Adaptive Enterprises at the Edge of Design:

An Emerging Context for Design

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STS Roundtable

Developed by STS•RT Adaptive Enterprise Team:
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New Normal

interconnected
Volatile
Uncertain
Complex
Ambiguous

Motivation: *from* paid coordination
                to   shared purpose

Value Creation: *from* isolated organizations
                 to   communities of – "purpose,
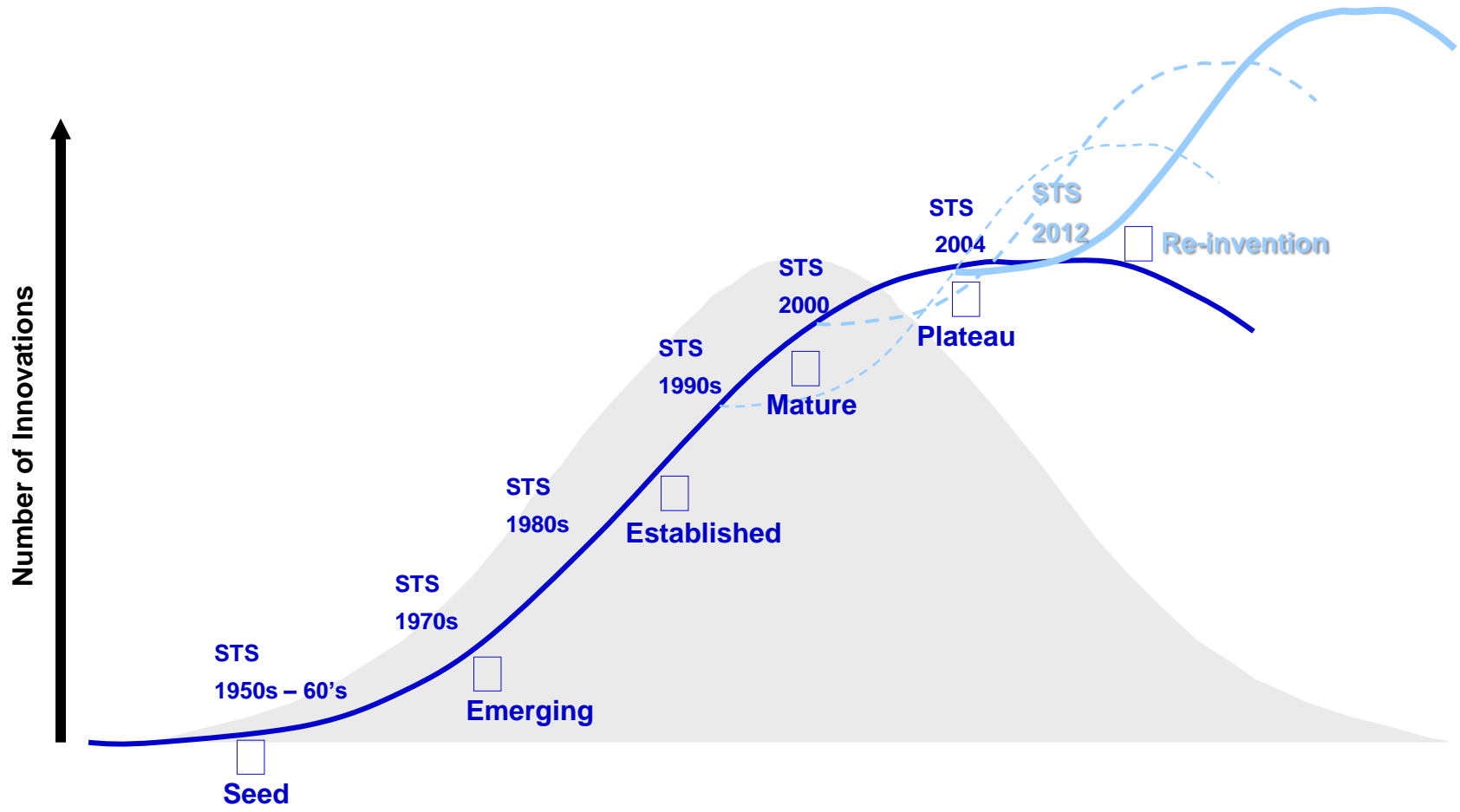   proximity, passion, practice,
                         providence"

Strategic &   *from* centralized
Operational   *to*   distributed
Decisions:

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Desired Outcomes for this Session

