Effectiveness, Efficiencies, and Adaptability
The 3 Fundamental Organizational Capabilities

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Summary

Peter Drucker submitted that the management must endow their organization with two fundamental capabilities, namely effectiveness i.e. the organization's ability to be *doing the right thing*, and efficiencies i.e. i.e. the organization's ability to be *doing the thing right*. Most importantly, with his *"doing the right thing right",* this inspirational guru underscored the importance to link-up these two organizational capabilities.

In her "Roadmap for Enterprise Transformation", *MIT Professor Nightingale* called the attention of the business-leaders to a third factor, namely *adaptability*. So, there we have the 3 fundamental organizational capabilities, which closely interact with one another.

In my new book "The Innovative Enterprise", I focus on how to transform a traditional organization in an innovative networking enterprise. To be successful, the innovative networking enterprise must be able to make the most of the changes it initiates as well as of the changes initiated by others. Thusly, it must be set-up to be open-minded, nimble, and highly adaptable.

In this paper, I will outline some of the approaches presented in my new book that enable the innovative networking enterprise to outperform on the aforementioned 3 fundamental organizational capabilities.

Managing in turbulent times

Managing in turbulent times involves anticipating and responding to pervasive shifts, such as driven by technologies, by globalization, and by momentous innovations.

And so, as the markets change, today's right thing may no longer be the right thing tomorrow. Likewise, doing the thing right today may no longer be the best was of doing the thing right in a future. Thusly, the leadership must endow the enterprise with the capability of pertinent permutations.

Charles Darwin observed, *"It is not the strongest species that survive, not the most intelligent, but the most responsive to change."* Change is often decried as something bad. Of course, it can be unsettling, but this is a price to pay for progress and for getting better things for a better living. Can you imagine yourself in a world without the Internet, without smart phones, without computers ? Well, changes such as the ones just mentioned have sunk some of the former industrial icons, but they have made the fortunes of innovative newcomers.

And so, change usually comes as a mixed bag of opportunities and threats. To put it succinctly, adaptability and innovativeness require the anticipation of early warning of emerging changes, and the ability to conceive and to proficiently prepare the organization so as to make the most out of it. Occasionally, an effective, efficient, and innovative response may require the reprogramming the whole business system, i.e. the workings of the enterprise and its relations with its prime partners.

Adaptability has become a hyper critical competencies.

Managing adaptability

Managing adaptability and managing innovation involve managing change. The proficiency of change-management can clearly separate the best from the rest. Let us quickly go through some of the issues.

Charles Dickens allegedly pointed out, *"nothing changes as fast as change".* So, by the time change is upon us, it is vastly too late to deal with it. Thusly, the organization must be prepared well in advance in order to be able to respond proactively, i.e. effectively and efficiently. As applies to all critical competencies, the enterprise must strive to ride the learning curve of organizational adaptability well ahead of the pack.

To show the timing of time, *John Chambers,* the chairman and CEO of Cisco, said *"Companies must reinvent themselves every 3-6 years".* It is important that the whole personnel realize that reprogramming the works is not a one-shot operation, but a recurring exercise !

Doing the right thing requires putting the enterprise in the right markets, at the right time, with the right partners, with the right means so as to achieve the right kind of results. Yet, each of these 5 factors is likely to change or to shift.

Doing the thing right requires reviewing and reinventing the operations value-chain so as to keep on top of the learning curve. Globalization and technologies can put frantic pressures on the operations.

Grasping the implications of doing the right thing right across the value-chains requires a systemic or holistic approach. However, this approach does not beget the attention it really deserves. In my aforementioned book I discuss quite extensively the interdependencies among the systemic, the stimulating, and the systematic approaches, which support the 3 fundamental organizational capabilities.

Also the speed and the size of change on the external business environment constantly change. However, in the internal business environment, the different business-units, the different portions of their value-chain cannot adapt and change at the same speed. Leanness and nimbleness can be prepared and pre-programmed. Yet, in the case of radical changes, it can be expected that some business-units will lag behind or then the leadership may opportunely spin off temporarily a business-unit or outsource some functions.

At any rate, the timing-of-time remains a critical component of that equation. Reacting precipitately or belatedly can be costly.

The organization's readiness for change entails organizing the fitting change of the mind-set, of the method, and of the means.

- *"Change your thoughts, and you change the world"* said *Norman Vincent Peale.* The mind-set is most intangible and the most delicate issue. It is like converting sedentary people to become nomads. Some companies have tried to achieve more mobility and adaptability by changing people's positions so they acquire a broader based experience. Other companies keep changing people's office location. Of course, there are different ways and means, and they have to be fine-tuned to the situation.

- *The method* will be discussed in the next sections. Many companies operate a "traditional management system", which is predicated on stability, on predictability, and on doing more of the same. Their reporting and rewarding system fixates the tangible resources, and they neglect the intangible resources such as innovation-capabilities and talents. There are still many traditional organizations around, and to survive. they will have to transform themselves into innovative networking enterprises.

