

The Mind of the Organisation

A People & Culture White Paper

Introduction

Success in a complex world lies in being able to align fruitful ideas to the serious challenges an organisation faces. The quality of the ideas an organisation generates is both a function of the quality of its thinking and the quality of the conversations that take place in its corridors, by its water-coolers and in its meetings. Ideas result from the collision of different concepts and viewpoints; they are born in dialogue and conversation. The challenge is to generate better ideas and implement them quicker than your competitors.

Increasingly, 'knowledge' capital (the sum total of an organisation's ideas at any point in time) is as important as financial capital. The processes of thinking in an organisation are, therefore, as important, perhaps more important, than the underlying business or transactional processes. Yet they are given scant, if any, attention.

In fact organisation design in the majority of companies is an outcome not an input. A function of history and successful turf wars – a layering of management committees, steering groups and corporate governance initiatives that have grown incrementally and randomly

Few organisations sit back and analyse whether the way in which the discretionary thinking activities of its managers, professionals and specialists are organised in away that is fit for the purpose of implementing its strategy. Fewer still consider from first principles whether their thinking processes can be nurtured and harnessed to improve the organisations response to changes in its environment.

This white paper outlines a tested approach to mapping an organisation's management processes to improve the way organisations think, make decisions and implement their ideas.

The breakthrough thinking is to align management forums around units of deliberation. Those things that people need to think and worry about if the organisation is to achieve its objectives.

Overview

Our research across 60 plus organisations has shown that the management processes of these organisations, those processes concerned with thinking about and responding to the strategic issues the organisation is facing are at best poor quality, at worst severely impaired and in all cases not fit for purpose.

Considerable effort has been expended in designing and redesigning the company's operational or business processes however, the unstructured, discretionary thinking processes that straddle functions and professional groups are rarely designed with the business strategy in mind. They represent a cumulative history of how things are done around here.

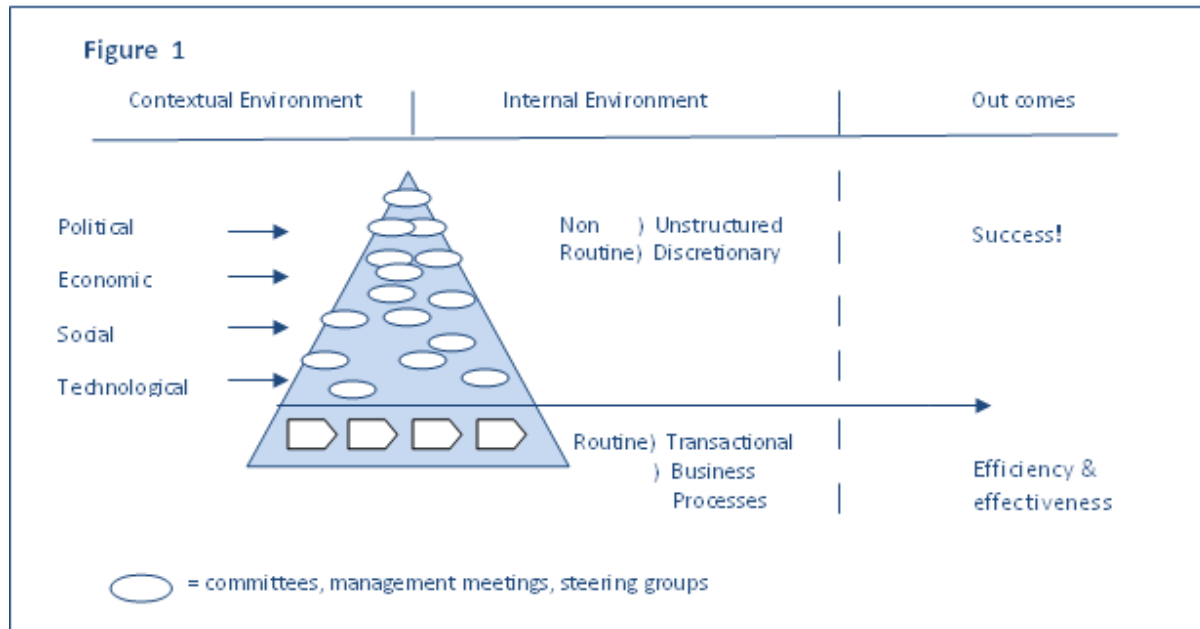
The problem is thinking is discretionary. We can do it or not do it. We can do it well when informed and poorly when ill informed. Thinking and knowledge is an essential precursor to judgement and decision making. Poor quality thinking based on inadequate knowledge leads to poor judgement which can ultimately affect the very survival of the enterprise!