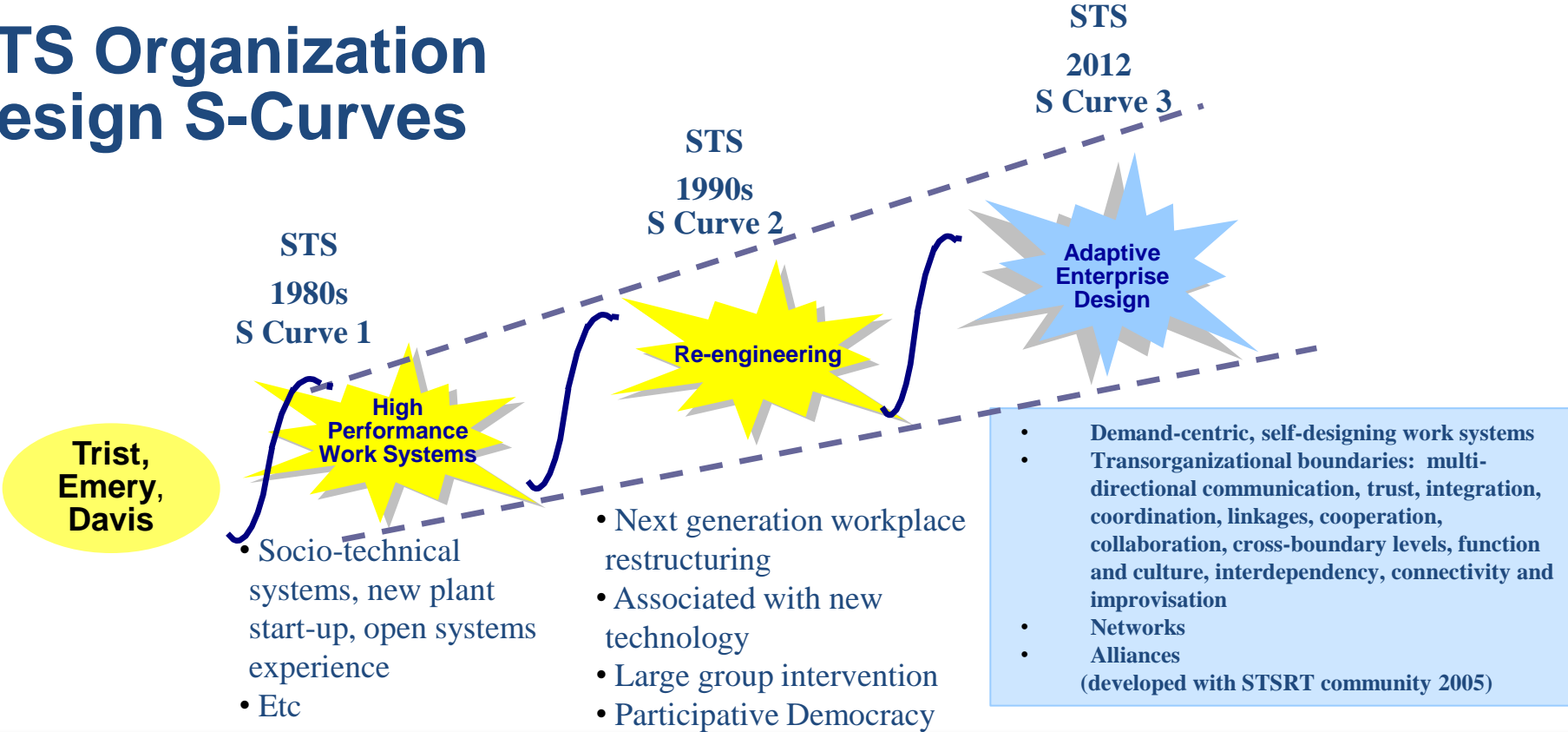Through **dialogue** and **exercises**, we have the opportunity to …

1. Develop **a shared understanding** of the New Normal (macro) and the new context for designing within Adaptive Enterprises (micro), which manifests these three Emergent Patterns ....

   - Vertically-integrated, Decentralized Organizations (VIDO)
   - Value Realization Networks (VRN)
   - Issue-based Social Ecosystems (IBSE)

2. Consider how **design principles and design values** enable adaptive enterprises

3. Explore what **STS offers** given these three emergent design contexts

4. Contribute to the **further development and iteration of the designer's role**

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STS Innovation across the Life Cycle

Number of Innovations

STS
1950s – 60's

Seed

STS
1970s

Emerging

STS
1980s

Established

STS
1990s

Mature

STS
2000

STS
2004

Plateau

STS
2012

Re-invention

STS = open systems + joint optimization + innovation?

