

Building High-Performing Agile Organizations

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INNOVATIVE SYSTEMS ASSOCIATES

Overview

- Guidelines for quality decisions
 - History
- 7 elements: Key to waterfall mentality / key to resilience and sustainability
- Q&A



**SANTA FE
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Santa Fe Institute

What questions were they asking?

- What is life?
- Did Darwin miss something?
- Why do some societies & organizations thrive for centuries and suddenly die out

Holland and His Questions

Holland had two questions important for us:

(1) It's all about decisions

How do organizations adapt? What makes them successful at it?

Agent Based Simulation

[Agent Based Simulation](#)

For more fun with agent based simulation:

www.icosystem.com

- LABS/DEMOS

Holland's 1ST Question

How do organizations adapt?

What makes them successful at it?

Organizations/ Adaptation

From Holland's simulations we learn that organizations:

- Seek success & growth: prefer to make decisions based on a set of guidelines
- They prefer more explicit guidelines
- Optimal range for the number of guidelines? 3 - 8
- Decision-making guidelines are not cast in concrete
 - Rules get modified based on what is learned

Decision Making Rules

Other research/simulations showed four types:

- Type I: Doomsday
- Type II: Static, minor oscillations
- Type III: Chaotic, break up on formation
- Type IV: Coherent / Resilience

Type IV: Coherent /Resilient

In simulation:

- We see patterns supporting long-term success:
 - Unending structures that emerge, develop, split apart, recombine in complex ways
- Agent rules here: built using a particular set of guidelines, Holland and others

Guidelines for Type IV Rules

General:

- Range: 3 – 8
- Preference for more explicit guidelines

Guidelines:

1. Relating to company/group identity
2. Relating to sustaining the environment
3. 1-6 additional specific to the company / group

Type IV: Reduces Decision Latency

Having criteria :

- Increases speed to decisions by individual decision makers
- Increases speed to decisions in meetings
- Provides clear justification for decisions

Type IV: Entrepreneurship

Capital One CIO:

- Decision making rules reduced turnover from 20% to 4%
- What we see is greater efficiency, entrepreneurship:
 - “I don’t need to ask. I know how to make a decision on this.”

ACIPCO: Focus: Customers' Needs

Founded: 1905, Birmingham, Alabama

- Greater efficiency through mechanization
- Continuous innovation in pipe manufacturing process
- Records for pipe size
 - 1920: 24-inch pipe: 2000: 144-inch pipe
- Distribution expansion / product diversification
- 1990: Digital revolution: LAN / WAN
- 1st on-site scrap recycling

ACIPCO: Focus: Employee Satisfaction

- 1905 – Employee supportive environment
- 1920's – 1st industrial YMCA
- 1924 - Eagan dies, wills ACIPCO to employees in a trust
- Safety program becomes model for the industry
- 1960's – Clear progression / standards for promotion
- 2000 – Profit sharing; apprentice training; wellness programs

Type I: Single Rule in Use

Type I: Single Rule in Use

These companies can be quite profitable

- Primary focus: comply with the rule
- Focus is narrow; people have blinders on
- Don't explore things helpful to the organization
- Growth is at the expense of people and environment

McWane Pipe Company

Single Rule: Reduce Man Hours Per Ton

Growth at a price

- Last 7 years > safety violations than 6 major competitors combined
- 9 killed; 4,600 / 5,000 workers injured
- Penalties since 2000: Environmental: \$52+ million; Workplace safety \$2.3 + million

2004: Multinational Monitor: 10 worst companies

Holland's 2nd Question

Holland's 2nd question: important for us:

Do complex systems, cells, organizations, the planet, have common characteristics?

Holland: Common Elements

Holland identified and established a scientific basis for 7 elements

- Identity
- Flow
- Aggregation
- Internal Models
- Diversity
- Nonlinearity
- Building Blocks

1. IDENTITY

- Formed from within when the company is founded
- Easily recognized in the marketplace
- Determines culture
- Draws potential customers / employees to it
- Determines priority for projects
- Mission, aligned with identity, draws the organization forward

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IDENTITY

Leader in creative advertising using technology

President: to have this as our identity we must have:

- Continuous breakthrough thinking/creative curiosity
- Entrepreneurial culture
- Cohesion/collaboration/teamwork/shared accountability

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ASSESSMENT

➤ Entrepreneurial?

