that some of these efforts had more negative than positive effects, except perhaps on shareholders. The increasing frequency, during the last decade of the century, of more-or-less-criminal collusion between powerful businesses and political leaders has not helped the big business cause.

The generally younger people in the anti-business lobby know how to whip up emotion and catalyze waves of discontent. Charismatic leaders sometimes emerge from this contingent, and their instinctive knowledge of how to use media and micro-communications makes them all the more redoubtable, surfing as they do on a current of public sympathy that supports the small against the powerful, the local against the general, and the social against the financial.

The survivability of a whole section of traditional businesses is in question. Cut off both from the people who are changing and from the social fabric that is becoming more complex, these businesses are not developing the piloting skills or the understanding of governance that the situation requires. Their directors and managers can see the gradual erosion of their ability to order, to organize from above, and to influence the course of events. They exhaust themselves in establishing chains of command that don't work, in exercising their authority on people who want to be self-determining, and in trying to manipulate men and women who will do only as they think fit. Their inopportune orders trigger perverse or unexpected results. Consumers escape their grasp, or become increasingly expensive to win over.

If leaders of big business and the financial establishments remain insensitive to this unease and the resulting polarization, or do not soon mount appropriate responses, protests may become envenomed and the widening gap between business and ordinary people translate to destructive divorce. In that tableau, stress and confrontation will flourish. While large companies make cuts in their workforces, a new socioeconomy, based on individual initiatives and informal processes, will develop and undermine their domain. The ordinary reactions of ordinary people will cause increasingly destructive developments in traditionally managed businesses through internal dysfunction and serious societal crises. It is not impossible that such social disturbances could last for decades.

Most people find no meaning in business that apparently has no interest in internal social harmony nor in the quality of life of its employees.

An historical example merits consideration. The development of industrial enterprise during the nineteenth century gave rise to the development of a revolutionary proletariat that launched a virulent attack on free market enterprise, encouraging the development of aggressive trade unions and violent strikes. In some countries this resulted in dictatorships with centralized command economies. It took a century for moderate unions, Fordism, and a triumphant race for consumption to reintegrate the proletariat into a new dominant societal form. There is no reason to suppose that history cannot repeat itself but take a different turn.

Time to Get New Glasses

A great many senior managers have relatively blocked mental attitudes and maps of the world. The lenses through which they see are the fruits of their own educations and their previous professional experiences. We need a sufficient proportion of managers to “get new glasses” so that big business can participate in the process of discovery and apprenticeship. This will allow major companies to understand their failings and make the adjustments necessary to govern more wisely in the modern socioeconomy.²

Actors in the New Socioeconomy

In France and New York we have observed leaders and employees of neo-enterprises, start-ups, associations, and networks launched during the 1990s. Observations were sufficiently soon after their launches that the organizations had not yet been deformed by the pressures of the financial, economic, institutional, and political environment in which they had to operate. Their manner of being and self-governance had a number of characteristics in common; this attracted our attention to the forms of entrepreneurial life which were developing spontaneously at the end of the twentieth century in societies at the cutting edge of modernity. Major companies with an awareness of biomimetics could find a source of inspiration here.

The people behind each of the business adventures have a very evident entrepreneurial spirit. However, unlike the classic image of the entrepreneur, they plunged into their activity not to make money, but to procure a life that really suits them, and gives them a sense of meaning and an outlet for their vitality – and if there’s money in it as well, so much the better.

Many started out with a radical innovation that with hindsight, appears to have filled a gap. An activity that had meaning for them also had meaning for people like them who became collaborators or clients. In this manner, the latent energies of all concerned are put to use, and they become “activists for the cause,” and “spreaders of the gospel.” For such people, added meaning is a primordial source of value.

In the ventures of these entrepreneurs (aka their “organisms”), hierarchies are not clearly defined. Initiatives are taken and leadership improvised on all levels. But one or more leaders with sufficient charisma (rather than a reliance on structured hierarchy) may exercise a strong influence on the whole and tend to be seen as the incarnation of the enterprise.

These animators of new organisms do far more than just listen to their collaborators and clients inside a bottom-up organization. When we interviewed them we saw that they didn’t feel like the masters of a situation who were bending down to listen, but rather as actors among others in a complex system in which they were trying to find the most advantageous interactions. They had an orientation toward dialogue and interactive adjustment, and found it all the easier to feel others, both personnel and clients, because they often resembled each

Characteristics of Old- and New-Paradigm Orientations

OLD

Feel powerful, sovereign, at the center of the world, able to impose one's will

Governors are there to govern

See the world as a mechanic, a technician, an expert, a legal advisor

Study; know; decide; plan

Effective action is what is decided by the director who knows where she or he wants to go

Show others that what they do is meaningful

Look for generally applicable recipes that have proved their worth

A narrow strategic field (industrial, economic, financial)

NEW

Feel an element in an ecosystem whose future can (perhaps) be influenced; be on the lookout for windows of opportunity; accompany the processes of surrounding life

Governors are there to ensure that the enterprise is effectively self-governing

See the world through the eyes of a gardener or a therapeutic specialist, as a living system with which one interacts

Listen; be on the lookout for adjustments, synergies and dialogues; feel one's way

Effective action is what is inspired by an intimate knowledge of the living processes that underlie the course of events

Give others the opportunity to discover the meaning of what they do

Know that each particular case require specific diagnosis and treatment

A broad strategic field (including social, societal, and ecological dimensions)

other in their shared modernity of outlook. These people tune in to the living fabric of society, deriving inspiration or support from it. They spontaneously make use of micro-communication technologies in this spirit of creative adjustment, rather than managing through the establishment of control with a corresponding reduction in liberty and freedom of action.

The resulting organisms seem well adapted to a changing world. The diversity of people on their teams is often striking, and prepares everyone to react to a wide variety of events and to find positive interactions. In spite of differences, team members have a cohesive feeling. This combination of unity and diversity increases their chances of performing well in a mutating environment.

The collective intelligence of these organisms is often very developed. The long-term visions of the future are shared by all the personnel. Generally, the entire team is on the lookout for jump-cuts in the streaming environment that surrounds them, and seeks the right adjustment. A collective understanding of adjustments and desynchronizations in progress is encouraged, creating the impression of a spontaneously functioning system of strategic adjustment between the organism and its environment. It's noteworthy that other actors operating in the same market (or in the same universe) are not systematically perceived as enemies, or even as competitors, but rather as partners.

A New Evolutionary Stage for Human Society?

The human species wavers between liberal and authoritarian forms of organization. Our hunter-gatherer ancestors were organized in small, relatively egalitarian groups for some 100,000 years, with little difference in power and status between members. The leadership shifted according to circumstances without need for formal appointment to a position of authority. Then, some 10,000–12,000 years ago, the groups became more numerous, and with the development of agriculture and animal domestication, became more sedentary.

Authority was strengthened, locally centralized, and stabilized. Monarchies were instituted.

With the growth in people's autonomy, the social fabric has become more interactive, and centralized authority has lost its efficacy.

Humanity has invented the state more than once; the oldest attempts we know of were only five or six thousand years ago. Norbert Elias has shown how, after the end of the Middle Ages, the centuries-old process of development of civilization in the West gave rise to the state as the sovereign monopolist of violence within its territory. From this Western initiative the world began to divide into nations, each governed by a state machinery. During the twentieth century some of these nation-states sought to exercise control over every aspect of life.

However, another dynamic was also at work. Its most recent phase (the Renaissance and the Reformation, the Illumination, and the American and French revolutions) found Westerners in search of individual emancipation and personal happiness. They undertook to free themselves from rigid authority and inflexible taboos. Progressively, some amount of democracy crept into our political regimes and our societal lives. (“A certain amount” because democratically elected governments and heads of economic activities continued to govern on the basis of appointed authority.)

Today things are not quite the same. With the growth in people's autonomy, the social fabric has become more interactive, and centralized authority has lost its efficacy. Perhaps today we are taking a decisive step in the direction of a deeper, post-national and post-state form of democracy and/or social structure. The society that we can only glimpse at present would be heterarchic, largely self-organized and self-regulated, and possessing a greatly enlarged margin for personal initiative. Sovereign states may give way to a variety of public powers at various levels, with partnerships between them and with a multitude of nonstate, nongovernmental organisms. Because of the extreme rapidity of technical progress in micro-communication, the development of efficient, planet-wide (as well as local) self-regulation has become imaginable and possibly achievable.⁶

There is an opportunity for human progress whose birth we can try to facilitate. But it is very clear that nothing has yet been decisively acquired. Our hypercomplex and living society is also, like all living things, the seat of pathological processes. The therapeutic procedures, regulators, or immune systems that are spontaneously developing are not yet properly effective, in particular because many governments and old-fashioned-but-still-powerful enterprises are not playing the game of a living society. They display ideologically partisan, hierarchic, or predatory attitudes, rather than therapeutic, interactive ones, and accumulate mistakes and maladaptations that generate perverse effects. Instead of participating in concerted, adaptive regulation, they throw oil on the fire and accentuate the turbulence. Beyond a hypothetical (because unmeasured) threshold of turbulence, the entire anthropo-sociological process could bifurcate into disastrous directions.

ABOUT THE AUTHOR

Alain de Vulpian, a sociologist and ethnologist, founded Cofremca, a think tank, research and consulting organization 50 years ago. He is chairman of Sociovision, an international offshoot of Cofremca. Its activities consist of observing people in their everyday lives and conducting systematic research on change in modern societies. In the 1960s, he devised an empirical tool for the detection, follow-up and anticipation of socio-cultural change that is now being used in a number of countries. He is a member of SoL France and of the Global Business Network.

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Commentary

By Arie de Geus



Arie de Geus

The underlying theme of Alain de Vulpian's essay is one with which I struggled at various moments in my life. It is the theme that "People change and in so doing they change the society in which they live."

My first encounter with this theme was at university. In those days a German philosophical school of thought called "Personalismus" still had many adherents in the Netherlands. Its founder was a Hamburg professor, called William Stern, a forerunner of Piaget. Central in the work of both these developmental psychologists is the inter-relationship between the individual and the world around them. Whereas Piaget concentrated on the process by which the individual, all through his/her life, adjusts and develops to stay in harmony with that world (i.e. the basic process of life, also known as "learning"), Stern gave much attention to the reciprocity in the relationship between the individual and the society at large. Both change and both change each other by a process he called "introception." Change works in both directions, but very slowly!

Alain de Vulpian describes convincingly how this change process has been at work over the last 50 years and he gives us some idea about the time scale. Changes in people's behaviour and their value system that started in the 1950s and '60s, finally made it into the family unit decades later. But, at the turn of the century, they are still far from being absorbed in business and nation states. He describes how ways of governance and the exercise of power still put handicaps in the way of adjustment

to people, to social fabric and to technologies that have already gone through a half century of fundamental change.

Quite apart from the slowness of this process, I learned another lesson later in my professional life. Yes, indeed, people do slowly change the society at large, but only if they are a member of and part of that society! Standing outside a society and kicking at it – shouting that it should change – is not very effective. You have to be a member of the society or community that needs changing.

This argument was key in the anti-apartheid debate in the 1980s. Quite a heated debate it was! An outspoken anti-apartheid movement was advocating a policy of "Get out of the country and boycott them," with some multi-national businesses like my own, caught in the middle. Notwithstanding the pressure that was put on it, Shell decided to remain in the country and to try to be an agent of change from the inside rather than join the outside forces. As readers of *Reflections* know from articles published by Adam Kahane, this decision turned out to be an effective one. Shell's planning processes as well as Shell people contributed to both the abolition of apartheid and to the formulation of the post-apartheid policies of the Mandela government. A long and painful episode had proved the old German professor William Stern to have been right: Real change can only come from the inside.