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STS Organization Design S-Curves

STS 2012 S Curve 3

STS 1990s S Curve 2

STS 1980s S Curve 1

Trist, Emery, Davis

High Performance Work Systems

Re-engineering

Adaptive Enterprise Design

- Socio-technical systems, new plant start-up, open systems experience
- Etc

- Next generation workplace restructuring
- Associated with new technology
- Large group intervention
- Participative Democracy

- Demand-centric, self-designing work systems
- Transorganizational boundaries: multi-directional communication, trust, integration, coordination, linkages, cooperation, collaboration, cross-boundary levels, function and culture, interdependency, connectivity and improvisation
- Networks
- Alliances
(developed with STSRT community 2005)

Adapted from Pava, 1983

STS v1.0
Routine work in a single organization – e.g., coal mines, factories, oil refineries
- Work groups with pooled identity
- Unitary conversion process
- Linear conversion sequence

STS v2.0
Non-routine knowledge work in single organizations – e.g., white collar office work, professional services firm, NPD and R&D
- Individual performers, specialized expertise
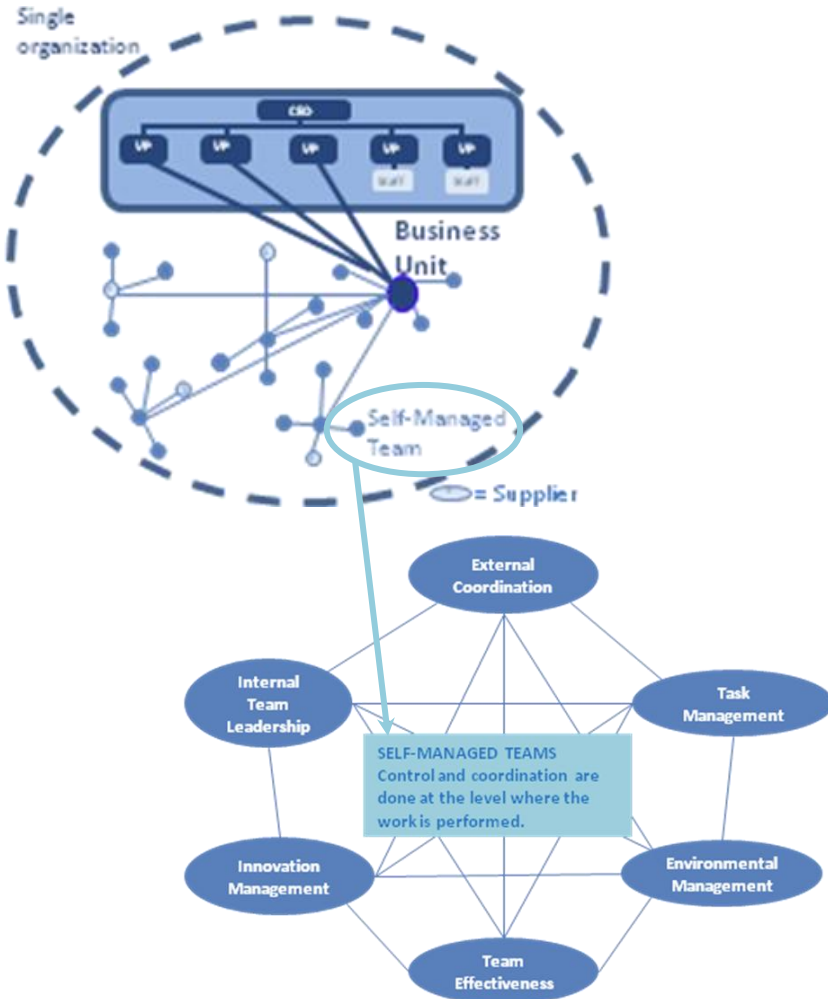- Multiple, concurrent conversion processes
- Nonlinear conversion flow

STS v3.0
Virtual, non-routine work – e.g., R&D consortia, complex supply chains
- Individual performers and work groups distributed across multiple locations and/or organizations
- Multiple, concurrent independent and interdependent conversion processes
- Nonlinear conversion flows

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The New Normal – Implications for Our Clients and Ourselves

- Organizations are adapting to this new normal through different "patterns of organizing."

- As organization designers we find ourselves working in three new "contexts" which we describe as the firm context, the network context and the societal context.

- We call this the "new normal" for the practice of "design" in general and organization design in particular.

- Each of these new design contexts presents new challenges and opportunities.

- Even design activity at the context of "the firm" is shifting.