The discretionary thinking actions that occur amongst managers and professionals are about how they collaborate, innovate, use their judgement and lead. They are focussed on improving current and future outcomes. They involve anticipating future requirements, expanding organisational capability and delivering unique and distinctive products and services.

Indeed a recent poll of American business leaders identified the harnessing of executive discretionary thinking as the most important factor in achieving increased revenues over the next five years (Source: SMG Research 2007).

Hierarchies

However, the majority of organisations are still hierarchies, in many cases flattened hierarchies, but hierarchies nonetheless and hierarchies are the antithesis of processes.



Hierarchies are designed to manage steady state, to keep things running smoothly just the way they are. A stable world that ensures the same thing happens over and over again.

Organisations have sought to achieve greater flexibility through cross functional teams, matrix management, committees and steering groups (Figure 1) but, as a consequence, our research usually encounters the following:

- Little clarity on sign off or decision making structures
- Poor quality of decision making particularly on strategic or complex issues
- Risk management, planning and operational management fragmented across silos
- Reinforcement of empires and boundary management leading to turf wars
- Chronic short-termism as managers attempt to prove competence with a succession of quick wins
- Empowerment and leadership undermined
- Un-integrated and inconsistent planning
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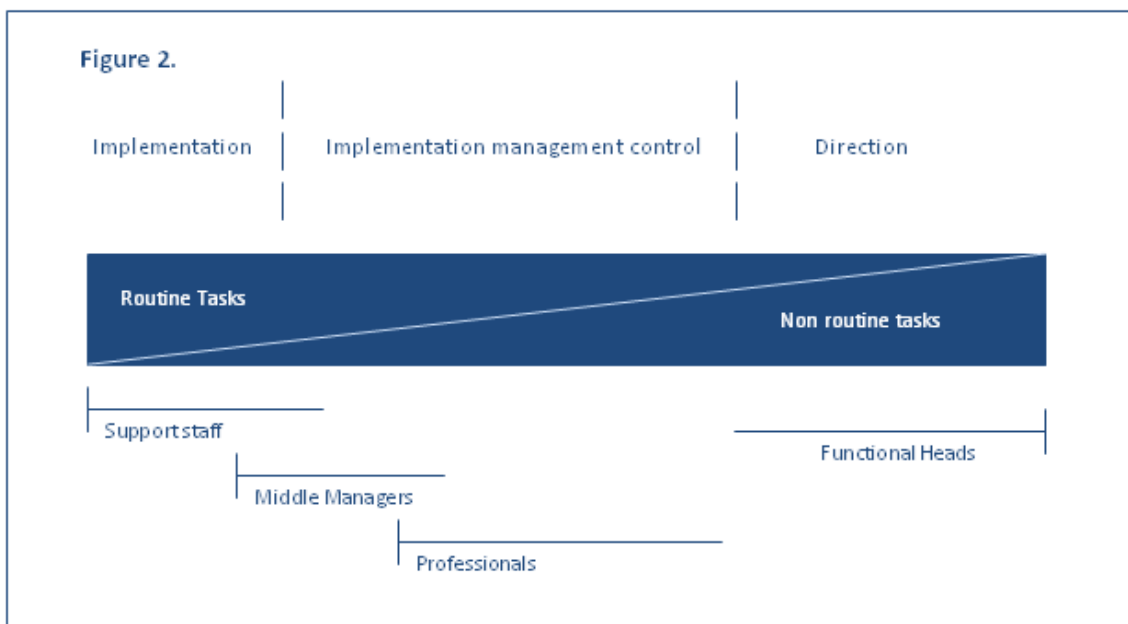
In short organisations have neither the benefits of the hierarchy nor the flexibility promised by alternative approaches. It is a messy, confusing and frustrating environment, poorly equipped to deal with the ongoing management of a series of interrelated and interacting processes.