I believe that we better keep this in mind also with regard to the changes that are becoming more and more necessary in business following

the changes in people and social values that Alain de Vulpian is describing. Most businesses, he says, are out of step and out of line with their employees and with their customers. He mentions a number of reasons: excessive concentration on shareholder interests – new technologies used to tighten up organisations – use of computers to dehumanise communications with customers. Alain puts most of the blame at the feet of top management and directors: insensitive, blocked mental attitudes – “they need new glasses.” Their way of governing needs changing. Less pyramidal hierarchy, less paternalism, less teaching and more learning – and, hopefully, the retention of their own people will improve and there will be less divorce between big business and the society of ordinary people.

In this debate, however, it is necessary to introduce the element of the origin of power and the way it is exercised in business. In our democratic societies, the source of power is embedded in the Law and any change in the power structure will have to wind its (slow) way through the legislative process. That is part of the slowness of societal adaptation. Slightly cynical, one could say that in democratic societies “Laws are today’s write-up of yesterday’s solution for the day-before-yesterday’s situation.” In that sense, the Company Law in most countries still describes the 19th century society of the business corporation-as-a-machine. Unfortunately, it is that Law that allocates to the shareholder the ultimate and supreme power (of hire, fire, sell and break-up and self-remuneration) in business corporations. Most of the time, it also spells out the obligations of management to serve that shareholder before anyone else. Until that Law is changed, it puts management between the rock of emancipated people “liberated from earlier social and moral

constraints” and the hard place of shareholder power, exercised by financial institutions-with-short-term financial goals. Two hundred years ago, the Nation-State went through a similar period of tension between a more mature people and an encrusted power base. The French Nation broke that tension with a revolution. Maybe we need a French revolution in the business world to prevent the possible confrontation between emancipated people and business as de Vulpian mentions.

Alain is not completely pessimistic. He has seen and observed new actors who could possibly help the system to switch to a new order. And, indeed, signs are visible that could be pointers towards adaptations of the business world to the new realities of its people. It is even quite possible to think that these adaptations could take place by evolution, rather than revolution. Firstly, some by-products of the historical development of industrial enterprise in the 19th century are coming in handy in today’s situation. Notably, they allow business to avoid altogether the destructive influence of the predator/shareholder. Examples are:

Cooperatives. The ultimate power in cooperatives is in the hands of their members. In some cooperatives the members are the employees, in others their customers. Whichever it is, the resulting system of distributed power leads to a closer alignment and adaptation between the business and their people or their customers. As in a democratic Nation-State, the decision taking becomes more open, slower and more frustrating. But implementation of the decisions and long-term stability is far superior and faster than in a pre-French Revolution power structure. Interesting examples of the success of these old forms of governance structure in today’s

world are: the RABO Bank (owned by its customers) in The Netherlands (the only financial institution in the world with a triple AAA rating) and Mondragon, a relatively young cooperative in Northern Spain of which the employees are the members and which is one of the most successful and fastest growing businesses in Western Europe.

Partnerships. In their original form they were organisational structures that were made-to-measure for the old, authoritarian, male governance system. However, some far sighted and wise senior partners succeeded to switch to a system of (more) distributed power which, at the same time, made it impossible for one generation of partners to “rape the common” at the expense of future generations. Sometimes, this was done by setting up a Trust. Examples are the consultants McKinsey & Co, Booz-Allen & Hamilton, Inc. and the John Lewis Partnership (a UK retail business). Yet again, the examples are quite successful businesses.

Other signs point to a new order. Even without a change in the Company Law, members of the emancipated generation have begun to experiment with new organisational and power structures. One promising attempt is to give new business the structure of a “Club-with-Constitution,” wherein the Constitution lays down the rules that prevent any party from grabbing absolute hierarchical power and, at the same time, creates better conditions for a heterarchic leadership and high levels of self-organization and self-regulation. Possibly, the most spectacular example is VISA International – by many measures the most successful business of the last 25 years. Born out of a loss-making credit card business, it has been growing for many years at rates of more

than 20% per year to become inside 25 years the business enterprise with likely the highest market value in the world. Members of the SoL community have the opportunity to experiment and play a role in the development of similar new organisational and power structures, ever since a chance meeting between Peter Senge and Dee Hock, the architect and honorary President of VISA International, led to the first blueprint of a world wide SoL organization. This blueprint is still evolving and SoL members can take part in its evolution and learn first hand about developing a modern multi-national structure.

Alain de Vulpian finishes his essay on a pessimistic note. The last words of the last paragraph are that the slow process of adapting society's structure to its new autonomous people “could bifurcate into disastrous directions.” Indeed, notwithstanding the undeniable world class successes (old and new) of alternative organisational and leadership forms, the fact remains that many businesses are vulnerable to outside predators and internal governance disasters. It could bring high corporate death rates which are in nobody's interest, except perhaps some small groups of lawyers, bankers and financial consultants.

Business is important. It produces the material wealth we take for granted. A painful divorce between business and its emancipated people could have dire social and economic consequences for nation states and society at large.

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Commentary

By Anne Murray Allen



Anne Murray Allen

Without question, in writing “Listening to Ordinary People,” Alain de Vulpian has provoked our thinking about the evolution of all our societal institutions over the last 50 years or more. As people living at this moment in time, we experience tremendous and growing complexity – at home, at work, around the world. Everything we thought we knew is either changing or being questioned. Just holding onto a social fabric that sustains us in these times seems incredibly challenging.

When I first read Alain’s article I was struck by the forces and trends he describes. The fact that he has measured these over decades makes his premise impossible to dismiss or ignore. As I thought about my impending retirement from Hewlett-Packard, I could see the trends Alain describes over the 16 year period of my tenure.

When I first joined HP in 1989, I was delighted to become part of an informal, creative, relatively egalitarian social structure. Characteristics and things that human beings yearn for and described by Alain in his paper were very present in the work environment. Specifically these included a feeling of wellbeing, a sense of meaning, and moments of fulfillment at work. I would call it a very loving environment, where “love” is defined in Maturana’s terms as being “legitimate in the eyes of another.” Working in collaborative social systems within a decentralized company we had the luxury of autonomy and focus and tremendous results were accomplished.

And the world changed. The most noticeable force was the establishment and broad adoption of the internet. Change in technology and quick access to others around the globe meant new rules in an increasingly more complex and interconnected world. HP’s response to increased competition was similar to that of most multi-national companies. The divisions were reigned in and the company began the journey of learning to be one clear presence to global customers. The idea was to reduce complexity to our customers and stakeholders but the cost was increased stress, complexity, and fatigue for employees. It became impossible to see the larger social system let alone know if each of us was having an impact. Governance of the business became more hierarchical and work lost meaning for most employees. Many people felt, “My job isn’t hard, it is just hard to do my job.” Paradoxically people became bored, underutilized, and their ideas less legitimate. Yet corporate success was increasingly and precariously measured on short-term profitability and the connection between long-term financial, social, and environmental well-being was overlooked.

If Alain’s research and cautions for our future are correct, there are several ramifications for the corporation. First, in spite of the pleasant memories of a simpler time, there will be no going back. The interwoven nature of our world, as Alain so eloquently describes, is here to stay. Yet reverting to hierarchical governance that was also part of an earlier time is not the answer and is not sustainable. We do truly need to define new models. If we look at where some

of the most creative and breakthrough models for innovation and value are emerging today, we learn from enterprises like Linux and Wikipedia. They demonstrate that people are willing to do their best work for the sheer joy of making a contribution that is recognized by their peers. Regardless of societal shifts over time, humans remain social beings. Simply working for a corporation that pays a good salary is not and will not be enough. The best and the brightest want fulfillment, meaning, and an inspiring social structure. The corporations that succeed in the future will know how to offer that in addition to a paycheck. They will create governance and provide leadership that supports these things while demonstrating a moral backbone. This won't be hierarchical as we have known it, but rather something that enables people to find each other and access each other's knowledge and expertise without having to depend (and wait) on a small but

powerful hierarchy to broker this knowledge. Especially for organizations that are large, virtual, and global these models must emerge before it is too late.

Alain's caution is a good one. We cannot take the future for granted. By reminding ourselves that adaptation is not automatic, we must as he notes "get new glasses" if we are to see the possibilities as well as the problems. And to address these challenges enterprises will need leadership that supports the full engagement of people's hearts and minds. We will need this full engagement if we are to create a future that lives rather than becomes increasingly more turbulent and disenfranchised – with potentially disastrous results.

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From Fragmentation to Aligning: Organizational Coaching and Ten Conversations for Organizing Knowledge Work

By Mark Addleson, Scott Brumburgh, and Raj Chawla



Mark Addleson

What Can't We See?

Linda Nessman, director of administration for Anubiz Corp., is looking out of her office window. She has led the major reorganization Anubiz will launch today but has misgivings about it. Despite her team's best efforts, she feels that things aren't going to change. What bothers her is that AC's well-intentioned efforts during the past five years to empower teams, increase collaboration, and set up a knowledge portal haven't amounted to much. Even with process re-engineering efforts and training programs to improve communications and teamwork, things remain very much as they were.

Chuck Garcia, her boss and the CEO, wanted her to take the lead in "getting people out of silos." She understands the practical, economic reasons for this. For continued growth, the company must increase productivity and overall efficiency while reducing costs. People have to work across organizational boundaries. There has been a good deal of talk about "fragmentation." The image this brings to mind is a weak structure: a center that isn't holding the organization together. But, so far, their efforts to deal with fragmentation have had little impact and she is equally unsure about this company-wide reorganization. "Apparently we aren't getting it. Something is missing. What can't we see?" she asks herself as she walks to the door and the formal launch of their reorganization.



Scott Brumburgh

The Issues

Though the restructuring of Anubiz Corp is fictional, this vignette highlights our experiences with a variety of organizations. Government departments and nonprofit organizations, as well as corporate and other business enterprises, are all restructuring because, according to the executives, the organizations need to be "adaptable" and "responsive." "Silos" developed as their organizations grew and what they have now is "fragmentation." What they are looking for is "integration" in order to "leverage intellectual capital" (i.e., employees' knowledge), "create better synergies," and "maintain flexibility." To achieve these goals they need to "streamline business processes," "downsize," and "create flatter structures" that will "reduce overhead" and "allow knowledge to flow more freely" through the organization.

This all sounds sensible and the actions seem appropriate. Organizations bring people together to get things done and dismantling redundant structures has to be worthwhile if that enables people to work more effectively and efficiently. Yet, in most cases, integration never happens. Is it an impossible goal? Are restructuring efforts misguided?



Raj Chawla

Restructuring means redrawing the organization chart. Yet when people speak off the record about fragmentation that is not what they talk about. We hear them say, “We are not working effectively” and, “There ought to be a different way of doing things.” And we hear questions such as:

- What does it take to connect, so we can work together effectively?
- Why are employees indifferent – or worse – to their work?
- How do we generate trust within this organization?
- Can we tackle the lack of accountability in this organization?
- Why is it so difficult for people to make mistakes, learn, and support each other?

Three things in particular strike us about these questions. People in many different organizations are asking the same questions; they seem to feel it is beyond their power to address them; and the questions refer to the culture, not the structure, of organizations, and to the practices of organizing, not the organization.

These questions and concerns have their roots deep in the “managerial culture” common to most organizations, especially large ones. In that culture, powerful obstacles to cooperation include separate and competing responsibilities; performance measures that reward individuals rather than groups; goals framed in terms of the quantity of work (in terms of inputs or outputs) rather than the quality; and an emphasis on compliance (i.e., following orders) rather than on people’s accountability to one another for the work they are doing. Unfortunately, the sources of fragmentation and obstacles to cooperation are widely seen as cornerstones of efficient management. People argue that these cannot be touched without destroying what makes organizations successful.

This is a significant problem without easy answers. To appreciate this and to see what can be done about it, we should first consider why people have to “connect” in order to do their work, and then investigate why ordinary management practices prevent this. The final question is, “What does it take to organize work collaboratively?” Those three issues are the framework of this article.

Why Fragmentation?

Words such as “silos,” “stovepipes,” “top,” “bottom,” “integration,” and “fragmentation” are so common that people use them unthinkingly when talking about their organizations. Yet, this language confirms that they see organizations as *objects*, like buildings or machines, that consist of separate parts. In that view, one task of management is to coordinate and integrate the parts (Morgan 1986).