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Vertically Integrated Decentralized Organizations (VIDO)

Single organization

CEO

Business Unit

Self-Managed Team

= Supplier

External Coordination

Internal Team Leadership

Task Management

SELF-MANAGED TEAMS
Control and coordination are done at the level where the work is performed.

Innovation Management

Environmental Management

Team Effectiveness

- VIDO's are controlled within the boundaries of one company with several functions performed by other suppliers.

- Outsourcing is for cutting costs and taking advantage of some network capabilities.

- While some form of team is typically the basic unit of organization, the control and coordination given to these teams varies from little to a high degree of self-management.

- There may be pockets of collaborative communities of practice using social media to connect internal and external resources but on a very limited scale.

- VIDO's seem to be tiptoeing into the network realm, knowing collaborative governance is the way to evolve, but choosing not to fully commit because of the radically different values and culture required (i.e., trust).

Value Realization Network (VRN)

- Value Realization Network consists of multiple entities bound by shared customer driven outcomes.

- VRN's range from linear value chains to industry-based value creation constellations. Multiple entities, private and public, work together to create value as defined by the customer.

- VRN's are bound together by a shared value proposition.

- Members' initial interaction is divergent due to different values and points of view, but they rapidly converge around clarifying the value proposition. Convergence is guided by high-level processes (exploration, discovery, imagination, negotiation).

- As the VRN matures, interactions become more nonlinear and dynamic with simultaneous co-creation taking full advantage of network properties. While many entities collaborate in partnerships and alliances, system control is often vested in an "orchestrator" who takes on the primary coordination role.

- Value is created through the interaction of multi-functional roles and knowledge, which is complex to design and to coordinate.

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Issue-Based Eco-System (IBES)
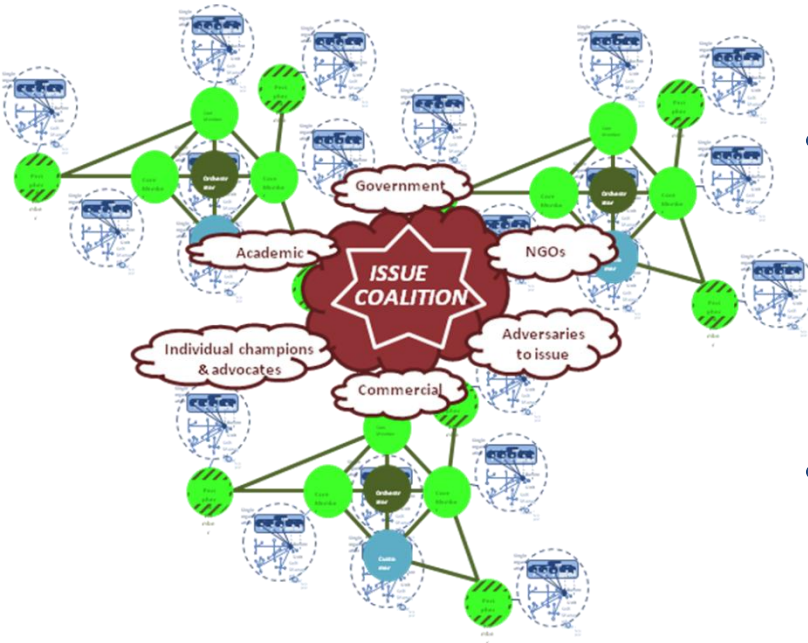
- Issue-based ecosystem consists of multiple systems (e.g. VIDOs and VRNs) bounded by a shared issue.

- Inter-organizational domains (usually societal big problems) are areas of concern for ecosystems. These "wicked problems" affect every organization and/or person but no one sector (government, corporate, civil society, etc.) can resolve them working independently.

- Issue resolution requires a temporary ecosystemic structure (i.e., referent body). The ecosystem addresses issues and ideals rather than profit, but at some point these ideals may be monetized through VRNs and/or individuals to be viable economically.

- Ecosystems form with convergence of shared will, but need to move to and stay with divergence (local autonomy and customization) to arrive at transformational and inspiring solutions. The ecosystem must hold the space for the divergence to generate exceptional solutions satisfying multiple stakeholder needs.

- This both requires and promotes single, double and triple loop learning and is a highly complex social function requiring technology for synchronous, versus asynchronous interaction.