The failure arises from an inability to recognise that processes cannot be managed by hierarchies. The management mechanisms for ensuring connection, collaboration and co-ordination across processes are, by their very nature, cross functional. Most problems and opportunities occur horizontally across functions, business areas, divisions and even countries. To prevent a form of micro myopia where the organisations view of these

problems and opportunities is limited to multiple functional glimpses it is necessary to make the process by which managers and professionals in the organisation learn, influence each other and generate ideas much more explicit and then to work to improve these processes over time.

Knowledge Work

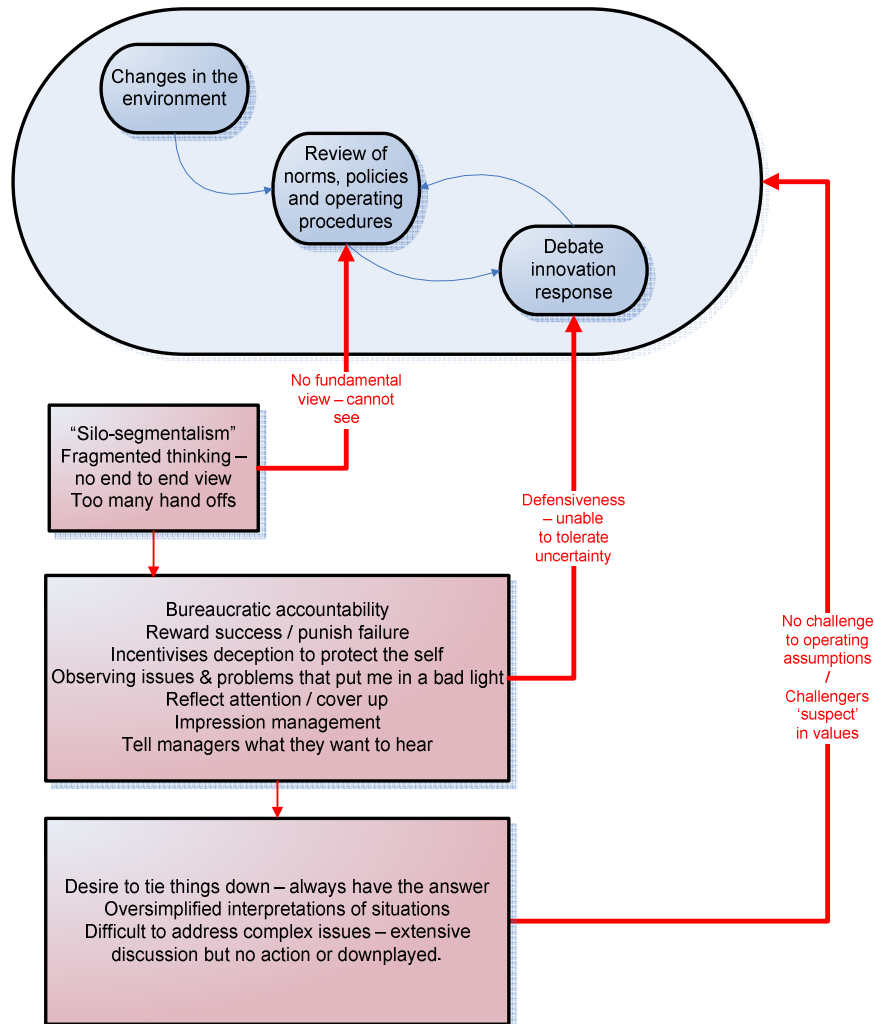
First coined by Peter Drucker in 1973 'knowledge worker' relates to someone who works primarily with information or one who develops or uses knowledge



Increasingly the role of knowledge (or more appropriately knowing) is a vital element of the unstructured activities identified in Figure 2. Amongst academics and management theorists it has long been felt that organisations designed around the knowledge worker (rather than functions or systems) would integrate the best of self organisation and networking to derive greater benefit from their knowledge resources.

In the knowledge environment there are two processes involved, the act of achieving knowing and the act of discharging that knowledge at the right time and in the right place.

