Designing Natural Tension into the Design of Adaptive Enterprises -- "Context and Coordination" in the Sense & Respond Organization

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International Society for Systems Sciences at Asilomar, Pacific Grove, CA
July 27 to July 2, 1999
1.0 Introduction

Organizational models for asynchronous, multinational e-business?

- multinational enterprise
- network form of organization, and "co-opetition"
- asynchronous, electronic intermediation

1. Introduction

How does change impact strategy?

Unpredictable Discontinuous Change

Predictable Change
1. Introduction ...

Sense & Respond <---> Make & Sell

Unpredictable Discontinuous Change

Predictable Change

Sense & Respond

Make & Sell
1. Introduction ...

Strategy = behavior, expressed as structure

- Sense & Respond
- Make & Sell
- Unpredictable
  Discontinuous
- Change

Adaptive Behavior

Customer-Back Dispatching

Firm-Forward Scheduling

Design of Outcomes

Design of Activities

Adaptive Structure

Predictable

Change
1. Introduction...
In this paper, we focus on structure (as the design of outcomes)
2. Command & Control is based on an organismic view of the enterprise

Top management

"head" of the organization

Middle management

"we say, you do"

Lower management

Foremen, supervisors, and so forth
2.1 ...
Command & Control, when ineffective, becomes Communicate & Hope

Enterprise as Organism

Integrated Plan
Central Staff

Enterprise as Social Network

Integrated Plan
Central Staff

Choice

Command & Control

Communicate & Hope?
2.2 ...
Emergence produces a challenge in coherency of purpose and consistency in response

Emergence produces a challenge in coherency of purpose and consistency in response.
3.1 Context & Coordination ...
A social system acts purposefully both in its parts and as a whole

<table>
<thead>
<tr>
<th>Systems &amp; Models</th>
<th>Parts</th>
<th>Whole</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deterministic</td>
<td>Not purposeful</td>
<td>Not purposeful</td>
</tr>
<tr>
<td>Animated</td>
<td>Not purposeful</td>
<td>Purposeful</td>
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<tr>
<td>Social</td>
<td>Purposeful</td>
<td>Purposeful</td>
</tr>
<tr>
<td>Ecological</td>
<td>Purposeful</td>
<td>Not purposeful</td>
</tr>
</tbody>
</table>

Source: Ackoff (1984); Ackoff & Gharajedaghi (1996)
3.2 Context & Coordination ...
Organizational Context includes *Purpose & Bounds, Capabilities and Role Structure*

3.21 Purpose is the primary function of the enterprise as a whole

3.22 Bounds are expressed as governing principles

3.23 Capabilities are the subsystems with potential to produce outcomes

3.24 Accountabilities for capabilities are mapped into roles to be filled

3.25 Adaptation of the context is the accountability of the leadership
3.3 Context & Coordination ...
Coordination of Outcomes includes Commitments to Fill Roles and Commitments to Deliverables

3.31 Coordination occurs through "Conversations" and "Coupling" of the Outcomes

3.32 Conversations can be about two types of outcomes

3.33 Adaptive coordination loops emerge through commitments and renegotiation
4.1 Layers of differing rates of change ...
Layers which change at different rates "shear" against each other

4.2 Layers of differing rates of change ...
The time horizon of ends can be expressed as shearing layers
### 4.3 Layers of differing rates of change...

Understanding of Context & Coordination can be refined with more layers

<table>
<thead>
<tr>
<th>2-layer</th>
<th>6-layer</th>
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</thead>
<tbody>
<tr>
<td>Context</td>
<td>Organizational purpose</td>
</tr>
<tr>
<td>Coordination</td>
<td>Bounds on acceptable behavior</td>
</tr>
<tr>
<td><strong>4-layer</strong></td>
<td>Capabilities</td>
</tr>
<tr>
<td>Purpose</td>
<td>Role structure</td>
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<tr>
<td>Bounds</td>
<td>Commitments to fill roles</td>
</tr>
<tr>
<td>Roles</td>
<td>Commitments to produce deliverables</td>
</tr>
<tr>
<td>Commitments</td>
<td></td>
</tr>
</tbody>
</table>
Tension occurs as a faster-changing layer shears against a slower one.

1. Is the volume of deliverables consistent with the number of individuals in roles?

2. Have individuals agreed to fill roles essential to the enterprise design?

3. Is the structure of roles appropriate to the capabilities established?

4. Are capabilities appropriate to organizational purpose and bounds?

5. Are the bounds placed on the enterprise appropriate with its purpose?