- The ecosystem attracts passion, creativity and initiative into self-organizing groups.
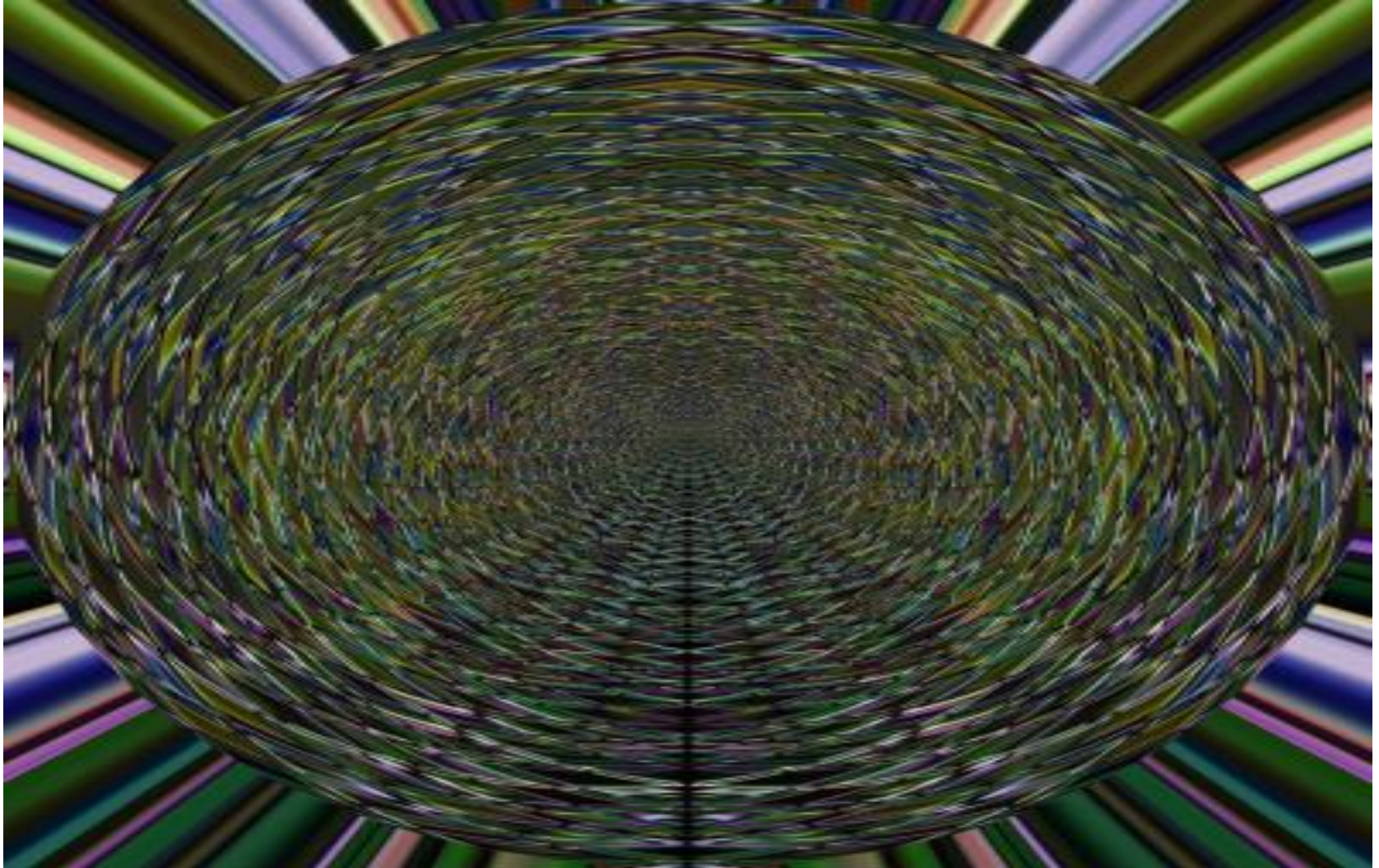
Images of Organization Designs
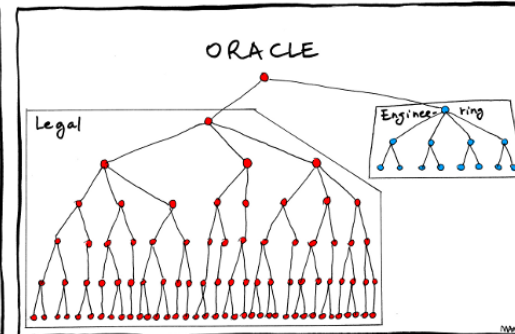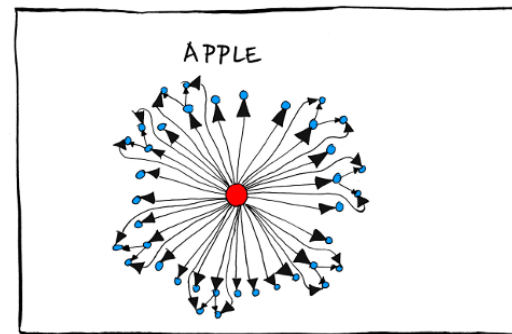