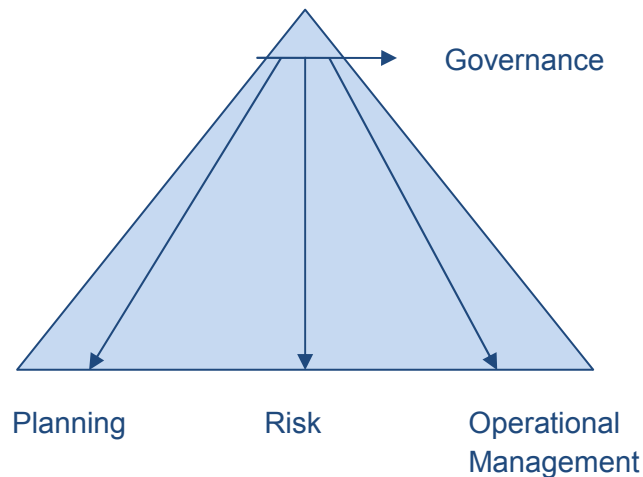
Hierarchies interfere with both! The problem starts at a macro-level; organisational learning. Most organisations suffer from a strategic learning disability.



To release the power of knowledge workers requires the organisation to concentrate on both the accretion of relevant knowledge and intelligence, and the process by which it is utilised.

Corporate Governance

In 'A board culture of Corporate Governance' Business Author Gabrielle O'Donovan describes corporate governance as an 'integral system encompassing policies, processes and people, which serves the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity and integrity.



In most businesses corporate governance had become the exclusive preserve of the board, largely because efforts to push governance down through the organisation have been frustrated by the functional organisation. The only people with an end to end view are those at the top and it is they, therefore, that end up "directing and controlling management activities".

The systemic issue of corporate governance is the provision of accurate information both internally to staff and externally to shareholders. The supposition of this paper is that the things that are worrying and pre-occupying shareholders are likely to be the same as those concerning management. The only way to overcome this issue is to organise around what the organisation needs to think about.

The Solution

Practically the question of how we structure an organisation to maximise the value of its knowledge means harnessing the currently unstructured and discretionary activities of thinking.

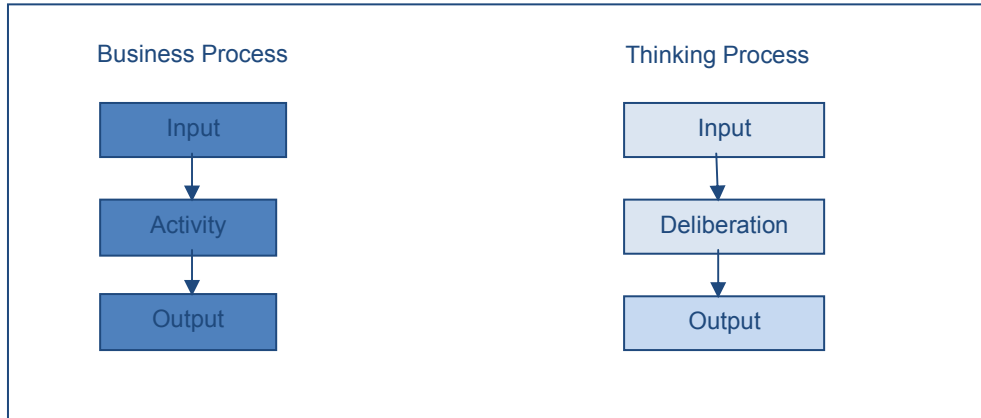
This means creating a mechanism that ensures the right people, with the right level of knowledge think about the right things at the right time in the right place in as conducive an operating environment as possible.

This involves not organising around functions or divisions but around what it is that the organisation is, or should be, thinking about – deliberations.