Of course, organizations are not objects that you can see or touch. It is important to acknowledge this, because the images people have and the language they use to talk about things are closely related, and both influence what people do (Abram 1997; Berger and Luckmann 1967; Eccles and Nohria 1992; Schrage 1995). Because language, images, and actions are related, the image of organizations as objects is the source of many problems. Where does this image come from and why is it so problematic?

Fragmentation is built into conventional structures

If you ask someone to draw her organization, the product usually is a version of the organization chart, as in Figure 1. The organization has an orderly triangular structure, with divisions and departments, a “top” that comprises senior managers, and a “bottom” consisting of workers connected to the top by a “chain-of-command.”

The image of a triangle is revealing. Its origins are not altogether clear (Hoskin and Macve 1994), but writers who formulated the principles of modern management many decades ago had a structure they thought was ideal. It looked like a triangle (see Henri Fayol 1916). The organizations they knew and wrote about, however, were manufacturing businesses, and the prominence of the triangle is one sign that organizations are still managed as if they are factories. Behind the triangular structure is the idea that a few people “in charge” think for everyone and tell everybody else what to do.

Factory work in the industrial age consisted mainly of routine, repetitive, physical activities and the work lives of managers and workers revolved around machines, assembly lines, and inputs and outputs of things you could see and measure (i.e., goods as opposed to services). “Efficiency and productivity” became a mantra of factory management. Ever since Adam Smith described the effects of the division of labor, the breaking down of a production process (into independent “stages” and into separate, smaller operations within units like departments and divisions) has been a recipe for improving efficiency.

Nowadays, most organizations provide services, or “intangibles,” such as mortgages, convenience (e.g., retail businesses), and software code. Because it takes many people working together to provide services, they need to cooperate closely. What they do is not at all repetitive and routine but is creative and original. Much of their work is neither observable, nor measurable, nor supervisable, as factory work is, and they have to think, decide, and act on their own. The management principles and practices invented for factories are completely inappropriate in service organizations, yet they are run like factories. They are hierarchical and bureaucratic, divided into layers, divisions, departments, and areas; accounting procedures treat every unit as separate and independent; and people, often grouped by specialization or function, are divided by invisible boundaries. Add competition, and you have people treating one another as adversaries, and units fighting over their share of the budget, trying to prevent each other from getting contracts.

Knowledge Work, Conversations, and Aligning¹

What is going on in organizations to have dramatically altered the rules for managing them? The answer is “knowledge work” (Blackler 1995; Buckingham Shum 1996; Conklin 1996; Drucker 1994). Knowledge work is designing a computer game, managing an office,

Figure 1: The Organization



performing a knee replacement, administering environmental policy, organizing shelter for homeless people, or putting together a marketing campaign. Nearly everyone does knowledge work. Compared to assembly-line workers, those who work as nurses, landscape designers, management consultants, IT support people, police, restaurateurs, and teachers deal with issues that are multifaceted and complex and not at all repetitive or routine. What matters is not people's manual skills, but what they know, think, believe, and feel (based on their experience). Knowledge work is never "individual." People have to work together, and their ability to interact and share their knowledge is crucial to their work.

The heart of all knowledge work is "meaning making," or what Karl Weick calls "sense-making" (Weick 1995; Wenger 1998). Making meaning is a uniquely human phenomenon.

Working and organizing are one and the same, and are creative and social, framed by conversations.

People make meaning when they discuss a task (i.e., when they identify a problem or issue and ask why it is a problem or whose problem it is), decide what to do, assign responsibilities, and set deadlines. They make meaning by getting together and talking. When they understand what others think or believe, they can begin to establish what is possible and practical and what they ought to do. "Sharing knowledge" means making meaning, always with a view to doing something.

Sharing knowledge is shorthand for human contacts and exchanges – collaborating, negotiating, conferring, consulting, and even squabbling and wrangling – in groups and one-on-one. Sharing knowledge happens in meetings, on the telephone, via faxes and emails, face-to-face in corridors and offices, or online. When they share knowledge, people generate ideas and possibilities that lead to their taking action.²

People generate the possibilities for action in their conversations. Until they talk together, they have only vague ideas, general views, and possibly divergent expectations. In their conversations, they transform these into meaningful sets of opportunities or possibilities and eventually into offers and products or services. Without conversations in cafeterias and offices, in hallways and during smoke breaks, in elevators, on telephones, and by email, knowledge workers cannot express views, make commitments, learn from others, generate new ideas, and produce things they or their clients want.

Knowledge work has the following important characteristics. Working and organizing are one and the same, and are creative and social, framed by conversations. Both work and organizing consist of people thinking of possibilities or opportunities for action, discussing them, and doing something (e.g., pursuing a course of action). People organize as they work and vice versa. Every course of action is the result of people coming together. When they interact, they originate possibilities for action that reflect the unique circumstances (e.g. the time, place, situation, attitudes, and perspectives) of their coming together. So, both doing and organizing knowledge work are deeply social and creative. Every "product" is different, provided in response to someone's unique, specific request and requirements.

To do good knowledge work – from establishing what a client wants and what a vendor can provide, to deciding how to fulfill contractual obligations – people have to share knowledge. Providing others with access to data is a minor consideration. What really matters are their ideas, points of view, and beliefs. People "invent," or originate, opportunities for action because they come together and share their ideas, beliefs, and points of view. How well they do this depends on how, and how fully, they are able to engage each other in conversations.

If conversations are the seeds of knowledge work, the soil for those conversations is

“aligning.” People align when they interact. *Aligning is a metaphor for forming relationships in a way that enables people to share knowledge and do their work effectively.* Aligning also describes people’s attitudes, including their intentions toward one another. Their attitudes matter, because they affect their working relationships and the quality of their work. For example, people’s abilities to be open, responsive, and frank, as opposed to secretive, uncooperative, and devious, will make an enormous difference in whether or not they can work together effectively. In the absence of aligning, there are organizational “breakdowns” such as unfulfilled commitments, and – put bluntly – bad work.

The “dirty secret” of knowledge organizations is their many unpublicized breakdowns. A prime example of these is expensive projects that fail, with nothing to show for the millions of dollars that may have been spent. Too-familiar versions of these breakdowns include:

- Time and again we hear that, after installation, a client could not use software that had taken months or years to develop. Because it was badly designed, it did not do what the client expected and required.³
- It can take years to bring an organization “up to speed” after installing a large-scale enterprise integration system. During that time, simple activities like printing reports may be extremely cumbersome. Employees become frustrated at having to change the way they do things because “that is what the system requires.”
- A local government abandoned a project for restructuring its revenue collection after three years of work and countless hours of consultants’ time because it was clear that they were not getting what they had specified in the contract.
- After money had been earmarked, a government project for reforestation was shelved because people living in the area, who had claims to the land, were overlooked in the impact study that dealt mainly with the physical ecology of the area.
- Nonprofit organizations undertake development projects that promise a great deal but deliver little, especially to people living in dire poverty. A tiny fraction of the vast cost of those projects could potentially bring enormous benefit to such people, but thousands of miles, different interests, and many “layers” of different organizations separate their lives from those of the project teams and administrators.

Project managers and consultants blame these problems on poor communication, fragmentation, or inadequate information, but their efforts to put things right are often unsuccessful. In the vignette that began this article, Linda Nessman, facing the issue of fragmentation, asks rhetorically, “Something is missing. What can’t we see?” The answer is, “the realization that people cannot work without sharing knowledge, and they cannot share knowledge without aligning.”

If Linda could see herself doing her work, she would recognize the irony that, as a knowledge worker, very little she does depends on the formal structures, processes, and directives designed and mandated by management to make the organization efficient. She just ignores them because they are largely irrelevant and, if she didn’t, those systems would actually get in her way. Steeped in the ideology of her management training, she doesn’t see the incongruity between the way she and her colleagues work, and the systems and structures she thinks are necessary. But, by describing how her team went about their work, we can learn a good deal about organizing knowledge work.

The work of Linda's team

A group of people, handpicked for their experience and ideas, began by talking. At their first meeting they had nothing more than a table and chairs; writing pads, pens, and paper; a somewhat ambiguous request from Chuck, Linda's boss, to "get people out of their silos"; a flipchart and markers; a large pot of coffee; and a box of doughnuts. From then on, whenever they met and talked, they gave direction and substance to an evolving project, inventing and crafting their work, and devising a plan for reorganization along the way. Beginning with their discussion of Chuck's request, everything they did emerged as they talked, met, reflected, and interacted with various people inside and outside the organization. Conversations largely *are* their work (see Winograd 1987).

Everyone they spoke to and everything they did involved making meaning: establishing what they ought to do and reaching agreement on how to do it. To produce a suitable strategy they needed to "come up with ideas" about how to deal with fragmentation; "understand the problem" by making sense of what is going on; "see new possibilities" in terms of steps that could be taken to solve it; "get buy-in" from various stakeholder groups; "gain the confidence" of particular individuals and of each other; and "find a solution" that would meet the needs of the company and serve the disparate interests of different people.

The entire project was fluid, dynamic, and emergent. Nothing was predetermined. Each conversation or meeting influenced how they conceived their task, where they put their energies, and what eventually they would include in their proposal for reorganization. Knowledge work is "making meaning as you go" and "learning as you go." That is very different from the way people usually think about work when they talk about "job descriptions," "performance," and "training." These concepts belong in old-style factories where work is routine, repetitive, and measurable, and depends more on specific physical skills than on reasoning, ideas, judgment, and experience.

Members of the team continually shared knowledge – with each other, across the organization, and beyond it – until they declared the work they were doing together (e.g., the project) complete. By sharing knowledge, people continually envisage, create, and enact the possibilities for action. That is how they define, organize, and do their work.

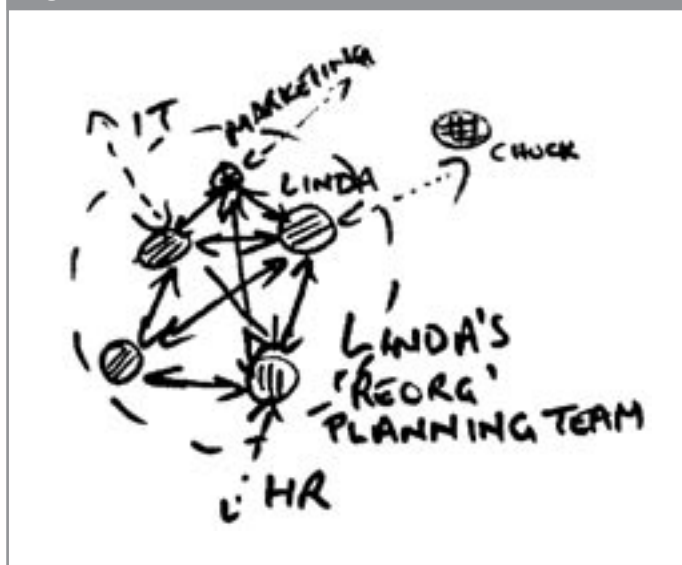
Structure in Relationships

Linda's team at work provides a picture that could hardly be more different from the way most people think of an organization. If we were to sketch it, it might look something like Figure 2.

This is a view of organizing. Contrast it with Figure 1, which gives the impression that an organization is orderly, stable, and solid. Here, however, everything is ephemeral and disjointed, or fragmented. Figure 2 suggests disorganization, even chaos. How can managers possibly control this? What are they supposed to coordinate? When managers ask these questions, they generally do not get answers. It is important to appreciate that, because we are dealing with knowledge work, such questions are misleading and largely irrelevant. Knowledge work does not fit a definite structure or well-defined boundaries. The whole process of organizing is "emergent." People organize by talking to one another. One set of conversations leads to others, with different participants, new relationships, and new issues, perspectives, and ideas. The questions to ask are: "Are people willing and able to cooperate? How are they aligning?"