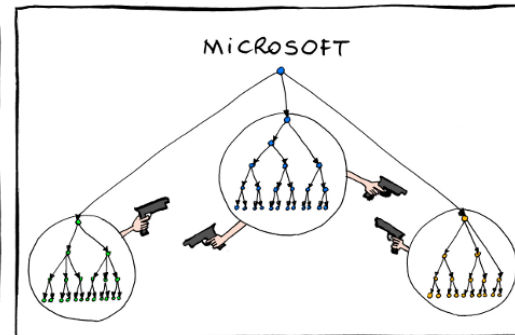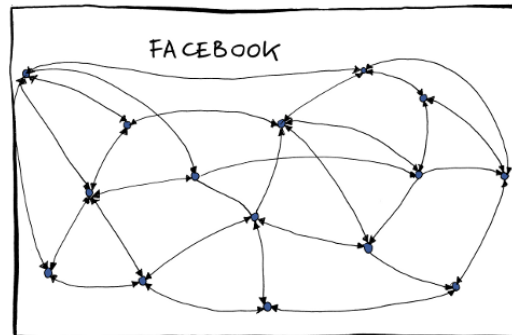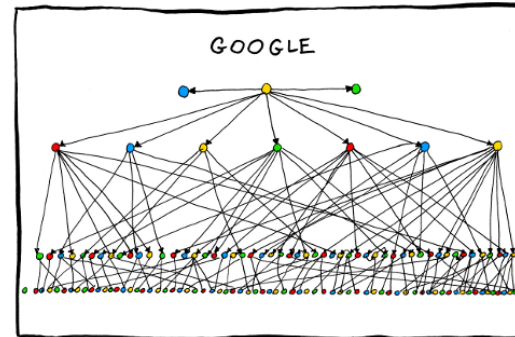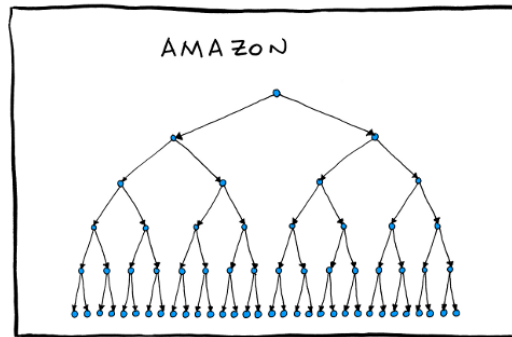
Nov. 25, 2011:
Nicolay Worren
www.organizationdesign.net/are-there-really-any-new-organizational-forms.html)

