

CONVERGENCE: Managing + Designing Position Statement

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New Theory and Practice in Organizational Change and Organizational Design

In the 19th and 20th centuries, management was mainly a command and control style, originating out of the military and societal trends overall (the man as the head of the house, etc.). This style worked for a long time and created many successful companies, lifted many out of poverty, provided a better standard of living and creature comforts as well as the ability to travel and see the world. However, this style of management is no longer appropriate and as with all things, it's time has come and is going.

Even during the command-control era, there were pockets of a more 'latticed' or networked management and organizational structure, many times found in corporate and government R&D labs. Twenty-five years ago, when working at AT&T Bell Labs, while there was a hierarchy of management, there was freedom to pursue various areas of research, to collaborate internally and externally (early forms of Open Innovation), and management levels were not a great inhibitor (until you got to AT&T corporate!).

Today, more organizations realize they need to be structured to allow the flow and vetting of ideas and then the ability to execute and commercialize ideas. This implies more communication overall and more communication between various aspects (functions) of the organization and at various 'levels' of the organization so more viewpoints, facets for vetting, more holistic and comprehensive understandings of customer needs, articulated and/or unarticulated, can be shared, discussed and refined to create profitable innovation. Instead of being held to an age-old structure, the type of project, the type of communication flows required should be, and are becoming, the factors to define organisational structure and design. This relates to strategic planning and alignment as well. First, figure out what it is the organization is about – its mission and goals, customers to be targeted, etc. and then design the organization around the best (effective and efficient) structure to realize that.

Perhaps the reluctance to have a more fluid and design-driven organizational structure is based on the baggage of the 're-engineering' method where everytime an employee heard the term 'restructure' or every time a restructuring actually happened, it usually resulted in lay-offs instead of a more responsive structure. Perhaps some is based on the historical constructs of reward and recognition which strongly influence one's position both in the organization as well as in life – on the golf course, among society, etc.

It is becoming more apparent as we look at new companies that are successful (e.g., Google) as well as older ones (e.g., W. L. Gore) that have been successful that substance should drive form/structure, not the other way around. The design of the organization should follow from the purpose of the organization, its values, its targeted markets and customers (known and potential – domestic, global, etc.) and what benefit it is offering these markets/customers. Then one can design, and redesign over time, the most effective and efficient structure.

A key to success is in how the organization recognizes and rewards its people. The commandcontrol era worker based his/her position, esteem, and worth based upon where he/she was in the organization – based upon hierarchy and perks. This is becoming less and less the case. For many of us, our position, esteem, worth at work is based on our ability to create, to innovate, to commercialize ideas, to have an impact on customers and our peers – to make a difference. This implies a very different recognition and reward structure. So as one designs the new organization, one must design the incentive program as well – one that supports and bolsters the mission and goals.

While this is intuitive and obvious to many of us, it is news to most of the rest of the corporate world. For the past 50 + years, business schools (and education in general) have focused on the quantitative and analytical sides of business. The role of design, of the qualitative, of the 'softerside' has been ignored or downplayed. It is not as easily quantifiable and therefore not as 'comfortable' for many. Those days are going by quickly and the paradigm shift to design as business, design in business needs to be taught as just as acceptable as the quantitative. It's not either-or, it's AND, and it's a balance of the two at different times and places. It requires a new way of thinking which is scary for some, and freeing for many more.