Figure 2 is really about relationships. Relationships are the “structure” for organizing knowledge work (see Schrage 1995, 148), but are invisible. If we try to show relationships among the people planning the reorganization – most of whom are not members of Linda’s team – we end up identifying a few connections in “networks.” Those are not the same as relationships. Social networks (Lipnack and Stamps 1994; Cross and Parker 2004) identify who interacts with whom. Relationships are about people’s attitudes and about their feelings toward one another: duty, responsibility, confidence, commitment, trust, reliance, accountability, and even love (or the absence of these, such as distrust, lack of confidence, irresponsibility). How can these be drawn [in two dimensions on a piece of paper]?

Figure 2: Linda’s Team at Work



Even though relationships cannot be measured or shown on a chart, people *know* that they are vital for getting their work done. Their relationships influence their ability to do their work and the quality of their work. Relationships are the essence of humanity and the basis of people’s ability to organize.⁴ Their relationships are probably more real to people than “the organization” itself (Spretnak 1998).

Organizations Discourage Cooperation

If organizations bring people together to work together, why is cooperation so difficult and fragmentation so common? One reason is that cooperation was hardly an issue on old-style production lines, where today’s principles of management originated. Unfortunately, those principles are still in effect in most organizations where top management attempts to control the entire organization like a machine. To regulate costs, revenues, and profits, managers focus on measuring things and making adjustments based on the results. People are parts of the machine. The mindset is “observe, record, and monitor individual performances to ensure they are productive.” What matters are how many hours workers bill, how many forms they process, how many customers they contact, how many lines of code they write, and so on. There isn’t a need for relationships if conversations are “idle chatter” that wastes time.

To understand this point of view, we revisit the ideas of the French mathematician-philosopher René Descartes, whose writing in the first half of the seventeenth century was seminal to the thinking and discourse of the “Enlightenment. He and some of his contemporaries saw the separation of scholarship and science from theology as a way of freeing scientist-scholars from the hegemony of Catholic Church teachings. His method of effecting that separation was to articulate a philosophy that argued for the separation of mind and body. His ideas contributed to a major schism in Western thought – between subjective beliefs (e.g., feelings, perceptions, ideologies) and objective science (e.g., data, observations, facts) – that exerts a powerful influence on Western attitudes. That “split” explains why organizations shun the “personal” and “social” aspects of life and why it is so difficult to change this.

The Cartesian split separated knowledge into two domains: the mind, the domain of rea-

son, including physical entities that can be measured and studied using the methods of empirical science; and the body, the domain of heart and religion, or spirit, including phenomena such as feelings and relationships, which are not amenable to empirical testing. Over time, in the West, one component of this split came to dominate the way scholars think.

Scientific knowledge came to be seen as “objective” and valued as truth, while knowledge associated with the body, including feelings, beliefs, emotions, and intuition, was scorned as unscientific and disparaged as being “subjective.”

Figure 3 presents the dualism of the Cartesian split in a way that might help us understand organizations and work life today. The diagram is impressionistic. It is simply a way of evoking the spirit of the Cartesian split and is neither a description of the world nor of Descartes’ own ideas.

“Scientific management” brought the results of the Cartesian split to organizations in the late nineteenth century (Kanigel 1997; Taylor, 1916). Today, when people learn management, they learn that only those things associated with the right-hand side belong in organizations. There is ample evidence of this in “management speak,” the language of managerial culture. Management

speak is scientific management brought up to date: a language about strategy, outcomes, plans, performance, competition, structure, efficiency, costs, billable hours, schedules, incentives, productivity, numbers, goals, and so on. Anyone who has worked in an organization recognizes it.

Management speak turns organizations into mechanical systems with problems that demand technical solutions. There is no room for human qualities such as feelings, attitudes, beliefs, intentions, relationships, and values. Managers learn that if something is wrong they ought to look to work-process maps and the structure (e.g., the organizational chart) for a solution (Mintzberg and Van der Heyden 1999). Here is the crux of why managers find they are incapable of solving the problem of fragmentation. Organizing is about people interacting. *People actually organize around relationships, the “white spaces” of the charts and maps* (see Figure 2). As this is invisible to management,⁵ organizations are not paying attention to what matters most: how people interact and how well they share knowledge. Steeped as they are in a language that describes the right-hand side of the Cartesian split, managers cannot see the difficulties people have in sharing knowledge, which are a source of major breakdowns in organizations.

Why sharing knowledge is difficult

Organizing knowledge work, in which people share knowledge (i.e., interact and make meaning together), is complex and demanding in a way that old-style factory work is not. Organizing knowledge work is what Adam Kahane calls a “tough problem” (Kahane 2004).⁶ Dealing with tough problems takes able negotiators and facilitators as well as dedication and

Figure 3: The Cartesian Split



openness on the part of the people involved. Just figuring out what to do can be difficult enough but, when many people are involved, the difficulties multiply. Their tasks, objectives, opportunities, and priorities shift and change as they work. And, to do their work well, meet deadlines, and produce good results, they need to keep one another abreast of what is going on, what they are doing, who is involved, and what their clients expect. Doing good knowledge work depends on everyone involved being committed to what they are doing and accountable to each other for what they do.

Here is the fundamental paradox and tension in organizations today. Organizing knowledge work requires cooperation and aligning, but management practices, which began in old-style factories, sponsor fragmentation. As a result, at the start of a new project, for example, people work with others (from different parts of the organization or from other organizations) whom they know vaguely, if at all, or with whom they may be competing on a contract bid or for promotion. Although they must work together to organize, they have different technical backgrounds, different interests, and different reporting structures, and they probably do not share expectations or norms. Equally important, when there is a need to take action, permission to do so often comes from a superior who knows little about what is going on beyond his own level and outside his department, and has no intimate knowledge of the project.

What does it take to share knowledge and work together? People have to become intentional about aligning, and must encourage and honor collaboration, including supporting collaboration at an institutional level. At the very least, that means removing obstacles to building good working relationships. There are obstacles in every direction and we can now appreciate why the Cartesian split matters so much. Managers see and talk about work through the lens of the right-hand side of the split. When it comes to understanding and removing obstacles, their authority, responsibilities, and actions are limited to the structure of organizations, observable work processes, and measurable outcomes. Because they don't see the "white spaces" where people come together to organize, or the relationships that fill those spaces, managers cannot act in ways that are appropriate to dealing with fragmentation.

Top-down control has long outlived its usefulness. Now it is an obstacle to organizing knowledge work. The solution to fragmentation is a "dis-solution," as Kofman and Senge put it (Kofman and Senge, n.d.): dissolving the managerial mindset or (re)-integrating the two halves of the split. When people can again "see" interpersonal relationships and the nuances and complexities of people's interactions, they can appreciate how important relationships are in organizing, recognize the importance of the "white spaces" of organizing, and understand what goes on there. Only then do they have the capacity to organize knowledge work effectively: to engage each other fully as human beings, share knowledge, and create possibilities together with commitment and accountability to each other.

Any discussion about dissolving managerial culture needs to come with a very large warning label: "There is no instant solution or miracle cure. Do not look for one." The managerial mindset is gradually disappearing in organizations because as people are talking about teams, social networks, and communities of practice, they are, in the same breath, challenging, dissecting, and undermining the status quo. In the course of time, everything people now believe about managing will change. But this shift in worldview – from top-down management to a model that acknowledges the primacy of sense-making – is the most fundamental change imaginable. It involves people's identities, their sources of power, their attitudes to one

Top-down control has long outlived its usefulness. Now it is an obstacle to organizing knowledge work.

another (which show up in their work practices), and their remuneration. Fundamental change is neither quick nor easy. Just as we don't expect people with positional power simply to relinquish it, there is no reason to believe that this kind of change can or will come from the top, or even gain a foothold there.

Yet, while managerialism remains, that mindset limits people's ability to work creatively and responsibly. So how can we serve the process of change in a practical way? What can you and I do to work together more effectively, to address the issue of accountability, to support one another, and to tackle the problem of fragmentation that people are talking about? How do we get from fragmentation to aligning?

Organizational Coaching and Conversations

The first thing to note is that organizational change initiatives typically take entirely the wrong approach to dealing with fragmentation. They focus on the organization (e.g., mission, vision, restructuring), on individuals (e.g., cross-cultural training), or on both. That is because they are top-down actions, influenced by the Cartesian split. To deal with fragmentation the emphasis has to shift to where fragmentation occurs: in interactions and relationships.

No one has meaningful, organization-wide relationships, and work relationships transcend the boundaries of organizations. So, when dealing with fragmentation, the organization is irrelevant and becomes a distraction. We need to be thinking about *how people organize*. Ask where and to whom fragmentation, breakdowns, and aligning matter and the answer is working groups, such as project teams. People share knowledge relationship-by-relationship, conversation-by-conversation, group-by-group – one set of relationships and one conversation at a time.

Responding to fragmentation is a two-step process. It begins with “seeing” the causes of fragmentation, which, because of the Cartesian split, are normally invisible. People can be intentional about “building” good working relationships when they treat their relationships as central to organizing (i.e., in their teams or project groups). The second, and vitally important, piece is aligning: having the capacity to build effective relationships. These two steps describe the purpose and process of organizational coaching.

Organizational coaching

The object of organizational coaching is to enable people first to see new possibilities for action, especially in terms of how they work and how they work together, and then to initiate conversations that generate aligning. The only people who can change the way they work are the ones doing the work, as they continually form the relationships that are essential to knowledge work. Organizational coaching encourages people to recognize their capacity (or personal power) to influence how they work, and offers a way of doing just that. As a “movement for change,” organizational coaching turns conventional thinking on its head. Change is not the responsibility or prerogative of top management (which, in any case, is not interested in the nitty-gritty of this or that project). The power of change lies squarely in the hands of people who work and organize together.

The idea behind organizational coaching is a simple one. When people talk to one another about their relationships, about what they can expect to accomplish together, and about what they expect from each other – conversations which they don't usually have because

these are not part of the managerial culture – they approach their work differently, with a sense of intentionality, commitment, and accountability to one another. When they do this regularly, when those conversations become an integral (and invisible) part of their organizing, the commitments they engender establish a participative culture. The work people do together is more effective, more creative, and more rewarding for them.

The practice of coaching rests on the intimate connection between what people understand or see (their “mental models”) and how they act, or between how they make meaning and what they do. Organizational coaching brings that connection to the activities of organizing work, in order to address the breakdowns described as “fragmentation.”

People come to appreciate that their ways of working and their work relationships are rooted in their way of seeing things (i.e., the worldview associated with managerial culture) and to understand the connections between their views, the assessments they make, and their actions. As “new observers,” however, with different views, new actions become open to them – in this case, different ways of working and being together.

A coach typically works with individuals, one on one. Through their conversations, coach and coachee explore the latter’s views, assessments, and actions, and discuss other ways of seeing things and hence, possibilities for new or different actions. An organizational coach works with a group of people who themselves are working to accomplish something together (e.g., a project team or leadership group). The coach and the group use coaching principles and practices to explore the breakdowns in their organizing and to develop cooperative work practices that enable aligning.

In organizational coaching, there are two facets of learning. One has to do with the underpinnings of social constructionism about views (ways of seeing) and action: how what we speak about in our conversations is tied to both what we see and what we do. The other learning encompasses new conversations. The object is to have a group of people who work together engage *each other* in conversations that help them to align whenever they work together.

The purpose and delight of organizational coaching are found in this: when conversations for aligning become a habit, people continually, but largely unintentionally, become organizational coaches, coaching each other about the way they work together. When they do, they practice aligning in their everyday interactions at work. When they engage in conversations for aligning intentionally, talking to one another about what they are doing, asking what they want to accomplish, discussing what problems they face, and so on, they accomplish two things. They build relationships (and accountability, trust, and cooperation) that are essential for doing knowledge work. They also share and “create” knowledge about the project, their interests, their intentions, the obstacles they are up against, and so on. In both cases, they lay the ground for collaboration, good work, and good results. Conversations for aligning are *both* means (building relationships) and ends (sharing knowledge) of doing knowledge work.

Conversations for aligning

Each of the following is an example of a conversation that supports people’s ability to do their knowledge work. All are “missing” in managerial organizations.

The only people who can change the way they work are the ones doing the work, as they continually form the relationships that are essential to knowledge work.

