

The organisation chart is dead but is it buried?

Leandro Herrero calls on managers to relinquish their reliance on static organisation charts, job descriptions and annual targets and instead embrace ambiguity and learn about informal networks – using buttons and bows

First day in the office was typical: introductions, lunch with his new staff, acquisition of a company credit card, formal inheritance of a secretary and a car parking slot – and a chat with the boss to go through the organisation charts. In his new office, it didn't take John long to realise that the real communication lines, the information flow between groups and people with influence, or even the obvious working relationship of the established multidisciplinary matrix teams, had little to do with the organisation chart.

Beyond the otherwise useful information on who reported to whom, and how many bosses he was away from the Big One, the organisation chart – or, as he used to call it in his previous company, the organigramme – was irrelevant. The entire daily dynamics could be better re-drawn in the form of a

monster 'influence diagram' which would look more like a London underground map or a spider's web. Certainly it would not look like little boxes on a Christmas tree.

John soon learnt another thing. What applied to the organisation chart could also be said of his job description

and his initial set of objectives. Since he joined, things had evolved fast; 'the goals of the job' had become a moving target. New assignments were coming in weekly. His original set of annual objectives had been substantially modified. Some were brand new. Others had become obsolete. Progressively the 'organisation on paper' and the 'real organisation' had gone in different ways.

Welcome to the 21st century business organisation. The organisation chart is dead. The job description is dead. For clues, see biology.

Like biological organisms, business organisations continuously adapt to stimuli (external and internal environments), and must change and evolve accordingly. Biological organisms do not understand one-year budget cycles, quarterly

reporting on activity, one-off post-retreat reorganisations, static organisation charts, two-page 'forever' job descriptions, or annual objectives set up in January and assessed in December. They grow, generate antibodies, move, reproduce, get smaller or bigger – at different paces and rhythms – and eventually die. Their 'ultimate structure' is determined by their functionality – as I learnt from my anatomy teacher 'the function creates the organ'.

Moreover, biological organisms cannot be fully explained without reference to the other systems to which they belong or are connected. They are complex systems that are better viewed through the glasses of complexity theory. Business organisations may be just the same. What happens inside them cannot be followed with the static organisation chart and the job description manual. The different components – people, groups, teams, networks of influence and power – are linked by an information flow that is far from static. The organisation is an information network.

Stuart Kauffman of the Santa Fe Institute, a world centre for the study of complexity, explains some of the mechanisms in the generation of networks in a metaphor about 'buttons and threads'. Scatter 20 buttons on a table, randomly choose two, connect them with threads and put them back. Repeat and repeat. At the beginning you are likely to choose buttons that are unconnected and that you have not picked up before, but, after a while, you will start picking up buttons that are already connected. Clusters of connected buttons will emerge. A form of 'stable system' has been created from an apparently chaotic and random interaction.

At the midpoint of this journey, when the ratio of threads to buttons is 0.5, the system experiences a 'phase transition' or a sudden change in the size of the largest connected cluster. Suddenly there is a 'visible mass' in front of you. This is the 'transition point' when, for example, water freezes into ice.

In a similar way, the 'interactions' of the total number of human genes gravitate to a smaller number of 'systems', according to Kauffman. This is a number that, regardless of whether they are buttons and threads, genes, or any set of 'units', tends to be pretty constant, roughly the square root of the number of original units. In the case of genes-to-cells, all the potential 'gene-interactions' do not generate a chaotic number of 'clusters': there is a definite number of known different types of cells in the human body.

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The progression of genes-to-cells follows Kauffman's 'order-for-free' mathematics, as in the buttons and threads case. It is a journey from chaos to stability. From something that seems like random or chaotic interactions to some sort of stable system: the ice from water, the cells from genes. Chaos and random connections do not seem to produce more chaos.

What does this have to do with organisations? Quite a lot, probably. Individuals in organisations establish networks of interactions and communications. Some of these are 'official' and 'designed': teams, taskforces, committees, and so on. But more interesting are the ones that form like Kauffman's buttons: emergent clusters of individuals, not designed by the boss, but 'self-generated' by the interactions between members.

The business literature on 'non-designed' groups or associations inside the firm has become more substantial in recent years. Self-managed teams are often interpreted in terms of semi-spontaneous associations that do not need a formal boss to achieve their objectives. 'Knowledge management' has created the term 'communities of practice' to describe networks of individuals linked by a common objective or interest, which includes finding solutions to organisational problems.

People following the systems approach, as described by Peter Senge, and the concept of 'the learning organisation' tend to refer to 'networks of commitment' – emphasising the mobilisation of motivation and energy in the organisation. 'Emergent teams' is another generic term frequently used. 'Hot groups' is another form of organisation describing the mobilisation of individuals with common interests and drivers of real organisational creativity. Finally 'TeamNets' have been introduced in the UK as a 'way of encouraging voluntary relationships in team formation, information exchange and problem-solving'.

Three questions come to mind:

- Is all this another piece of organisational jargon ready for the consulting industry to capture, commoditise and commercialise? Yes and no. No, because these networks, whatever one may want to call them, do exist – or at least they have been described. Yes, they will be exploited by consultants.
- What do all these 'emergent groups' have in common? Despite the different labels, probably a lot. For a start, they live outside the organisation chart with different degrees of both independence and spontaneous formation. It may be that, like Kauffman's buttons, they are somehow invisible at the beginning of their life and it is not until some level of interaction has been reached that they manifest themselves as a proper system.
- If these 'organisations within organisations' do exist, in the way that the literature suggests, do they matter? I believe they do.

