DESIGN OF THE NEW ORGANIZATION

By

Joseph H. Boyett, Ph.D.
and
Jimmie T. Boyett
Boyett & Associates

I n the 1960s and '70s the top of most companies grew. We increased the number of corporate support staff and middle managers. The structure resembled an hourglass, not a pyramid. At the top of the organization we had a bunch of white collar managers and supervisors--a bloated corporate bureaucracy. At the bottom we had masses of unskilled or semi-skilled workers and above them a tiny corps of technicians. These were the skilled workers that we relied upon to make the technology we were introducing function.

In the last few years, we have eliminated many managerial, supervisory, corporate support and bureaucratic jobs. We need fewer semi-skilled or unskilled people. In fact, the very jobs that offered employment to the masses are going away in record numbers. In their place, the technical workforce is becoming increasingly important. Corporate America has taken on the shape of a diamond with a growing need for technically trained skilled workers, a reduced need for managers and supervisors and a reduced need for people with few skills. That's where we are now. Next we will shatter the diamond.

Organizational structures are going to become extremely fluid. The diamond will now be broken into pieces. We won't have departments, units, divisions or functional groups in most American businesses. Instead, we will have multi-disciplinary and multi-skilled teams, and every team will be temporary. Most Americans won't have permanent job assignments. They will move from team to team, wherever their unique skills and competencies are required Keeping track of who has what skills; who needs what skills, and matching skills and competencies for the most value will be a major challenge.

People describe the new organization in different ways. It has been compared to a solar system, a symphony orchestra, a cluster, a network, a star burst, a movie production, a rock concert tour, a shamrock. We like to think of it as a spider's web, because that image captures the intricate and delicate interconnections and the complex flow of information that we see in this kind of organization. Regardless, the new organization will be:

- ❑ open, adaptive and flat;
- ❑ both centralized and decentralized;
- ❑ fluid; and
- ❑ constantly changing.

We tend to think of organizations as boxes, lines, structures with walls and corridors with machines. Organizations are solid and enduring. The Diamond is hard, permanent, tough, and lasting. The new organization isn't anything like that.

It is fluid, wave-like, constantly forming and reforming. It is in constant motion; being born, changing, recreating itself. You can never begin to understand the new organization if you continue to think of it in mechanical terms. You have to shift your metaphor from machine to living thing. Then you will begin to see the possibilities. Then you will begin to understand.

What is the new organization like? It will take a million different forms, so there is no single "it" to describe but there are a few emerging principles.

DESIGN PRINCIPLE #1: THE STRONGEST STRUCTURE IS THE ONE BUILT WITHOUT WALLS.

We used to design organizations by drawing boxes on a chart. Within the boxes we placed functions. Then we connected the boxes with sharp lines that defined authority and restricted the flow of information. No more. We are going to get rid of the boxes and erase the dividing lines. Walls will fall down. Boundaries will disappear. We will organize around customer needs. We will organize to deliver value by marshaling unique competencies.

DESIGN PRINCIPLE #2: BIG IS OUT AND SMALL IS IN.

We will have a small, central core and then surround it with a number of firms, units, or individuals with special expertise that actually perform the work. University faculty members already operate that way. So do consultants. The work teams will be in touch directly with each other all the time either by electronic or other means. They will function as independent units with few rules, restraints or restrictions. Relations between teams will be governed by common goals, performance agreements or operating contracts. They will operate like a bunch of small businesses doing business with each other. The central coordinating group-that little core-will serve as a clearing house. It will collect and transfer information to and from the various work teams. And, it will provide overall direction. But, it will have little formal authority or desire to dictate to the teams.

DESIGN PRINCIPLE #3: SHARED VISION IS THE STRUCTURAL GLUE.

We are building what are, in effect, enterprise constellations. The gravity that holds the constellations of companies, teams and individuals together and keeps them from spinning out of control or colliding with each other is a shared and unifying vision. As a result, a key task of top management will be create a shared vision and set ethical and other boundaries within which the teams must operate. The teams are then given wide discretion within the broad but well-defined guidelines.