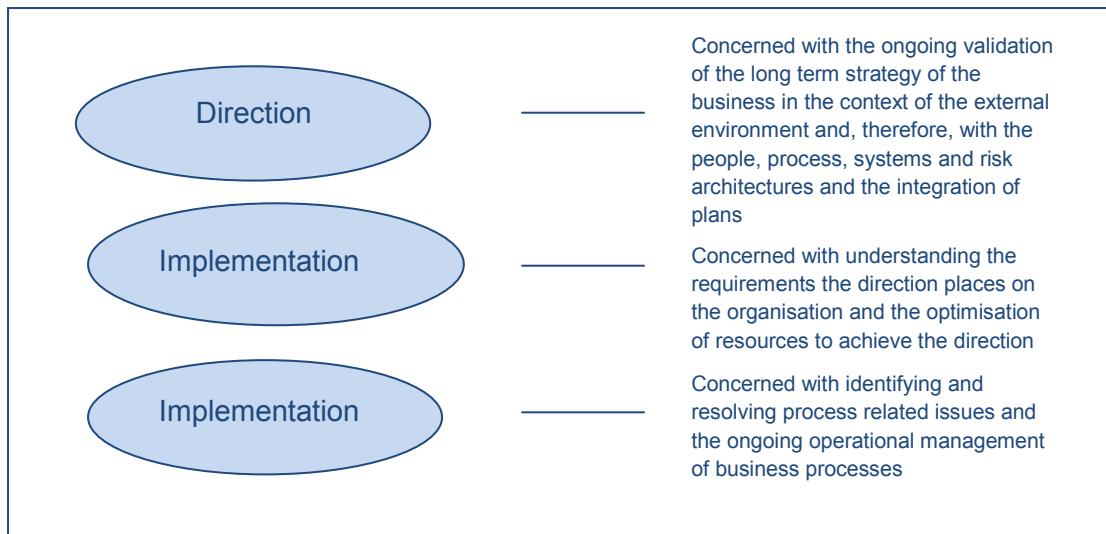
Mapping the sequence of these deliberations, determining the frequency with which they should be considered, the forums they should be considered at, the inputs and outputs and identifying the relevant participants based on their ability to contribute are the key steps in improving the quality of the organisational thinking.

Designing 'thinking' processes

The start point is to understand the difference between a business process and a thinking process



It is then necessary to understand the different levels of thinking process in the organisation



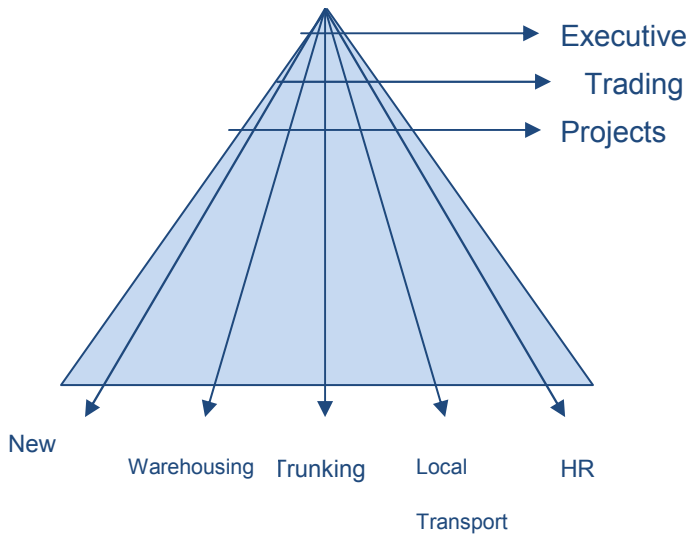
The work by Stafford Beer in the field of management cybernetics show that the considerations identified above are recursive in so much as they appear a microcosm at all levels of the organisation. They are separated out above as they require different thinking styles and consequently different forums of knowledge exchange.

The following chart is taken from a case study with a client. A national transport company with 7000 employees, the business had been the transport department of a major catalogue company. Now charged with repositioning themselves in a commercial market place it was seeking to take advantage of the massive increases in the virtual high street and to win distribution and delivery business of commercial websites such as Tesco and others.

The first pyramid shows how the company was organised in a traditional functional hierarchy. The second chart shows what it needed to think about to implement its new strategy, which in essence were cross functional deliberations.

Current Structure

Management process based on functions



Functional Structure

- Poor Meeting Clarity
- Rooms full of people – little focus
- Poor time management
- Unclear decision making
- Escalation of all decisions to the senior people

Largely fixed attendees – the people at the top of the organisation who were the only people with a holistic view- therefore were responsible for all decisions

Considerations

Management process based on what we need to think about



Consideration Structure

- Right people thinking the right things, right place and time
- Clarity of meeting purpose

The revised model was organised around the things the organisation had to worry about and get good at. It involved those people who were closest to the action, knew what was

In defining thinking processes we are concerned not unnaturally with what people are thinking about. These topics are usually well known, they are problematic issues facing the organisation around which people express concern communicate and generally worry about. As such they are not overtly acknowledged and by their nature they do not appear on an organisation chart.