10 Conversation for Aligning

Personal Power If you could move forward on your own, what would you do? What prevents you from exercising your personal power?

Meaning What are we supposed to be doing? What do you make of the client's request? Who are the experts here who can help us understand the problem?

Relationships I'm not happy about our commitment and I think there is an issue of trust. Can we talk about it?

Possibility What are the different options we have so far? Where do you think we will get the most leverage?

Success What do we need to do to declare a successful outcome to this project? What will satisfy you?

Accountability What are the consequences for each of us if we don't meet the deadline? What are we going to do to support one another?

Promises and Commitments What has each of us said we will do? Let's look at what those commitments involve.

Action We appear to have created a good framework. Now, what is the next step and who is going to take the lead here?

Results What outcome do we want to see? Is this bottom line reasonable? What does our customer expect?

Reflection What just happened? What did we learn? What should we do next time?

When they engage in conversations around any of these 10 themes, people make meaning together about aspects of their work that, ordinarily, they ignore or avoid. Each conversation produces a deeper understanding of what is happening. When the conversations are part of people's everyday work repertoire, the potential for aligning opens the way to meaningful, productive, and effective work. The conversations bring to light knowledge (about their work and about the group, including people's attitudes and commitments) that is vital to sustaining their relationships and their work. The key to aligning is people recognizing that one or more conversations is "missing" and subsequently engaging each other in the missing conversations.

It is strange that people who are working together for the first time, or who are working on a new project, in a new field, and with unknown challenges, do not pause, reflect, and ask questions such as the following: "What are we actually supposed to be doing?" (meaning); "What does each of us (in this group) see as a successful outcome of this project?" (success); or "Who is going to be responsible for each phase we have identified and what does that responsibility entail?" (accountability). Yet, we

know all too well that people do not ask these questions. The production-line mentality discourages them from doing so.

Why organizational coaching?

"Why," you may ask, "do people need an organizational coach to help them have conversations and share knowledge at work? Aren't conversations a normal human activity? Is organizational coaching a thinly disguised effort to make money by creating another 'technology' for something that is entirely natural and spontaneous?" Talking might be the quintessential human social activity. Sadly, however, open conversations at work about work and work relationships are anything but natural, because once organizations fell under the spell of scientism and the Cartesian split they became antihuman, antisocial, and anticonversational.

It ought to be easy for people to have conversations for aligning, but we know that they don't have them and almost everything about managerial culture works against their doing so. Hierarchy and bureaucracy separate people by function and position. The physical layout of work spaces (e.g., cubicles) keeps them apart. The emphasis on "billable hours" is one symptom of a culture in which people aren't allowed to talk and don't have the time to do

so. Hyper-competition pits one person against the next, so why would they talk? People have been trained and ought to know what to do, so saying “I don’t know” or asking for someone’s help reveals incompetence. Asking questions wastes time and is “unproductive.” No one dares to talk about issues – like power, trust, or accountability – that hang over their relationships and their work like the sword of Damocles. Yet, without those conversations, they cannot organize or do their work effectively. Is it surprising that there are fragmentation and breakdowns?

The work of knowledge workers is in ideas and meaning. It takes collaboration and collaboration is generative. When people organize they need to allow for the emergence of new ideas and for spontaneous action. On top of this, it takes an ever-changing cast to get the work done. That includes clients; their contacts, lawyers, and superiors; your superiors; your own administration, IT, and marketing people; your suppliers; their designers; and so on. For all these reasons, organizing takes time, energy, and effort. Aligning is not a goal but a reflection of people’s desire to work together effectively and creatively. That, too, takes time and energy, for there is never an end to aligning.

Management practices constantly try, but can never succeed, in turning organizing into something routine and even monotonous. Because the rules and regulations that underpin the culture of compliance in organizations don’t allow for the work and time that go into organizing properly, people often do a bad job. Changing that mentality is extraordinarily difficult. People look for all sorts of reasons why things “went wrong,” but they hardly ever talk about how they work, organize, and interact with one another. Organizational coaching encourages them to do just that.

If people are willing and able to engage in new conversations, they can organize differently and do their work differently. When they do, they begin to change their workplace culture. There is wonderful symmetry in people using conversations to change the way they work. People need to talk to one another to organize, share knowledge, and do their work well. So, encourage them to talk together in new conversations. If they do that whenever they come together, they create a “learning space” with each other.

People simply cannot work without conversations, and good work requires good conversations. Conversations are the means of aligning, and much more: they are actually the *context, processes, and practices for change*. When people talk about the things that are missing from their work conversations – meaning, success, possibilities, relationships, results – *together they become the change*. They build relationships based on commitment, accountability, and trust. Then, possibilities that were not available before – including ways of working and new perspectives on what they are doing – become open to them.

Endnotes

- 1 Other authors write about “fragmentation” and “alignment.” They include Block (1993), Conklin (undated), and Kofman and Senge (undated), who speak about ‘fragmentation,’ and Wenger (1998), who talks about ‘alignment.’
- 2 The work of John Seely Brown and Paul Duguid explores knowledge-creation as a social process. See, for example, Brown and Duguid (1991, 2000).
- 3 For a fine example, see “New FBI Software May be Unusable,” *Los Angeles Times*, January 13 available at: <http://www.latimes.com/news/printedition/la-na-fbi13jan13,1,4910746.story?ctrack=3&cset=true>

- 4 There is an expression in the Inguni languages of South Africa known by the contraction *ubuntu*, which speaks to the socialness (i.e., relational nature) of human existence. The phrase means “people are people through other people.”
- 5 The socialness of organizing is central to Etienne Wenger’s work on “communities of practice” (Wenger, 1998) and is essential for understanding why organizing is in the “white spaces” of organization charts, invisible to standard management practices.
- 6 In a classic article, Horst Rittel and Melvin Webber (1973) draw a distinction between “wicked” and “tame” problems. The latter are mainly technical and have clear-cut solutions, while wicked problems are problems of meaning. Using their terminology, all the problems of knowledge work are wicked, though the tools and techniques of management are designed for tame problems.

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The Connected Company

Peter Gumpert



Peter Gumpert

In 1997 Arie de Geus¹ published a set of case studies describing the characteristics of some 40 companies that had prospered for 200 years or more. He contrasted them with the majority of large companies worldwide, which tended to have a far shorter life span – 40 years or fewer. In 1996 the New York Stock Exchange celebrated its 100th birthday. Only one of its listed companies (General Electric) had survived as long.

The first characteristic described by de Geus is that long-lived companies are sensitive to their environments; despite obstacles, such as slow means of communication, they have remained aware of and in harmony with the world around them. The second characteristic of these companies is that they are internally cohesive, with a strong sense of identity. No matter how diversified they are, their employees – and even their suppliers in some cases – feel they are part of one entity, one community.

Companies that are 200 years old or more have survived enormous changes: political, economic, technological, demographic, leadership, and market fluctuations. Such transitions now occur more rapidly and are felt much sooner than was the case in the eighteenth and nineteenth centuries – and they may be even more difficult to predict or manage. We live in an era of accelerated change and complexity, sometimes verging on chaos.

How can today's companies survive and prosper in such challenging times? I believe that, like de Geus's long-lived companies, today's companies survive in part through their connectedness – through

strong internal connections and trusted relationships with customers, suppliers, business allies, and people in the broader community.²

Connectedness is a property of the relationships that exist between coworkers inside an organization, including relationships with cooperators outside. The term also refers to the organizations in which these relationships exist. At the individual relationship level, connectedness refers to the degree to which people engage in exchanges of information, ideas, influence, and approaches to their work. At the organizational level, connectedness refers to the degree of idea and influence exchange available in individual relationships, and the proportion of relationships in which connected exchanges occur.

Connected organizations receive support internally and from their environments. The benefits of this support include:

- *Earlier identification of challenges.* Companies with strong external as well as internal connections have the means to see problems sooner, and may therefore have more time to prepare for them and/or adapt to them.
- *Broader bases for making and implementing decisions.* Detecting and understanding marketplace changes, for example, can require a broad set of “sensors” both within the company and without. Likewise, reliable feedback about the effects of policy decisions is valuable.
- *Innovation.* A clear understanding of customer needs, wishes, and problems helps set company goals. In software companies, for example, there is a recurring conflict between forces that favor dedicating resources to the next release of an

older product and forces that favor development of a broader, novel technology.

- *Timely availability of resources.* There are times when sympathetic assistance from banks and extensions of credit by suppliers are needed; likewise, customer loyalty is particularly important when a product is commoditized and price competition escalates.

Thus connectedness can lead to improvements in both agile adaptation to change and resilience when environmental changes present unusual challenges and difficulties.

Some local businesses in smaller communities become involved in community affairs. Their owners serve on town committees, contribute to education and the arts, and take other actions that involve them in the community. These actions are frequently explained as indirect attempts to market, gain visibility, curry favor, obtain influence, and the like. While such “exchange” motives may be involved, they tell far less than the whole story. The small town and its businesses are interdependent, and often act on that recognition. Each preserves the other. In the same way, the members of these businesses are involved in each others’ lives, and often help and support one another during difficult periods.

The relationships among people within a company, and between the company and significant stakeholders, should be considered an important company asset, independent of the individuals involved. If we could obtain indicators of the degree of connectedness of a company, both internally and with its external environment, the indicators would be strong predictors of the company’s adaptability, effectiveness, and long-term viability.

The related idea of “social capital” has been examined on a larger scale by sociologists, economists, and administrators of social policy.³ This notion of social capital refers to the measurable value created by social networks, and the inclinations that these networks generate for people to do things for each other. The term suggests that a variety of quite specific benefits flow from the trust,

reciprocity, information, and cooperation associated with social networks. Social capital works through information flows, norms of reciprocity (mutual aid), bonding networks that connect people who are similar, and bridging and linking networks that connect individuals and groups diverse in geography, interests, and other characteristics. The 2002 report on social connectedness by the New Zealand Ministry of Social Development⁴ suggests that social connectedness in communities is associated with higher income, better health, greater educational achievements, and longevity. In general, the report suggests, the more linkages the better, two-way relationships are better than one-way relationships, and linkages that are regularly updated are better than those that are only historically embedded.⁵

Connectedness has also been discussed on a global level. Thomas P.M. Barnett’s work, for example, emphasizes the opportunity costs and other major costs associated with the existence of a set of nations throughout the world that are more or less disconnected from the “functioning core” of nations that are actively integrating their economies into a global economy.⁶

What Inhibits Connectedness in Companies?

Many larger businesses do not recognize their interdependence with their social environments and act as if they function in isolation. What accounts for this?

The Effect of Broad Cultural Values

American culture, and perhaps American male culture in particular⁷, values individual responsibility, independence, and individual action, and is reluctant to acknowledge the positive aspects of dependency or interdependence. The success of a business or project tends to be attributed to its most visible leader. The working groups of people that actually accomplish tasks are seldom recognized (except in speeches by an appropriately humble executive). People speak as if the president of the country is

responsible for the nation's decisions, judgments, actions, and outcomes. Even the success of sports teams is often attributed to their star performers. If something does not go well, we try first to look for the particular person responsible for the failure. We seldom even wonder about the human system that is always involved; that issue will be discussed further later in this article.

Our culture also tends to assume that people are motivated by *individual* rewards, mainly material ones such as personal advancement in status, wealth, security, benefits, or power. Except in family relationships, we tend to be skeptical and suspicious of the “softer” motives and principles of distributive justice (such as the equality or caring principles).⁸

A particular aspect of Darwin's early theory of evolution has also caught on as a social truism: his doctrine of “natural selection” or “survival of the fittest” has often been used as if it were a scientific justification for the individualist and competitive values we tacitly or explicitly accept as normal and desirable. This notion (which has been challenged by modern evolutionary scientists)⁹ fits with both nineteenth century Calvinism and the traditional American value system, assigning virtue to individual “winners” and those who accumulate wealth – and fundamental inferiority to “losers.” The most valued businesses, like the most valued sports teams, are those that win through sheer strength, and defeat their competition.