- *The means* have to be devised as required. Everything takes time, everything takes money.

- *Carolin Jauss* submitted *"The key to change is trust. If people trust the future scenario, they will let go of the past."* I would like to add to the aforementioned quote by that the trust of future scenario hinges on the trust in the leaders who present the future scenario. They know their leaders, but they do not know the future.

  Peter Senge submitted that *"People do not resist changes. They resist being changed !"* Sometimes, the business-leaders must show the people that there is no attractive alternative to change. This calls to mind the fact that *Attila the Hun* burned the places that his hordes had conquered in order to force his people to move on ! Allegedly, some of the Conquistadores burned the boats so as to force their people to colonize the new lands.

- Trapeze artists would not risk their lives in their circus-acts if there were no *safety net below*. I believe that (1) there has to be some *continuity amidst change* because people need a known base to jump from and some continuity provides some comfort (2) as appropriate there should be a plan B.

The method

As mentioned earlier, I feel that the approaches that I propose in my new book in order to transform a traditional organization in an innovative networking enterprise also apply to organizing for adaptability. The innovative networking enterprise would not remain innovative for long unless it was endowed with a management-system that enables it to make the most out of a shifting business environment. The radical innovations and some of the evolutionary innovations that the enterprise generates may require internal and external adaptations.

Let me start by sketching a part of the model that I use for the innovative networking enterprise. Then, I will show how this model provides for the constant innovation of the 3 core capabilities of the organization.

The Innovative Networking Enterprise

THE OBJECTIVES	THE METHODS	THE RESULTS
Innovate *the way* *people think*	*4 D Communications* top/down & bottom/up inside/out & outside/in	*Open minded thinking* open wide interactions open wide integration
Innovate *the way* *people behave*	*Collaborative management* The attitudes and aptitudes of the Internet Age, and the social technologies	*Collaborative behaviors* Collective content creation by the self-managed teams working project-by–project
Innovate *the way* *people act*	*Model of the Two Rings ** The strategic deployment the organizational deployment total performance evaluation **	*Collaborative actions* Team based strategizing, implementing, and evaluating.

As we all know, the mind-set affects the way things are done 'round here. And so, in order to get people to innovate, to adapt, and to do so most efficiently, we may have to innovate the way they think, the way they behave, and the way they act. The combination of the method and of the drive of the leadership should innovate the mind-set, and thereby facilitate organizational transformation.

The innovation-capabilities and adaptability require open minded thinking, open wide interactions, and open wide integration. To this effect I have introduced the notion of *4 D communication,* which moves information and interactions top/down and bottom/up, inside/out and outside/in. The ensuing four way flow of intelligence enables all the nodes of the organization to conceive the proper changes internally as well as externally.

The resulting intellectual accord on what has to be done provides people confidence as well as synergy in the actions that will follow. *"Conversation is a catalyst for innovation"* reminded *John Seeley Brown*.

In order to implement the proper changes internally as well as externally, I join the number of academics that advocate the collaborative management mode. Such approach benefits from the new attitudes and aptitudes that are engendered by the Internet Age, and by the social technologies. The collaborative management mode drives behaviors as it builds on the group-dynamics generated by the self-managed teams, and by all their networking. Thusly, the agreed-upon changes concerning the internal as well as external business-environment benefit from the ensuing collaborative behaviors.

Getting people to think along the same lines, to apply collaborative behaviors provide a latent power. However, to put that power into motion, we need an integrative method of management. Such a method sets one platform that coordinates and prioritizes the activities and allows plenty of head- and elbowroom. It contradicts the traditional management, which typically operates a patchwork of different tools and techniques, and it is directedness and close controls undermine adaptability.

I propose an original management-system based on the Model of the Two Rings, which integrates the steering process that are entrusted to the leadership, and the business processes that are delegated to the operating management. This model helps to coordinate the strategic as well as for the organizational deployment, and it is complemented by a total performance evaluation system. (**)

Coordinating the steering process and the business processes provides for transparency over the whole process of management. The transparency of the management-system is essential to operating in a collaborative management mode, and the collaborative management mode underpins the innovative networking enterprise.

 (*) The Model of the Two Rings is an original process of strategic and organizational
       deployment that I have developed and updated in my new book.
(**) The Return on Total Resources is the total performance evaluation system that I propose
       in order to duly take into account performances on the tangible as well as on the
       intangible resources.

Conclusions

In order to enable the organization to outperform to outperform on the 3 fundamental organizational competencies, I believe that the management-system should foster the innovation of the way people think, of the way people behave, and of the way people act. The ensuing organizational transformation is powered by group-dynamics, and galvanized by the pull of the leadership and by the push of the self-managed teams.

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                an innovative networking enterprise " Create Space 2013

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