- Risk adverse
- Order takers / little need to produce new, more creative advertising
- Old way is the right way

➤ Breakthrough thinking/creative curiosity?

- Some saw it as a creative, interactive agency
- Continually changing identity internally / externally
- Historically:
 - direct mail / traditional marketing & strategy consulting/ production shop

2. FLOWS

In organizations: supply chain, distribution

Critical resource: Information

- Where/how does flow happen?
- Two ways:
 - Individual acting as a hub
 - Meetings

Individual Acting as a Hub

Individuals who act as information hubs

- Positioned to have access to more information
- Aware of things in the organization
- Make themselves available to share
- They provide info when and where it's needed

Are you working in the larger organization?

Go find a hub!

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ASSESSMENT

- Over-inclusion /adds to overall costs
- 80 to 90% of my time in meetings /double booking
- Meeting to discuss the next meeting, for the f/u meetings.
- %-age mtgs that function well? 20/80 or 30/70.
- Mtg repeats for the people not there.
- Inefficient: last 20% longer than needed

MEETINGS

Effective meetings contribute to information flow when:

- Right number of people / right people
- Right information brought / disseminated
- Meeting rules / decision criteria

Outcome:

- Optimal information flow
- Increase in collaboration & coherence in the organization

3. AGGREGATION

How day-to-day practices contribute to overall company well-being and long-term success.

Menlo Innovations

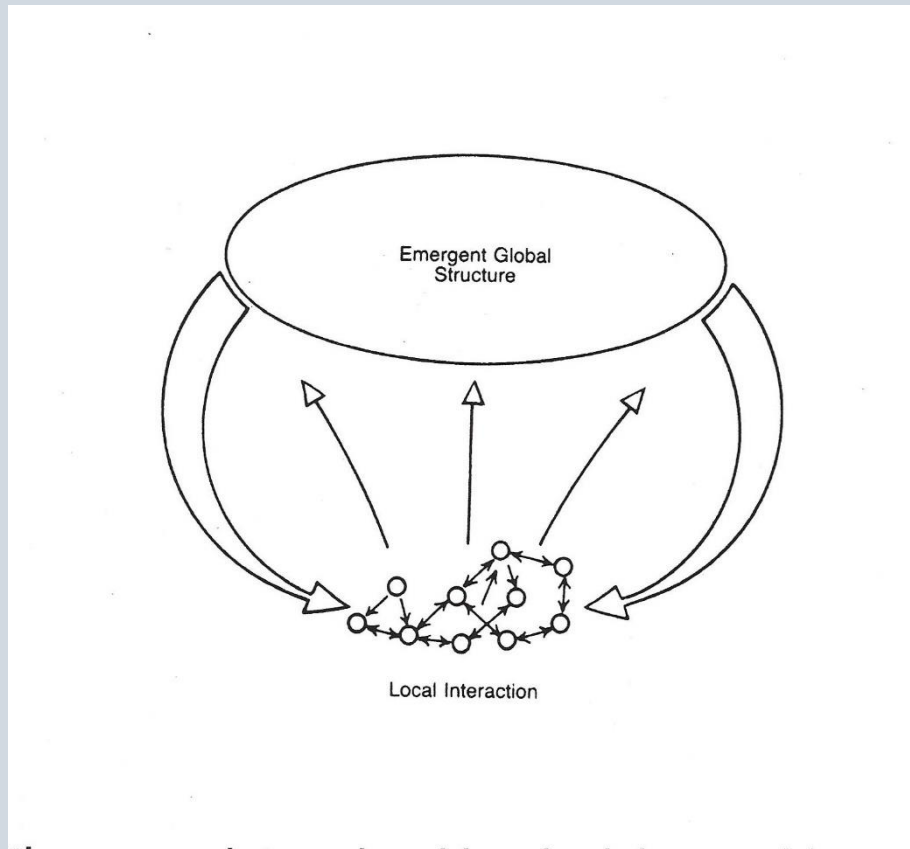
Provides innovative consulting to the tech industry including software design and development

Mission: Joyful clients / joyful employees

- Very short work cycles
- Use of pairing
- Particular approach to staffing
- High tech anthropology

What they got: joyful clients / joyful employees

3. AGGREGATION



4. Internal Models

- Models internal to the organization
- Orgs are immersed in torrents of information
- From time to time they see patterns of interest
- Structure changes must enable the organization to be ready as things in the environment change
- The internal model improves the chances for successful survival.

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