"Discoveries"

1. The need for continuous and rapid adaptation (continuous redesign of work systems).

2. Adaptive enterprises are evolving at the local, regional, national and global levels.

3. An adaptive enterprise may contain all three levels of systems.

4. Member alienation (isolation, lack of engagement) is compounded by a new context of significantly greater complexity.

5. Coordination within and among the parts of an enterprise is compounded by greater complexity and pace of change.

6. Socio-technical networks (i.e., online social networks) are now relevant in achieving cost efficiencies, requisite flexibility and mutual adaptation.

7. Multiple disciplines deepen the meaningful participation in both the design process and the ongoing governance of the organization. (i.e., STS, Design Thinking, Complexity Science, Appreciative Inquiry, etc.).

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Difficult to "see", the rapidly shifting social and ecological values are differentiating more effective forms of organization design (co-creation, humane) from less effective forms (imposed, alienated).

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STS Value Proposition

We co-create highly participative processes to design…

- *adaptive enterprises that both respond to and influence the environment at different system levels.*
- *work organizations that jointly optimize their social and technical systems.*
- *a high quality of working life for all members.*

… workplaces and life spaces that work well and are good to work and live in.

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Design Principles for STS v3.0

1. Minimal critical specifications
2. Work is controlled and coordinated at the level where work is performed
3. Joint-optimization
4. Design with external stakeholders in mind -- people, prosperity and planet
5. Optimize the organizational capacity for efficiency and innovation
6. Self-regulation is enabled by boundary location
7. Timely information flows first to primary task/user
8. Authority and resources match whole-task accountability
9. Multi-functional teams
10. Congruent support systems
11. Quality of working life

   - elbow room
   - variety
   - learning
   - mutual support and respect
   - meaningfulness
   - desirable future
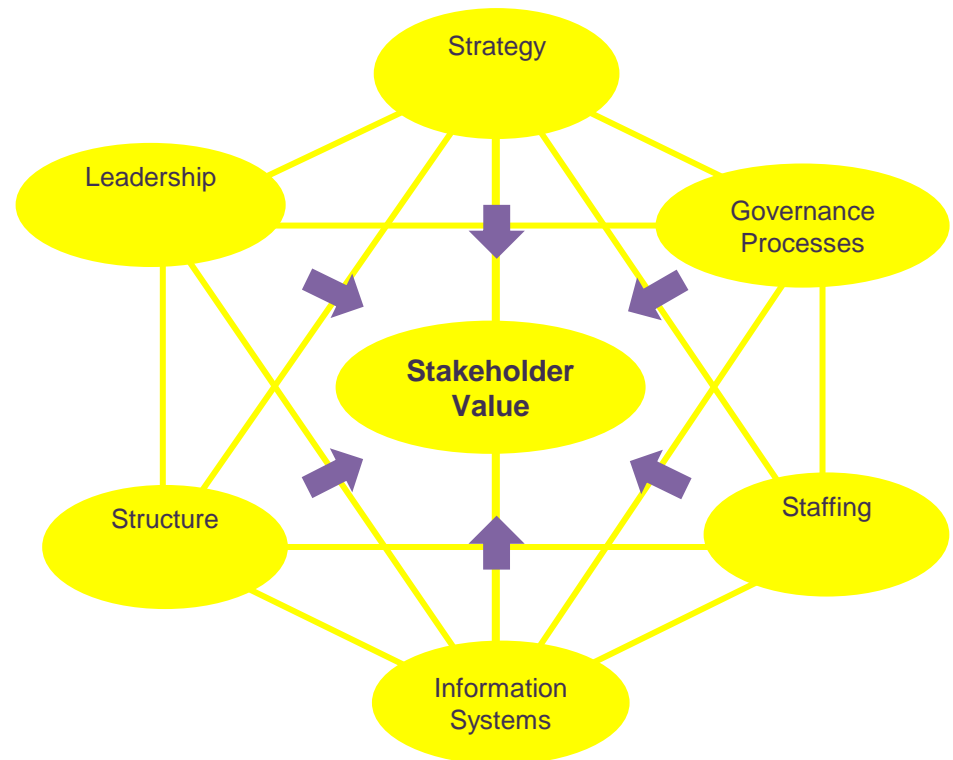
STS Design at the Firm Level

How We Design

- Community
- Co-create
- Collaborate
- Converse
- Connect
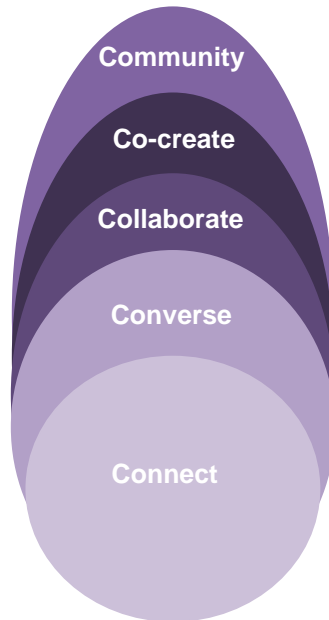
❑ Dialogue processes bring divergent stakeholder values and views to a common value proposition.
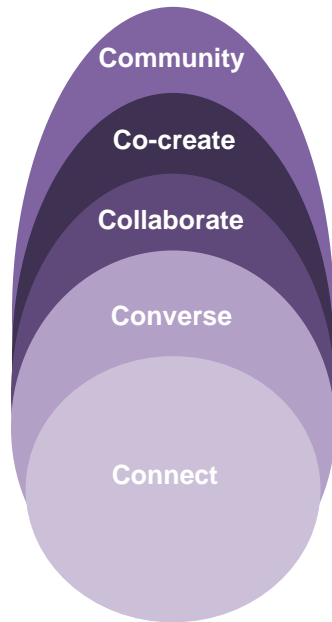
❑ Self-managed teams facilitate and coordinate changes.

