

Competing in a Changing Environment: How to Enhance Employee Contribution and Organizational Effectiveness

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Introduction: Imagine you got lost in an unfamiliar neighborhood. You stop at a gas station to ask for directions. Would you prefer the attendant telling you he doesn't know how to get where you want to go, or give you a wrong information? In this scenario, hungry for a structure, you are facing an unstructured situation. As scary as this thought may appear, this paper will show that one would be better off without a structure, than with a misleading structure.

How we think about an issue, the words we use to describe a phenomenon, our language provide roadmaps for our present activities. When these roadmaps - abstracts from past experiences - allow accurate predictions of the future events, we have a well-structured situation. When on the contrary, unpredicted events occur that change the landscape, and new roadmaps need to be developed, we have an ill-structured situation.

The discoveries of modern science, and their applications to information technology have revolutionized the competitive landscape. Successful organizations in today's dynamic market are those who learn to adjust their thought habits - strategies - to reflect this increased level of complexity. In the following, we will redefine, management, resource, and organization to enhance employee contribution, and organizational effectiveness. We will outline the characteristics of an organization, designed to compete in an ill-structured environment.

Competing in a structured versus unstructured environment. In a well-structured environment, customer needs are identified, and competition is won by a focus on efficiency. This is what has been taught at schools, this is what most managers are used to. In an unstructured context, competition is a race for articulating emerging customer needs, and developing the standards that will shape the future. It is a battle for effectiveness. This battle is better won by organizing a process of interaction that speeds up the articulation of the emerging values. This, most managers are unfamiliar with. And the process of shifting the thought habits from an ineffective structure they are familiar with to a more powerful structure they are unfamiliar with, is the main competitive challenge managers are facing. On a more pragmatic level, the question they should try to answer is: How can we organize ourselves to better identify and exploit value promising projects? To answer this question, they will have to let go of the familiar language of job, position, promotion, etc., and think in terms of talents, skills, opportunities, and contribution. To use a metaphor, it is easier to think in terms of water than H₂O. But thinking water will not allow anyone to make water. And if water is in short supply, the competition becomes win/lose. The H₂O language conveys a knowledge - and possibilities - that is not carried by the more traditional concept of water.

Redefining Management. Traditionally, we have defined management as control of economic resources. We define management as leverage of economic resources. The concept of leverage entails more than just control. Control is exercised according to a plan, to a roadmap. But what if the roadmap is misleading? Leverage implies the possibility of a second order learning: The manager might have to challenge his/her thought habits in order to detect the emerging opportunities that will multiply the resources.

And what do we consider as resource? Capital, for sure, time, knowledge, skills, physical assets. And for each of these categories we have a control structure in place: We budget, control time, allocate competencies, manage the supply of materials and land, etc. - although not always optimally.

Managing Intelligence. One fundamental resource that we don't manage is our intelligence - our ontogenetic learning ability. The ability to find out what to do when you don't know what to do. The ability to rewrite the script. The ability to restructure ill-structured situations.

Our organizations with their focus on formal knowledge, policies, and procedure are actually by design neglecting this fundamental resource as if it did not exist. As if we were dummies - needing to be formally programmed to do what we should do. To be sure of the contrary, all one has to do is to look at children interacting with a computer, or a video-game: They hardly ever glance at the manual. Just imagine the savings we could realize if we were to cut down on policy manuals, and all the bureaucracy in place to maintain it. Investing in the information technology, now many organizations have even a computerized version of the same meaningless - void of any useful knowledge - formal statements. Imagining the savings, they could realize if they were to see information technology as a mean to amplify value promising perspectives - where ever they come from - instead of a method for storage of meaningless policy statements issued by the existing hierarchy, and amplification of habits that have outlived their usefulness.

Organization as a Promise Land. People join organizations to make sense of their lives, to identify and leverage what they are especially good at in order to make a contribution. To what extent are present organizations enabling their employees to discover what they are good at, so they can make a difference? To what extent are they seeking to discover what unique and value promising perspectives employees can offer? No wonder then that they are not competitive (capable of making a difference).

With this thought in mind, we can pull on our knowledge of powerful neural networks, to establish the criteria for an organization, effectively, and efficiently, competing in a turbulent environment - an environment of unpredictable changes. We could call this a learning or intelligent organization. In all cases, it would be composed of autonomous, fault-tolerant, associative, highly connected, adaptive, agents, self-organizing, and self-stabilizing; skilled in discrimination/differentiation, parallel processing, integration, classification, and nonlinear transfer; working systemically, to deliver distinctive value promises. This is basically an organization designed to leverage the human intelligence.

Of course, to the extent that the agents will recognize repetitive tasks, and similarities, they would establish procedures, but they would be aware of their shelf-life and spatial boundaries (any prescription has side-effects). They would commit resources on a long-term basis only to activities that have sustainable value promises. Otherwise, they would leave resources free for emerging opportunities.

Application to Finance: The Accounts Receivable of a client company was posting a stable amount of cash despite an increase in the level of revenue generating activities. An audit of the system using the above model showed agents were deprived of their ability to innovate, reduced to repetitive tasks, not knowing how their activities affect others or fit into a larger picture; requiring several level of authorization, even for minimal expenditure, etc.

Promising increased marketability - and not job security as one would have done traditionally - the intervention designed small groups, each, as a whole, having all the skills required to take an account from A to Z. In the process of performance members of each group learned from each other. Then each group split into its elements, each member knowing now all the tasks to be performed. Skilled individuals were assured to have a market value, even if they were to lose their jobs with the company.

The productivity was multiplied by a factor of 10.

Unpublished paper dated 1991, summarizing lessons from a consulting work with American Medical Response (AMR) under Earl Riggs leadership before the founding of today's AMR in 1992.