DESIGN PRINCIPLE #4: THE BEST STRUCTURE IS A TEMPORARY ONE.

People may stay together as part of the web for hours, days, weeks, months, maybe even years, but no member will expect to remain part of the same spider's web forever. Everyone will eventually move on to another team. In these teams, there will be no minor jobs. Every job will be critical. Everyone's effort will be significant. The whole system will be "brittle"--easily shattered. There will be no second chances. Everything will have to go right the first

time. Each member's professional reputation will be on the line, all the time. There will be no job security. Employment security will be based upon skills. We are beginning to recognize the impermanence of jobs.

THE ESSENCE OF THE NEW ORGANIZATION

An organization designed on the basis of these principles is different from any we have known before. It is customer-sensitive, knowledge-creating and totally agile. It is flexible and adaptive, more like a living organism than a machine. It is an organization that can thrive on chaos, uncertainty, unpredictability and continuous change. It is lean in the use of resources. It serves small, niche markets, sometimes as small as a single customer. Most importantly, it produces highly customized products and delivers highly customized services on the spur of the moment

As we entered the mid-1990s, the details and possibilities of such an organization were being sketched out by a number of researchers and thought leaders and were being tried by a few pioneering companies. This new type of business enterprise has been given a number of different names--the Learning Organization, the Virtual Corporation, the Agile Enterprise, the Intelligent Enterprise, and so on. Regardless of what this new organization is called, it has certain characteristics that make it inimitably innovative which are just what is required for the twenty-first century. For example:

- ❑ The new organization's production and service delivery processes are designed in such a way that they can be re-configured on a moments notice to produce new and more sophisticated products or services or to respond to changes in levels of demand for products and services. The organization is totally flexible and process innovation--the creative reinvention of how work is performed--becomes as important, if not more important, than product innovation. The question becomes "What whiz-bang new product can we develop?"
- ❑ Products and services offered by this organization are designed in such a way that they can be configured to a specific user's requirements at the time of sale or order. Customers are given a virtually unlimited range of choices, allowing them to create a unique product or service, should they choose to do so. The customer/user actually becomes involved in the process of creating the product or service as well as the value that flows from the product or service. The user/customer is no longer just a consumer of value, but becomes an active participant in creating value.
- ❑ Products are designed for upgradeability so customers can just replace component parts instead of buying a new version of the product and throwing away the old one. In effect, the old product can be remanufactured simply by switching out modular components.
- ❑ In the new organization, increased emphasis is placed on attracting, developing and retaining knowledgeable, empowered workers who can use their individual talents and access to a wide range of information to significantly increase the organization's flexibility, responsiveness, and level of innovation. In the new organization, workers rather than equipment are treated as the company's primary assets, because it is the workers who possess the knowledge, the collective learning of the organization, that sets it apart and makes it unique.
- ❑ In the new organization, the distinction between physical products and services begins to blur. Physical products essentially become a platform for providing an ever-evolving set of value-adding services to the customer/user.
- ❑ The new organization doesn't attempt to do everything by itself. Instead it establishes a network of relationships with other organizations, in some cases even competing organizations, so that it can rapidly tap the specialized know-how of

best practice units, wherever they might be, in order to whisk high-quality, low-cost, new products and services to customers on demand.

These are just a few of the characteristics of the emerging intelligent, agile, virtual, learning organization, call it what you will. To create this organization American business is totally rethinking the way it develops business strategy, the way it is organized, the way it attracts, retains, manages and motivates its workforce, and the way it selects its leaders.

As the 1980s ended and the decade of the 1990s began, we launched a revolution to reinvent the workplace. We began to create Workplace 2000. Now in the twenty-first century, we are going beyond Workplace 2000 to reinvent the nature and purpose of business itself. The workplace revolution doesn't just continue. Now it drives down to the core of the business. It starts, as we might imagine, with a complete reexamination of strategy, of the actual theory of business itself. But then, that is a topic of another paper in this series.