Our larger companies are widely dispersed, and may not particularly identify with a single place. It may be hard for them to recognize the aspects of the environment with which they are interdependent. Larger, more geographically distributed companies often speak the language of “social responsibility” and act as if they were isolated from others, as if they do not depend on them. In some cases, companies treat their end-use customers and suppliers with suspicion, arrogance, or even contempt.

Thus some larger companies act as if people (employees, customers, suppliers) are replaceable commodities. In one company familiar to us, employees are informally referred to as “heads,” which

can be “cut” as needed to manage near-term costs. Decision makers do not fully recognize that every time they lay off an employee they disrupt a number of relationships, lose knowledge and experience, and incur the hidden and often substantial costs involved in the downstream replacement of that person. It takes time and effort to train, build new relationships, establish trust, and recreate lost synergy. Similarly, it is usually much more expensive to replace a lost customer than to keep an old one.

What External Pressures Prevent Connectedness?

The demands of securities markets. Many larger companies have accepted two ideas. First, they accept the idea that they must continually grow in size and revenue or risk being consumed or relegated to a backwater role. Second, they accept the notion that quarterly profit figures can determine the company's fate in the securities marketplace. These ideas, which come from stock market analysts and brokers, are internalized by companies and have strong consequences: constant worry about the company's growth path, and constant worry about profit-related performance. Thus companies try their best to manage these factors, and pay less attention to maintaining and strengthening the relationships that really contribute to their long term viability.

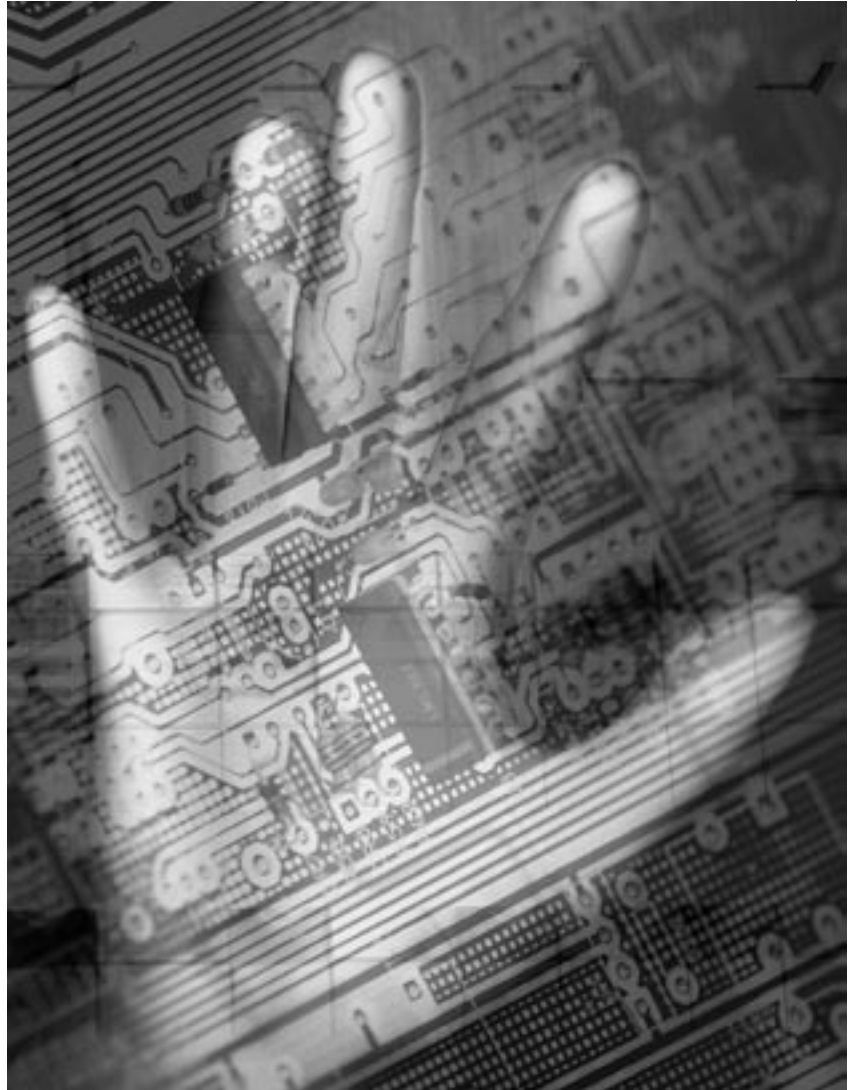
These pressures exert particular force on the company's executive team – the people who occupy “C” positions (Chief Operating Officer, Chief Executive Officer, et al.). People in those positions feel keen personal accountability for what they think of as important results, often acting as if profit and growth are more important than product/service success, market share, or other aspects of the longer-term future. Since they worry about being blamed for what the market considers failures, they can become tightly focused on financials, which amounts to steering the boat by watching its wake.¹⁰ Relationships and long-term viability are not a primary focus if your job is on the line this very quarter.

The internal consequences of such external pres-

asures are more subtle, and hard to recognize. The insidious problem of managing for the short term and under-attending to long-term viability can be exacerbated by short-term success. If a company succeeds in increasing its revenue/profit for several quarters, its executives are more likely to continue using the methods they see as having led to their successes. As one example, the business process re-engineering movement of the late 1980s and early 1990s was often used primarily to lower personnel costs, and led many companies into unanticipated difficulty.

Electronic communication and the span of attention. One of the unintended consequences of rapid electronic communication methods is that people in organizations are often overwhelmed by the sheer volume of what they are asked to attend to. Executives and others complain about the extraordinary amount of time it takes to manage or even cope with the dozens or hundreds of communications and demands for response they receive each day, and by the staggering amount of information they are exposed to. They are forced to manage priorities carefully, dealing first with urgent matters; problems that may have long-term consequences are easier to push out of awareness. Little wonder that the company's internal or external connectedness is not high on the priority list.

Impersonal electronic devices as substitutes for direct connection. Johnson and Bröms (see above) showed a remarkable contrast between the Toyota manufacturing system, which relies heavily on direct communication among production workers, and American automobile production systems, which tend to use elaborate "information factories" such as MRP systems to make decisions about the timing of manufacturing processes. MRP and ERP systems have had many difficulties (such as people working hard to get around them), and they also have the



unintended consequence of cutting workers off from direct contact with one another. People who work together, talk together, and solve problems together often invent and maintain better ways of doing things.

How Internal Pressures Are Involved

Organizational "stovepipes." In the quest for functional efficiency, companies often drift toward creating functional groups that act as if they were organizational "stovepipes" or "silos" with poor or minimal connections with one another. Employees in such stovepipes are encouraged to focus their attention primarily or exclusively on the task of their group. Often they are also implicitly encouraged to restrict their communication to people in their own

departments, leaving cross-departmental communication to senior managers. In some cases, these silos protect the reputations and the internal fiefdoms of their managers; the people in them are enjoined from sharing with “outsiders” what their problems or difficulties might be. Each group can then blame others for problems, which may provoke defensive or retaliatory responses and the further tightening of each group’s borders.

Restricting communication tasks to particular people. Communication with suppliers, customers, or others outside the organization may be restricted to people whose explicit responsibility includes working with those groups. Customers become the exclusive province of sales, marketing, and customer service people; suppliers are the province of materials management, purchasing, or the occasional engineer. There are many examples in manufacturing of production workers who experience problems with internally-made parts that don’t work properly for them. They are instructed to take the problem to a supervisor, who takes it to a superintendent, who communicates with the supplier’s superintendent, who communicates with the supplier’s supervisor; that person may find fault with production workers who may have made an error or misunderstood requirements. Communication is often distorted, and undermines trust. People do whatever they can to avoid blame, and the original problem can take a long time to correct. In contrast, when line workers are encouraged to make direct connections with their supplier counterparts, problems are resolved more effectively, with attendant cost reductions.

The difficulties involved in systems thinking. As mentioned earlier, many people are prone to making what social psychologists call “the fundamental attributional error.”¹¹ We tend to attribute motivation, progress, success, failure, etc. to the stable personal characteristics of individual persons. In most cases, an understanding of the systemic forces and counter-forces that may be involved is a far better predictor of events; the social system tends to have stronger and more durable impact on the direction of events than does any individual actor.¹²

Systems thinking takes into account complex and uncertain social forces that are often not directly visible, so systems thinking is not natural to or comfortable for many people. It is easier to assume that “Frank behaved that way because that’s the kind of person he is” than to consider the many forces that may have been acting on Frank when he decided to take the action in question. Many people seem prone to assuming that the CEO is the cause of major company events or trends. It is far more difficult to figure out the interactive contributions of various parts of the system and its environment. The less visible executives in the leadership group, the architects of new technologies and products, the managers who coordinate people’s efforts, the line workers responsible for product or service quality, and the culture of the company are all integral, and often ignored.

The tendency to undervalue collaboration. We tend to ignore or undervalue collaboration as a source of innovation and effectiveness, and are inclined to settle for simple coordination of effort, or basic cooperation. James Watson and Francis Crick, the biologists who in 1951 proposed the “double helix” model of DNA, have both agreed that neither could have solved this difficult, resistant problem without the other; their collaboration was critical to the achievement.¹³ Indeed, many difficult problems are solved through collaboration, which requires agreed-to goals, focused attention on an agreed-to problem, repeated, persistent communication, and mutual trust and respect – in short, the connections among people that truly makes the whole greater than the sum of its parts.

Toward Measures of Connectedness

Connectedness between particular people can be viewed as a matter of degree. One could, for example, define the connective *bandwidth* between any two people as wider when more of the following components are included:

1. The availability and use of *bi-directional* communication, such as email or phone messages con-

taining useful information. Routine “broadcast” informational email or newsletters from managers or executives to employees, while useful, probably should be weighted very lightly as indicators of connectedness. It may also be useful to distinguish between people who are primarily users of information and those who also contribute.

2. Availability *and use* of face-to-face communication between people (informal or formal meetings, video conferencing, etc.).

3. A history of truthful, unguarded information and knowledge transfer between people in response to needs or requests.

4. Evident willingness to persuade the other and

to genuinely consider conflicting opinions and perspectives – evidence of dialogue.

5. Expressed willingness to work together on a problem or to provide support.

6. High perceived value of the connection to the person.

The order of these indicators of connective bandwidth moves from lower to higher degrees of connection; people whose connections with others include the latter indicators also make use of the earlier ones in the list. A system of weights would have to be devised, therefore, to evaluate the bandwidth of a particular relationship, with numbers 3 through 6 having higher weight. Indicators 3 through 6 above

Table 1: Example of a Sociometric Measure of Connectedness Bandwidth

You have been selected by a random process to participate in a study of the connections we make inside our company and beyond its borders. The tables that follow ask you to help us by writing down the names of people with whom you are in contact, and the characteristics of that contact.

In the first column, please write the names of 1-10 people inside your own department or project, and 1-10 people inside your company *but outside your department or project*, that you communicate with. For each contact, answer the questions in the columns to the right of the name. For the questions that require a rating, please use the following scale:

1=seldom; 2=occasionally; 3=sometimes; 4=frequently.

People inside our company with whom you communicate:

Person's Name	Is this person in my department or project or outside it? If outside, where is he or she located?	Does one of us report to the other?		Do we communicate back and forth by email or voicemail? (rating 1-4)	Do we talk face to face in meetings, and/or informal occasions? (rating 1-4)	Do we ask each other for – and provide – knowledge and/or useful information? (rating 1-4)	Do we exchange views in a context of mutual respect? (rating 1-4)	Do we work on problems together, or provide support or help to each other? (rating 1-4)	How often do think of this connection as valuable to you? (rating 1-4)
		Yes	No						

Table 1: Example of a Sociometric Measure of Connectedness Bandwidth (CONTINUED)

People outside our company with whom you communicate:

Please name 1-10 people *outside* our company that you communicate with about matters of concern to our company. Write the names in Column 1, and answer the questions in each column for each contact. For the questions that require a rating, please use the following scale:

1 = seldom; 2=occasionally; 3=sometimes; 4=frequently

Person's Name	Is this person a customer, a supplier, in an allied company, or in another role? (please specify)	Do we communicate <i>back and forth</i> by email or voicemail? (rating 1-4)	Do we talk face to face in meetings, and/or informal occasions? (rating 1-4)	Do we ask each other for – and provide – knowledge and/or useful information? (rating 1-4)	Do we exchange views in a context of mutual respect? (rating 1-4)	Do we work on problems together, or provide support/help to each other? (rating 1-4)	How often do think of this connection as valuable to you? (rating 1-4)

are not easily counted; they are likely to require subjective measures (Table 1 provides a sociometric example).

