

## Article 60 – Effective organisations in the 21<sup>st</sup> century

I was taken mildly to task recently for citing a reference to a book that was published in 1982. Wow! That's 27 years ago. But since when did time have anything to do with insight and wisdom? Business strategists happily quote from Von Clausewitz' book – Philosophy of War – which he wrote in the late 1820's and from Sun Tzu's Art of War that first saw the light of day around 600BC.

If works such as these are still current, one could argue that not much has changed when it comes to outwitting one's competitors. However, this is not the case with organisational design.

One of the pioneers of organisational design was an Englishman Eric Trist, one of the founders in 1946 of the Tavistock Institute of Human Relations. Trist played the leading role in developing the concept of socio-technical systems, the belief that the most effective organisations were those where there was a shared emphasis on the achievement of technical excellence and the quality of people's work lives. A summary of Trist's insights on effective organisations is given below.

Effective organisations	
Old paradigm (early 20 <sup>th</sup> century)	New paradigm (late 20 <sup>th</sup> century)
Technology first	Social/technical systems optimised together
People as machine extensions	People complement machines
People as spare parts	People as scarce resources
Narrow tasks, simple skills	Multiple tasks, broad skills
External control – procedures book	Self-control – teams and teamwork
Many levels – autocratic style	Flat organisation – participative style
Competitive	Cooperative
Organisation's purposes only	Individual and social purposes included
Alienation: - it's only a job	Commitment: - it's <i>my</i> job
Low-risk taking	Innovation

Adapted from Eric Trist 1978

Reading this, I started to wonder what new attributes Trist might have added to this table had he lived to see in the 21<sup>st</sup> century.

I am sure there are more but here is my list of additions.

Effective organisations in the 21 <sup>st</sup> century	
Old paradigm (late 20 <sup>th</sup> century)	New paradigm (21 <sup>st</sup> Century)
Manager/supervisor	Leader/facilitator
Suppliers as adversaries	Suppliers as partners
IT replaces people	People complement IT
Lean production	Lean thinking
The wasteful organisation	The sustainable organisation
Build to forecast	Build to order
Teams – quality of working life	Teams – workgroup performance

### **Manager/Supervisor —→ Leader/Facilitator**

One could mount a strong argument that the evolution of the role of manager/supervisor to that of leader/facilitator has been around a lot longer than nine years. I think it has but whilst many more managers understand the difference between a manager and a leader/facilitator, leaders are still few and far between. Even if managers would like it to be otherwise, the pressures of attending to the technical aspects of their work leave insufficient time for effective communication and management by wandering around.

### **Suppliers as adversaries —→ Suppliers as partners**

One of the key characteristics of Trist's work was its internal focus. It's a reflection of the 50's and 60's when Trist was at his most productive. The influence of factors external to the organisation was seen to have little impact on the organisation's potential effectiveness.

How different the world is today and relationships between suppliers and customers are just one example. Truly collaborative relationships between suppliers and customers, the extension of supply chains to include the final consumer and competition between supply chains as opposed to individual organisations attest to this new thinking of suppliers as partners.

### **IT replaces people —→ People complement IT**

We still have a long way to go but to use the buzz phrase of the moment, green shoots are definitely appearing. Some organisations are at last getting the message. Consumers will accept IT replacing people if the IT is reliable, easy to use and the transaction is routine. They will not accept IT if their need or query is one that requires judgement and context. Since everyone at some time has a need for the latter, there will always be a need for people. A small number of organisations are also waking up to the realisation that the quality (and quantity) of the people they employ to complement their IT can be a powerful competitive advantage.

### **Lean production —→ Lean thinking**

Eric Trist would have approved of Lean thinking because it represents an extension of his own philosophy. Like socio-technical systems, it's whole systems thinking but unlike the former, its focus extends outside the organisation itself. Whereas Lean production was narrowly focused and often achieved at the expense of suppliers and marketing intermediaries, Lean thinking encompasses the whole supply chain. It's about time compression, a focus on process rather than individual functions and the creation of a constant flow whether the process is manufacturing, product development, order fulfilment or logistics. Above all, it's the elimination of "muda" – waste in Japanese.

### **The wasteful organisation —→ The sustainable organisation**

Working towards a sustainable organisation has some parallels with Lean thinking. Both emphasise the elimination of waste. However, whereas Lean thinking focuses on time and inventory, sustainability is more concerned with the efficient use and reuse of materials and energy. There is no reason why the two cannot be combined – both demand the same managerial mind-set.

### **Build to forecast —→ Build to order**

Imagine you are in the market for a new car. You consider buying a Japanese model – the dealer does not have quite the combination of options that you were looking for but searches the inventory data base, locates a car that comes closest to meeting your specification and offers you a substantial discount in the hope that you will purchase it. In contrast, you

approach a Ford dealership, specify exactly what you want and the dealer enters “your” car into a slot on Ford’s build schedule which is displayed on his computer. He then tells you that your car, built to your exact specification, will be ready for you in two weeks time. Fanciful? Not at all. In Germany 60% of cars are made to order. Imagine the competitive advantage of domestic manufacturers over importers if every car was built to order.

**Teams – quality of working life → Teams – workgroup performance**

The rationale for teams and teamwork has undergone fundamental change. Their development is no longer driven by considerations of “quality of working life”. It is now driven by the need to compete. Teams and teamwork is no longer a “nice-to-have”. It’s a “must have”.

Whereas Trist focused on the quality of working life in the belief that workgroup performance would improve, in 2009 the focus is on workgroup performance in the belief that this will lead to a higher quality of working life.

Embracing any one of these trends in organisational design represents a tremendous challenge and I am conscious of the fact that the great majority of organisations do not have the staying power to see these initiatives through and fully embrace the benefits. All too often the “technical” aspects of the program are imposed on the workforce with insufficient involvement of those most affected by it. Communication is woefully inadequate. The result is a program that fails to realise the expectations of its progenitors and a disengaged staff.

Would anyone like to add to my list?