Topics contain deliberations. The start point for identifying the thinking process of an organisation is to identify the topics and then the sequences of deliberations or considerations in which people are engaged. Deliberations are the discursive and interactive behaviours relating to a particular topic e.g.

Topic:	What has moved or changed in the environment we need to take account of?
Deliberations :	How will this affect our customers' needs and expectations?
	: What changes, therefore, take place in our customer requirements?

Deliberations are an unusual and difficult area of analysis; they have an ongoing nature and longevity. People will, over time, return to them with different frequencies depending on the business circumstances.

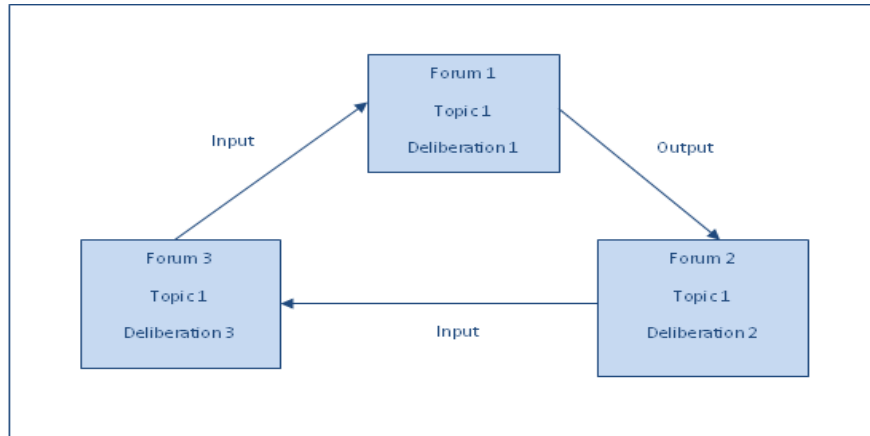
Deliberations are not decisions. Decisions represent a choice between options whereby one option is pursued at the expense of others. Deliberations provide a context for decisions and may precipitate a decision at a point in time or may create a set of requirements for further information.

Deliberations are not meetings. Meetings are gatherings of people. A meeting can be part of a deliberation, but they are not the deliberation itself.

Deliberations have inputs and outputs. By surfacing and understanding deliberations we are able to assess their quality. This is driven by the quality of the input and the knowledge of the participants. Since knowledge work is made up of a series of deliberations if we improve the individual deliberation we eventually improve the overall quality of decision making and implementation.

Deliberations are discussed in forums. Virtually all topics that involve discretionary thinking are discussed in more than one forum. Forums can be structured (regularly scheduled), semi structured (scheduled or unscheduled e.g. review meetings) or unstructured (i.e. ad hoc)

The trick is to aggregate topics and their deliberations into forums that have a clear purpose, optimise the time of those attending and establish clear linkages to other forums considering the same topics, e.g.:



Forums have different core purposes

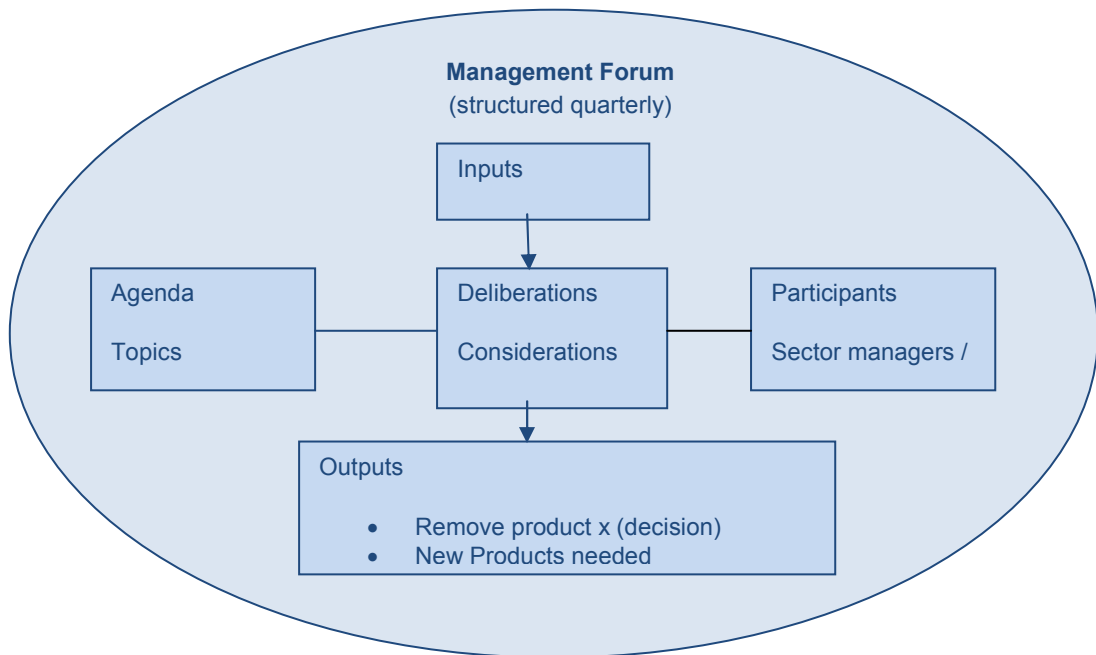
Direction:	Environmental scanning and interpretation
Architectural:	Design of the support infrastructure to implement strategy (e.g. OD, Systems, Compliance)
Integrating:	Planning and risk

The planning and risk forums are responsible for integrating the outputs of the different forums for each deliberation providing a view of the priorities and resources required across the organisation.

The planning forum is also responsible for maintaining the operational business model of the organisation.

Topic: External Market							
	A	B	C	D	Planning	Risk	Architecture
Deliberation 1	X		X		X	X	
Deliberation 2		X	X	X	X	X	X
Deliberation 3			X		X	X	
Deliberation 4	X	X			X	X	X
Deliberation 5	X				X	X	
	Forums						

Inputs and Outputs



A focus on the inputs for each deliberation improves the quality of the thinking process

Outputs can either be a set of requirements for another forum or a decision. Decision making parameters can be clearly set for each management forum (usually around the achievement of the plan) as well as clear assessments of risk (risk template for each forum, significance of risk, likelihood and occurrence). Equally each forum can develop a view of the likely scenarios arising from its plan and the risk associated with each scenario.



Participants

A final aspect of deliberations are the participants who should ideally participate, who bring the right knowledge, experience and thinking ability to this deliberation and then be clear on their involvement.

Participant Profile

Participants	Information contributed to deliberation	Information taken from deliberation
1		
2		
3		
4		
5		
6		
7		
8		

Deliberations:				
Task Roles	A	B	C	D
1	R	-	I	-
2	-	A	-	-
3	C	-	I	-
4	-	C	-	A
5	R	C	I	A