The bandwidth required for a particular connection among people to be successful over time depends on the purpose of the connection. Tasks that involve coordination of effort or simple problem solving, for example, may require less bandwidth than tasks that require substantial innovation.

The *density* of connectedness *within and across* organizational boundaries and with external stakeholders is a function of the number of people who are connected in the ways described above, with each connection at least roughly weighted. People inside an organization can be connected by reporting relationships, geography, function, professional discipline, joint responsibility for a project or outcome,

the need to obtain information about or deal with local or broader problems, and the need for support in times of difficulty or unusual stress. Density that transcends traditional hierarchy and propinquity is particularly worth measuring.

The degree of connectedness can be defined as a joint function of *density* and *bandwidth*. It can be roughly measured both inside the organization's boundaries and beyond them, through worker surveys, examination of bidirectional communication and influence patterns, and the like (Table 1). Separate indexes of connectedness would have to be developed for each significant internal group, and each important external stakeholder group.

If it is true that connectedness leads to more successful adaptation to change and thus to longer-term survival, it becomes particularly important to under-

stand it, make serious attempts to measure it, relate it to outcome variables, and encourage it. Indexes of internal and external connectedness in a project, department, or functional group can be related to achievement of the goals of the group; indexes of company connectedness can be related to achievement of measurable company goals. It is possible that one major function of future senior executives will be to understand and promote both internal and cross-boundary connectedness as an important company asset.

How to Become More Fully Connected

I have argued that connectedness should be thought of as an important *potential* asset of a company. In many companies, this potential is untapped, and is therefore virtually invisible. We must pay attention, therefore, not only to measurement, but to methods of identifying these potential assets, and strengthening the important connections inside the company and beyond its boundaries.

Each company must determine what areas of connectedness are important to its future, and the extent to which additional emphasis should be given to each area. Figure 1 suggests a beginning approach to this question, using Treacy and Wiersema's distinction among the central "value disciplines" adopted by companies.¹⁴ Some companies choose to emphasize product leadership (best product), some empha-

size operational excellence (low cost), and some depend on customer intimacy for their success (providing deep understanding and total solutions to their customers). The connectedness emphasis that should be considered by companies in each category is suggested in Figure 1. Operational efficiency and product leadership companies, for example, may be particularly dependent on suppliers, and would emphasize connectedness with them. Companies that depend on customer intimacy must establish a greater degree of connectedness with customers than companies in the other two categories. Figure 1 also suggests that companies in each category would profit from high internal connectedness, both within and between departments. While the purpose of establishing strong internal connectedness varies across company types, the importance of internal connectedness is high in all companies.

General Principles

Most of the time, building and maintaining connectedness requires attention to the same set of tasks:

- Demonstrations of competence and reliability (non-competent or unreliable cooperators are not particularly desirable);
- Development and maintenance of trust, through
 - Open, lively, consistently truthful bidirectional communication
 - Mutual understanding of needs and operating methods

Figure 1: Connectedness Emphasis in Three Company Types

Company type Connectedness	Operational Efficiency Companies	Product Leadership Companies	Customer Intimacy Companies
Internal (within department/project)	High	High	High
Internal (cross-department/project)	High	High	High
Customers	Lower	Moderate	High
Allies	Lower	Moderate	Moderate
Suppliers	High	High	Moderate

- Accepting accountability, and keeping agreements
- Sensitivity to common interests and common values;
- Readiness to respond to the others' expressed needs;
- Productive management of conflicts of interest;
- Keeping track of and recognizing collaborative successes and mutual benefits.

Relationships involving trust are, at the beginning, highly personal, and always begin with two (or a few) people. As they become stronger, they can be extended to include others and eventually transcend the movement of the particular individuals involved in creating them. Their initial creation, however, requires substantial interpersonal sensitivity and skill, and careful attention to the factors listed above.

Connected relationships require periodic maintenance – a certain amount of care and feeding. All such relationships are best considered fragile, particularly during difficult or changing times. Responsibility for them should be distributed to people at various organizational levels, and should not be the exclusive province of a few designated people, or a few executives and managers.

The importance of starting with internal connectedness, and the concept of “parallel process”

Companies that are only sparsely connected internally have greater difficulty creating and maintaining external connectedness. If people in the company are under-connected with others inside their own boundaries, they will be less likely to connect with people across those boundaries. If people don't know how, or are constrained from, relying on people across departmental or project boundaries inside their own organization, they will have greater difficulty creating and maintaining connections with people and groups outside the organization. This idea is

an extension of the organizational principle of “isomorphism,” which some people refer to as “parallel process.” As applied to organizations, the principle roughly states that an interpersonal process that typically goes on in one part of an organization is also likely to be seen in other parts of the organization.

Apart from this assumption about the relationship between internal connectedness and connectedness with extra-organizational stakeholders, why should we improve connectedness *inside* the organization?

- Knowledge transfer is far more effective when it involves personal contact, even if there are electronic means for knowledge transfer. Being able to call an experienced person and talk with her or him about the specifics of a situation is likely to be enormously helpful in deciding on the applicability of the more abstract knowledge that might have been stored in a knowledge management database.
- If people in the organization don't connect with one another, they don't find out what the others know, and what they know how to do. Thus company resources remain untapped and underutilized.
- Fresh eyes on a difficult problem can be important to developing a useful solution. Likewise, innovation and invention are facilitated by collaborative work. Collaboration and dialogue, the art of active inquiry, can provide important keys to success; collaborators in the company often learn much from each other.
- Many problems and tasks extend across organizational boundaries. An IT department that is trying to develop new or improved information systems, for example, must rely on its internal customers to provide information and expertise about the needs and requirements of each department. Often the departmental managers know less about what's needed than the people who work with the older systems on a daily basis.

- Decisions about how to design and build a new product or service should include input from builders, users, people close to the customer community, etc.
- It is important to keep abreast of events outside the company. Employees provide many eyes and ears that can help everyone detect emerging change and enhance the company's fund of peripheral vision.

The company can enhance its internal connectedness by providing structures that facilitate it, and by advocating for it. The strengthening of internal connectedness is most effectively begun at the top of the company, emphasizing dialogue and genuine collaboration. If executives demonstrate in a public way that they can and do work collaboratively together, their subordinates will get the message. Further, executives who learn to value genuine collaboration in their work with each other are more likely to create connectedness below them, such as by forming cross-functional groups and holding the groups accountable for the cross-departmental goals that employees can contribute to. Employees at all levels can also be brought together in other ways – through interest groups, educational forums, professional discussion groups, and peer consultation groups. A company working on a number of demanding systems engineering projects found that staff members in each project group were isolated from staff members in other, related groups. The company established an engineering council of senior engineers who could act in a consulting capacity to project engineers facing either local problems or issues that were likely to require a broad view. Project staff members were encouraged to bring their concerns and suggested solutions to the council for discussion. A database of problems and solutions was created, and an agenda for each weekly council meeting was widely published. The council was exceptionally successful as an integrative device and as a connector of people to one another. The company responded by enlarging the council's scope to include work that was being done for all of its customers.

Connecting with the Customer Community

The question of who in the company should establish connections with the company's customers is an interesting one. A manufacturing company, for example, may have several "levels" of customers: wholesalers, retailers or dealers, repair facilities, and end-users. Each group is important to the manufacturer in a different way. The end user provides invaluable information about needs and desires, satisfaction and potential problems, durability of the product, and other matters of great interest. The end user's loyalty is to the product and its manufacturer – provided the product is properly supported and maintained. If the end-user customer is satisfied with the product and service or support, the retailer is strengthened. If the retailer is well-supported by the wholesaler and the service network, the wholesaler is more stable. If the end-use customer is well-supported by the retailer, the entire system is strengthened. So it is in the best interests of all concerned to strengthen the network of connections involved. It may be important for some people in the manufacturing company itself (such as engineers, designers, and even line workers) to have direct connection with end users and to avoid relying entirely on the information provided by retailers.

The immediate customers of the publisher of a fictional high-end home magazine include both its readers and its advertisers. One of the functions of the magazine is to connect the community of high-end home buyers and owners with the architects, contractors, designers, furniture makers, and artists they may decide to employ. The publishing company could think of itself as a connector between two communities that may have difficulty reaching one another. The magazine's designers and writers could learn about the needs and capabilities of advertisers by accompanying salespeople on sales calls. The company could hold informative seminars and workshops (without a sales agenda) for homeowners and homebuyers. Such events lead the publisher's staff to understand more about, and be more respon-

sive to, the needs of the magazine's buyers.

Service companies tend to do better when they remain in close connection with their customers¹⁶, and find ways of contributing actively to their customers' success. The MITRE Corporation, for example, is a public service corporation that operates Federally Funded Research and Development Centers (FFRDCs), which are created to provide technical assistance to sponsoring government agencies. MITRE works explicitly to move toward and maintain "mission partnership" relationships with its government sponsors; MITRE measures its success in terms of its impact on its sponsors' success, and in terms of the state of its relationships with sponsors. Likewise certain retailers, such as L. L. Bean and the Container Company have developed a strong and valuable reputation for an unusual level of support to customers.

Connecting with Businesses – Allies and Potential Adversaries

Companies building strategic alliances with other companies can build connectedness between themselves and their allies at several organizational levels. Their connections are strengthened to the extent that they emphasize their common goals, share important knowledge, engage in joint problem-solving, communicate often and thoroughly, and so on. Such efforts can include short-duration employee exchanges that result in both parties having more intimate knowledge of each other's culture and capabilities.

Alliances that include conflicting goals. Sometimes companies create alliances that involve conflicts of interest as well as some goals in common, such as in the joint work that competing software companies choose to do to develop standards that improve the interoperability of their products. Allies can build a mutual understanding of the potential areas of conflict, and can devise productive ways to manage those conflicts. One example that comes to mind does not involve business alliances in the usual sense of the term. The MITRE Corporation often assists government agencies with the acquisition of new capabilities in which commercial contractors are

principal players. In such instances, MITRE and the commercial contractor have a common interest in making the government agency successful, but may find themselves with opposing interests in respect to how the job is accomplished, or how the contract between the government and the contractor is written or implemented. When MITRE staff members and the contractor's staff members work in a climate of strong mutual understanding, the contractor does better in terms of eventual revenue as well as in other ways. If the relationship becomes adversarial, however, all parties (including the government) can suffer. It is therefore in the interest of MITRE and government contractors to build and maintain relationships based on full mutual understanding that end up being productive for all concerned. Since the government typically works with a relatively few major commercial contractors, it should be possible for useful relationships to be built with many of them. If such relationships are built at senior levels only, however, they can break down at the local level in any instance. Attention therefore has to be paid to transferring the relationship from the executive level to the program level, and to maintaining that relationship through trying times.

Connecting with Suppliers

It can be expensive and difficult for companies to change important suppliers. A company's major suppliers come to know their customers' requirements and preferences. Much time and effort has usually been invested in developing knowledge about what works in the exchange, and what doesn't work. If the connection between the customer and the supplier is strong, areas of dissatisfaction or conflict between them can be discussed and often resolved to everyone's satisfaction. If the connection is not strong, it is easier to terminate the customer-supplier relationship – but a substitute has to be found, and experience, knowledge, and trust has to be painstakingly built. The task of developing durable connections with suppliers requires the same steps or tasks that are required in the development of other collaborative relationships.