What Gets Designed

❑ Core work process
❑ Continuous improvement processes
❑ Mechanisms for innovation
❑ Support, information & compliance systems
❑ Organizational renewal processes
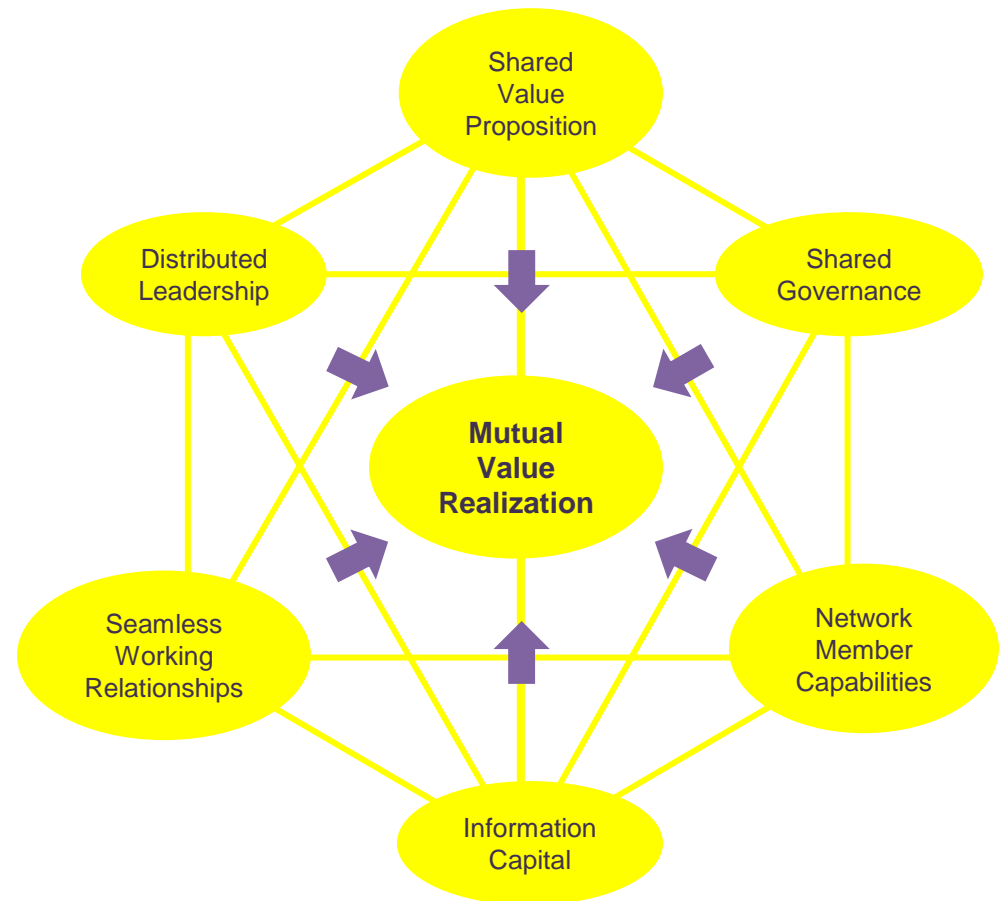❑ Customer experience processes
❑ Governance Processes

- Strategy
- Leadership
- Governance Processes
- Stakeholder Value
- Structure
- Staffing
- Information Systems

STS Design at the Network Level

How We Design
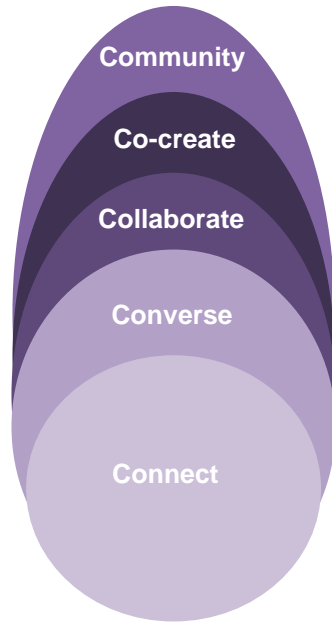

Community
Co-create
Collaborate
Converse
Connect

❑ Dialogue processes move members from divergent values and views to a common value proposition.

❑ "Orchestrator" is a neutral facilitator and coordinator.

What Gets Designed

Shared Value Proposition

Distributed Leadership

Shared Governance

Mutual Value Realization

Seamless Working Relationships

Network Member Capabilities

Information Capital

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STS Design at the Ecosystem Level

How We Design

☐ Dialogue processes allow for ecosystem agreement and local autonomy, i.e., shared sense-making, shared appreciation

☐ Issue Coalition (neutral coordinating & organizing entity)

What Gets Designed