R = Responsible to initiate and carry through

A = Approve

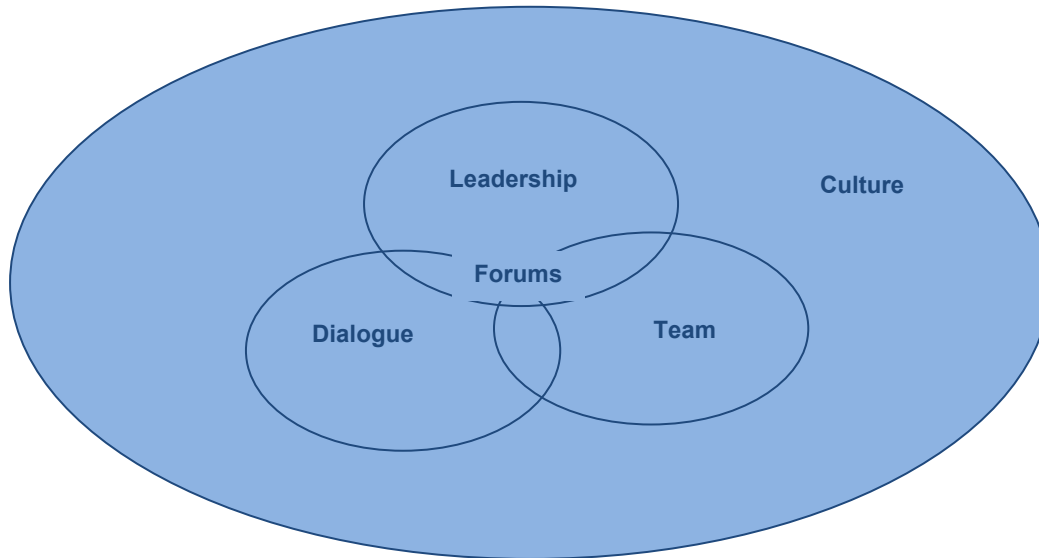
C = Consult

I = Inform

- = no involvement

The 'soft factors'

The following are dealt with in more detail in other papers in this series; however they are vital if the right environment is to be created to facilitate quality organisational thinking.



Facilitation

Facilitators act as catalysts to make the forum work. It is far more than just attending to the agenda, ensuring that everyone gets a chance to speak, ensuring nobody dominates the meeting, different points of view get aired and conflict is channelled into productive discussion – THAT IS JUST CHAIRING!

Facilitators take people through a process, problem solving, planning, idea generation and creative interpretation. They ensure the quality of what the teams consider, that they have the right data being considered in the right way. They are responsible for the quality of the output.

Dialogue Skills

It is an unfortunate truism that the majority of organisational meetings are rarely productive. The behaviours which undermine successful interaction result from the artificial boundaries created by the organisation, where debate rather than dialogue better describes the tone of the meeting.

Debate Behaviours	Dialogue Behaviours
knowing	finding out and discussion
having the answers	questions
winning and losing	sharing
unequal	equal
power	respect
proving a point	exploring new possibilities
defending a position	

Thinking processes demand dialogue not debate. A harsh word can kill a great idea at birth.

Peter Senge describes dialogue as the ‘capacity of members of a team to suspend assumptions and enter into a genuine thinking together. To the Greeks dia-logos meant ‘a free flowing of meaning through a group, allowing the group to discuss insights not attainable individually.’

Team Skills

‘Team-ship can be described as the ability to work together in a team, or as the collective standard of behaviour understood by everyone in the team environment. Our skill is interacting as a group.’

Clive Woodward, Former England Rugby manager

Teams consistently show greater quality of output than can be achieved by people working on their own. Yet in organisations teams frequently fail to achieve their potential.

The reason for this lies in behaviour. The leaders’ ability to get the most from the team and the teams’ ability and willingness to contribute.

This requires excellent ‘combining’ skills

- The ability to quickly crystallise and define the task facing the team
- The ability to quickly access the resources , skills and knowledge required to complete a deliberation
- The ability to select the correct team process for achieving the task
- The ability to capture learning from what works and what doesn't work and apply it to future tasks

Unfortunately these skills do not occur naturally in today's organisations.

Summary

In summary management processes should be structured around what people need to think about not functions. To rapidly improve the quality of thinking in your organisation we would recommend the following five step process;

1. Initial scan

- Identify current forums in operation in the organisation
- Identify agenda item, attendees and decision making power

2. Detailed analysis

- Based on the organisations strategy and future direction identify the major deliberations. The things that most people think about, worry about, and are worthy of the most analytical scrutiny.
- Prioritise these deliberations in terms of organisation priorities.
- Cross map how these deliberations are currently managed by the organisation:
 - Identify the forums in which they are considered (structured, semi structured and unstructured)
 - Identify who is party to each deliberation – note what they contribute and obtain in information terms.
 - Identify obvious or recurring errors and information gaps which cause deliberations to go away
 - Identify the discrete activities involved (papers produced, reviews undertaken, scheduling, optimisation of participants time etc

3. Redesign

- For each deliberation map out the optimum...
 - Frequency of consideration
 - Inputs and outputs
 - Forums for consideration
 - Rules who should participate
 - Map roles to deliberation in terms of contribution expected
 - Allocate tasks to complete the consideration (RACI)
 - Understand the potential position of each participant and their vested interests.

4. Develop implementation plan

- In most cases it is best to lead with the planning process. A robust planning process will drive the implementation of the other forums.

5. Develop the soft skills

- Facilitation
- Team play
- Dialogue