Connecting with the Other Supportive Entities

This is the most difficult category to consider, because the important connections are not immediately obvious. We can begin by asking the following questions:

- What groups is our company dependent on for its resources, environmental sensing, infrastructure, and other supports?
- Where does our company get its employees, and who educates them? Where do most of them live? What community functions and services do they depend on for their families and themselves?
- What industries and industry groups are durably important to our company?
- What gives us the visibility and reputation we find useful?
- What groups or entities depend on us?

A company may discover, for example, that its employees are located mainly in one or two communities, and that the quality of schools in those communities is important to them. They may wish to contribute time or effort to those schools, or to the arts, music, and culture of the communities in question. They might also discover that many key employees have come from a particular university, and may decide to become involved in supporting research or accepting internships from students at that school. The company may wish to build a relationship with a newspaper that reaches people in its area. In considering the taxes the company pays to a city or county, they may wish to cultivate relationships with a local government entity, offering assistance with problems, helping with infrastructure projects, and so on.

Much of the time required for the building of such community connections can be donated by the company's employees; it does not have to be costly, or require that people be hired specifically to manage those relationships.

The Need for Balance

The notion that building and maintaining connectedness requires attention, energy, thought, and periodic maintenance should alert us to the possibility that if too many resources are consumed by this set of tasks, enough may not be available for other essential activities, such as the ordinary daily tasks of the company, solitary work, and even creative idleness. Furthermore, it is conceivable that a narrow focus on a particular set of connections with people could impede as well as enhance the peripheral vision that is essential to detecting potential changes, problems, and opportunities. It may be, then, that there are points of diminishing returns in connectedness, and that past those points the costs of connectedness with any particular set of stakeholders could exceed its rewards. Thus a degree of "creative tension" between advocates of connectedness and advocates of other activities is important for an organization to assist in maintaining an appropriate balance among activities. I suspect, however, that many organizations are very far away from the optimal balance points.

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Introduction: The Problem with Tough Problems

**Solving Tough Problems:
An Open Way of Talking,
Listening, and Creating
New Realities**

By Adam Kahane
Berrett-Koehler, 2004

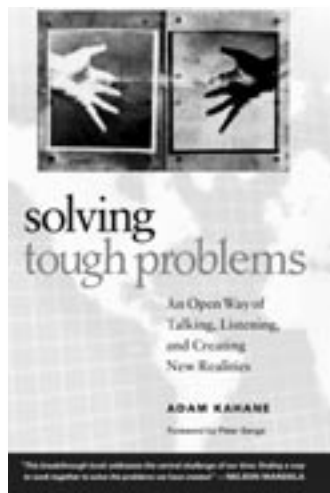


Adam Kahane

Adam Kahane is a leading expert in the design and facilitation of processes that help people work together to solve their toughest, most complex problems. In this, his first book, he lays forth a few simple principles learned through years of working in some of the most challenging situations in the world. His stories of success, failure, and discovery make this a highly readable book which, in the words of Nelson Mandela, “addresses the central challenge of our time.”

Tough problems usually don't get solved peacefully. They either don't get solved at all – they get stuck – or they get solved by force. These frustrating and frightening outcomes occur all the time. Families replay the same argument over and over, or a parent lays down the law. Organizations keep returning to a familiar crisis, or a boss decrees a new strategy. Communities split over a controversial issue, or a politician dictates the answer. Countries negotiate to a stalemate, or they go to war. Either the people involved in a problem can't agree on what the solution is, or the people with power – authority, money, guns – impose their solution on everyone else.

There is another way to solve tough problems. The people involved can talk and listen to each other and thereby work through a solution peacefully. But this way is often too difficult and too slow to produce results, and force there-



fore becomes the easier, default option. I have written this book to help those of us who are trying to solve tough problems get better at talking and listening – so that we can do so more successfully and choose the peaceful way more often. I want talking and listening to become a reliable default option.

Problems are tough because they are complex in three ways. They are dynamically complex, which means that cause and effect

are far apart in space and time, and so are hard to grasp from firsthand experience. They are generatively complex, which means that they are unfolding in unfamiliar and unpredictable ways. And they are socially complex, which means that the people involved see things very differently, and so the problems become polarized and stuck.

Our talking and listening often fails to solve complex problems because of the way that most of us talk and listen most of the time. Our most common way of talking is telling: asserting the truth about the way things are and must be not allowing that there might be other truths and possibilities. And our most common way of listening is not listening: listening only to our own talking, not to others. This way of talking and listening works fine for solving simple problems, where an authority or expert can work through the problem piece

by piece, applying solutions that have worked in the past. But a complex problem can only be solved peacefully if the people who are part of the problem work together creatively to understand their situation and to improve it.

Our common way of talking and listening therefore guarantees that our complex problems will either remain stuck or will get unstuck only by force. (There is no problem so complex that it does not have a simple solution . . . that is wrong.) We need to learn another, less common, more open way.

I have reached these conclusions after twenty-five years of working professionally on tough problems. I started off my career as someone who came up with solutions. first I was a university researcher in physics and economics, and then an expert analyst of government policy and corporate strategy. Then in 1991, inspired by an unexpected and extraordinary experience in South Africa, I began working as a neutral facilitator of problem-solving processes, helping other people come up with their own solutions. I have facilitated leadership teams of companies, governments, and civil society organizations in fifty countries, on every continent – from Royal Dutch/ Shell, Intel, Price-waterhouseCoopers, and Federal Express, to the Government of Canada and the European Commission, to the Congress of South African Trade unions and the Anglican Synod of Bishops – helping them address their organizations' most difficult challenges.

And I have also facilitated cross-organizational leadership teams – composed of politicians and guerillas, activists and public servants, clergymen and business-people, academics and trade unionists – helping them address some of the most difficult chal-

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lenges in the world: in South Africa during the struggle to replace apartheid; in Colombia in the midst of the civil war; in Guatemala in the aftermath of the genocide; in Argentina when the society collapsed; and in deeply divided Israel-Palestine, Cyprus, Paraguay, Northern Ireland, and the Basque Country.

Commuting back and forth between these different worlds has allowed me to see how tough problems can and cannot be solved. I have been privileged to work with many extraordinary people in many extraordinary processes. From these experiences I have drawn conclusions that apply not only in extraordinary but also in ordinary settings. In

the harsh light of life-and-death conflicts, the dynamics of how people create new realities are painted in bright colors. Having seen the dynamics there, I can now recognize them in circumstances where they are painted in muted colors. I have learned what kinds of talking and listening condemn us to stuckness and force, and what kinds enable us to solve peacefully even our most difficult problems.

My favorite movie about getting unstuck is the comedy *Groundhog Day*. Bill Murray plays Phil Connors, a cynical, self-centered television journalist who is filming a story about Groundhog Day, February 2, in the small town of Punxsutawney, Pennsylvania. He despises the assignment and the town. The next morning, he wakes up to discover, with horror, that it is still February 2, and that he has to live through these events again. This happens every morning: he is stuck in reliving the same day over and over. He explains this to his producer, Rita, but she laughs it off. He tries everything he can in order to break this pattern – getting angry, being nice, killing himself – but nothing works. Eventually he relaxes into appreciating the present, and opens himself up to the town and to Rita. Only then does he wake up to a new day and a better future.

Many of us are like Phil Connors. We get stuck by holding on tightly to our opinions and plans and identities and truths. But when we relax and are present and open up our minds and hearts and

wills, we get unstuck and we unstuck the world around us. I have learned that the more open I am – the more attentive I am to the way things are and could be, around me and inside me, the less attached I am to the way things ought to be – the more effective I am in helping to bring forth new realities. And the more I work in this way, the more present and alive I feel. As I have learned to lower my defenses and open myself up, I have become increas-

ingly able to help better futures to be born.

The way we talk and listen expresses our relationship with the world. When we fall into the trap of telling and not listening, we close ourselves off from being changed by the world. We limit ourselves to being able to change the world only by force. But when we talk and listen with an open mind and an open heart and an open spirit, we bring forth our better selves and a better world.

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Recent and Relevant Work

Many books have crossed my desk since the last issue of Reflections, but two provide an interesting contrast on the vision and reality of what Alain de Vulpian characterizes as the “evolving process of civilization.” As always we welcome your recommended readings, resources, and reviews. Please address them to my attention.

— C. Sherry Immediato

One from Many: VISA and the Rise of Chaordic Organization

Dee Hock

The Rise of the Rogue Executive: How Good Companies Go Bad and How to Stop the Destruction

Leonard R. Sayles and Cynthia J. Smith

One From Many: VISA and the Rise of Chaordic Organization

Dee Hock

Berrett-Koehler, 2005

Most of you are reading this review courtesy of the Internet in some form. How did that happen – this Internet connection? Speaking of which, when’s the last time you read a story about the CEO of the Internet? And, who is the CEO of the Internet? Come to think of it, how does the Internet work? Not the technology behind it, but its ownership and governance? Like the Internet, the credit card industry has a vast reach, but few of us are aware of how this enormous enterprise formed, or is governed and owned. As its founding CEO, Dee Hock revels in telling the VISA story, and does so again in *One From Many*. This new revised paperback edition from Berrett-Koehler is an artful attempt to combine a chronological narrative with key concepts and learnings. It also includes a new foreword by Peter Senge.

Many salute Dee as a true innovator with impact far beyond VISA. As a small example close to home, he served as a guiding force in the design process for SoL in 1995–1997, attempting to translate his experience in self-organizing to our lofty *and* practical aspirations. If you have an interest in SoL’s evolution, you should read this book. However, Peter Senge notes that our interest is probably better directed to the phenomenon that so intrigued Dee: how can new organizing enable new thinking, and vice versa? We clearly have many needs and aspirations that require collaboration across traditional social, political and economic

boundaries, and interesting solutions are emerging. Because existing sets of relationships (like the Internet) don’t fit our picture of organizations, we often fail to see them as such. It doesn’t mean they are not there of course, but our ability to bring more of them into life, or understand their implications for our traditional organizations, is limited by our awareness and understanding of these new forms. Elsewhere in this issue of *Reflections*, Alain de Vulpian argues persuasively of the need for limitations of central control and new forms of self-organizing and self-regulation that can potentially span the globe. Dee Hock offers a way to think about this possibility.

The Rise of the Rogue Executive: How Good Companies Go Bad and How to Stop the Destruction

Leonard R. Sayles and
Cynthia J. Smith
Prentice Hall, 2005

In confronting dramatic cases of corporate corruption, it is tempting explain them with either of two equally disempowering possibilities: a few bad apples took advantage of reasonable freedom, or the entire system is so broken that we just have to expect that even average people will be forced into despicable behavior.

One of the system principles I’ve found most eye-opening is the practice of seeking a systemic explanation for system performance as locally as possible. For example, some years ago, one of the early suppliers to the mobile phone industry created a business plan that assumed their oscillating business performance

was simply linked with the larger economic business cycle – a well-documented pattern in the electronics components industry. When their actual performance proved worse than expected, they decided to use systems thinking to investigate. Their system dynamics model yielded an interesting result: the firm’s investment and executive compensation policies created lags in capacity that created swings in performance that were completely independent of the external business cycle. They came to a shocking conclusion. In the words of Miss Piggy, the answer to the question “Moi?” would certainly

have to be “Oui!” Often when we meet the culprit, she is neither villain nor victim of the system – and she’s looking back at us in the mirror.

So for all our plans to create change and work with the very positive sociological forces described by Alain de Vulpian, we really need to be aware of our habits and lingering pathologies that produce unintended and undesirable results. In their new book, Sayles and Smith seek to define the local actions and culture as well as the larger business context that has created “the rogue executive,” a rather perverse result made possible by increasing autonomy, technology,

etc. The authors offer insight about the role of the stock market, IT solutions, auditing, boards, business journalists and even academia – in addition to internal company dynamics in creating the conditions for corruption. Their goal is to understand larger system issues, but also to help each of us recognize a degree of responsibility and possibility that we may otherwise overlook. While we need folks like Dee Hock offering a vision of what’s possible, we also need good analysis of reality to be sure we’re addressing the systems issues that can undermine our best efforts.

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