The condition of 'associability' is perhaps one of the main sources of the so-called 'social capital' of the firm. It is worth distinguishing between 'associability' and 'sociability'. While sociability has to do with the universal propensity to socialise, asso-

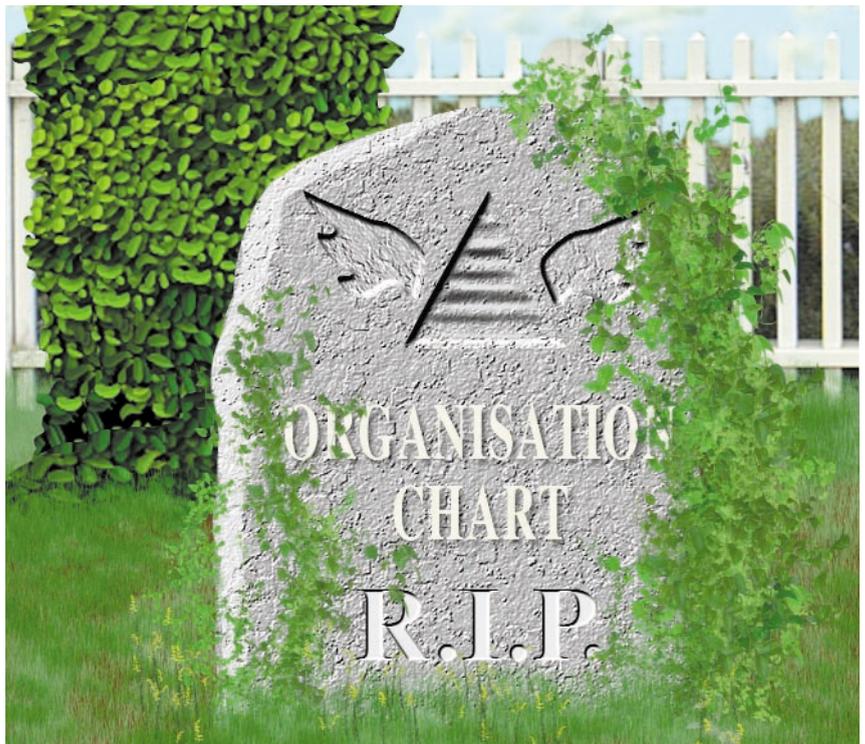


Illustration by Rob Wilcockson

ciability is defined by the 'willingness and ability of individuals to subordinate personal goals and associated actions to collective goals and actions'. In other words, a sociable environment where people meet, discuss, interact and communicate is a prerequisite for associability, but does not necessarily lead to the enormous added value of the association.

A firm's social capital is based on internal and external relationships. It produces mutual benefits, for the individual and for the organisation itself. It is an asset different from other forms of capital such as bricks and mortar (physical capital) or the knowledge and technical ability of individuals (human capital). As an asset, it must be managed like other types of capital. Volatile, short-term or superficial relationships will invariably generate volatile and ephemeral social capital, or a so-called 'low social capital' environment.

In these organisations, any form of leadership appeal to collective goals is a contradiction in terms. Individuals may get on with their jobs – according to their job descriptions – and even do them well. However, they may not be interested in anything else, certainly not in any form of collective collaboration that often entails 'going the extra mile' beyond formal responsibilities. It is in these circumstances that the real value added is generated and a real difference is made.

If six months into the job, John finds himself performing in perfect line with his job description, he should worry about the ability of his company to adapt to a demanding environment. My own unofficial organisation audit decrees that the more perfect the match between job description and job performance, the more worried I should be. And here is my rule of thumb: if a new recruit is sticking beauti-

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fully to the job described in the interview six months on, that person is not worth the money. 'The job' in 21st century corporations is something that is reinvented every day and needs to be 'justified' by the amount of value added. A job description in a headhunter's brief is no more than an excuse or vehicle to invite someone to informal discussions; an appeal for 'an association with us'. It is a point of departure. It refers to a box in the organisation chart, as much as an organism is classified as belonging to an ecosystem. It is business entomology.

But here is my last-minute confession. I feel a little embarrassed by many of the above generalisations. I can see readers falling into at least two categories. Those who think that I am mad for suggesting some form of super-flexible chaos, that I have disrespect for formality and for good traditional management. While others may say that they have not seen a hot group or a community of practice in their entire life and they are doing very well, thank you.

To the first group, I admit I am stretching the arguments. Well-defined structures and hierarchies are needed everywhere, from family to social life, in civil and political society, army and church, school and charity. And yes, I do use job descriptions. But – and this is my real 'but problem' – the real question is how much of that rigid structure can you afford. I learnt a long time ago that tolerance to, and mastering of, some degree of organi-

sational ambiguity is one of the prime conditions for good leadership. Some managers seem to navigate through this extraordinarily well. Others go crazy if they do not have a well-defined job description, a set of objectives, loyal troupes and marching orders. I make no apologies for suggesting that leaders grow in the first group.

And to the second group, I suggest, buy 20 buttons, read Kauffman and hire a biologist as your next human resources director. 

Further reading

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•**Dr Leandro Herrero writes on a management topic each month in Scrip Magazine. He is a pharmaceutical executive with wide international experience, who writes and lectures on organisational development and human capital architecture.**

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