

IS YOUR ORGANISATION DYING?

THE 5 VITAL SIGNS OF A LIVING ORGANISATION

Living Organisations display five vital signs that indicate their health.

The absence of these vital signs can produce dangerous symptoms that, if left unchecked, can lead the organisation down a path of demise.



Breathe new life into your organisation

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The Living Organisation?

The relentless change and uncertainty in our environment means that organisations have to constantly change and adapt in order to remain relevant to customers and stakeholders. In trying to describe this, much of the management and organisation literature implicitly makes use of the “machine” metaphor in the theories and models they use. Even systems theory, which can cope with high levels of complexity and interdependencies, uses the machine metaphor. It uses language and metaphors such as “linkages”, “components” and “connections” as it seeks to understand the way that organisations change and respond to external shifts.

I have begun to use a biological metaphor as a lens in a hope to achieve some new insight and understanding into the way that successful organisations work. In doing so, I have found that much of my work takes on new meaning. Indeed, it has helped me to integrate much of the research I have done in the past.

I define the Living Organisation as one that continuously adapts and responds to the changes in its environment - in much the same way that a living organism seeks to do. Based on this, I have identified five vital signs that describe these Living Organisations. Of course, *it is possible to use these vital signs to recognise the symptoms of a dying organisation as well.* For this article, however, I am content to describe a Living Organisation

and will allow readers to extrapolate those principles themselves to decide whether the organisation they know is sick or even dying.

Five vital signs

In general, Living Organisations display the following vital signs:

- 1. They maintain a meaningful dialogue with their customers:** In essence, this is a function of the way they define their major customer segments and then formulate value propositions to these segments. The Living Organisation is more likely to use needs and / or behaviourally based segmentation criteria rather than the more traditional demographic or geographic criteria. This allows for much deeper insights and understanding into why customers use your products / services and the way they are used.

This understanding and definition of the segments will promote a more meaningful dialogue with customers - as their needs and behaviour are at the forefront of discussions and the formulation of value propositions. Accordingly, the Living Organisation is more likely to develop value propositions that solve real problems and add real value to customers. This approach also promotes the perception of customers as “people” with needs and preferences, rather than simply a set of numbers and data in a market.

2. **They configure and design their organisation with a clear and obvious logic:**

This is not as easy as it sounds. It involves being clear and explicit about the key axes around which you plan and build the organisation - and then agreeing on which of these axes have priority. This is particularly important when you have a matrix organisation that may have several axes around which it is organised. Failure to specify the priority axis can produce real anxiety and inefficiencies when staff face conflicting demands on their time and resources (and this happens often in matrix organisations).

Part of the organisation design challenge involves the recognition that one size does not fit all. The Living Organisation is usually managed as a portfolio of businesses, rather trying to create “one culture” for the whole organisation. The issue of organisational alignment often presents challenges for leadership, and I plan to deal with that in a separate paper. However, it is important to state that I don’t support the idea that culture is the “glue” that holds organisations together. This role is far better served by the organisation’s purpose and vision. Trying to create a single culture across an organisation can often place a straightjacket on certain functions and really stifle innovation.

3. **They promote change as a means of staying relevant to the market:** Again, this is more difficult than it sounds. Jack Welch made a point of advocating that the speed of change in the market should never outstrip the speed of change in the organisation. In order to meet this challenge, the Living Organisation has clear pathways that outline its patterns of growth and development into the future. These pathways indicate the directions of the change and development clearly, rather than making a series of generic statements such as “we will achieve 5% growth in XYZ segment” or “we will develop greater flexibility in our responses to customers”.

Assembling and maintaining a portfolio of “strategic experiments” is also critical to the capability for change. The Living Organisation will develop a range of diverse projects and prototypes that explores business opportunities for the future. They set up quasi “investment committees” to evaluate new possibilities and use a stage-gate approach to manage and evaluate these at regular intervals. Importantly, the criteria and measures that are used to monitor these experiments are quite different to those used for managing the base business (business as usual).

4. **They approach the future with purpose:** This issue deals with the differences between planning and strategy and the need to use these approaches appropriately as you chart your way forward. In essence, planning is how objectives and strategies are developed in order to achieve specific goals. It is useful in conditions of relative certainty where predictions can be made about future operating conditions. Strategy, on the other hand, is the process of positioning the organisation and developing capabilities for the future. It is used in situations of uncertainty and where there is a need to undergo learning as the process unfolds. (For more detail on this issue, see my earlier paper at <http://www.slideshare.net/normanchorn/release-your-strategic-intuition>).

A Living Organisation will embrace the inherent uncertainty in the environment and envisage a range of alternative futures as it ponders the future. An appropriately designed strategy process will recognise that the future can unfold in several ways and that the organisation has to be prepared to deal with all of these.

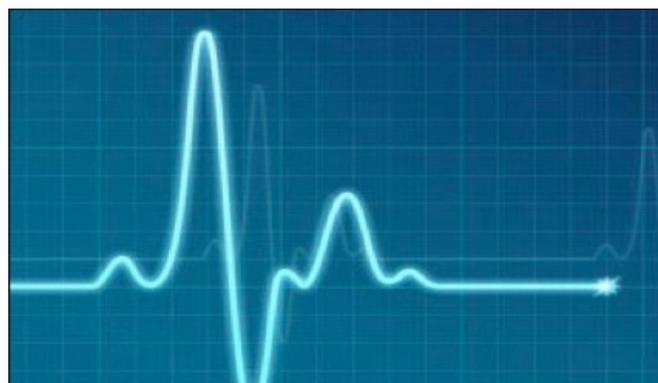
Living Organisations also augment their strategy processes with the views and perspectives of outside stakeholders and / or consultants. They recognise that monarchies rarely foment their own overthrow, and that the organisation needs a regular injection of objective viewpoints in order to ensure it avoids “groupthink”.

5. **They build a growth and learning culture:** This is a job for leadership. The Living Organisation accommodates experimentation and failure in its culture and performance management system. The leaders will understand that failure usually precedes success - and the resultant learning is vital for innovation and growth. “Every day is a school day” is a comment I overheard in one such organisation - the recognition that each day brings experiences from which to learn.

Matt Ridley¹ describes “rational optimism” as the confidence that comes from an understanding of the whole system of which you are part. Living Organisations are rationally optimistic - they understand the leverage points in the system that can be influenced in order to get change and enable them to move ahead.

And finally, Living Organisations promote thought leadership amongst their people. They encourage the creation, exchange and use of information to continuously improve their operations and view of the way forward. And the speed of this exchange is

important as well - the faster the better! The velocity of information exchange may be likened to the notion of the “quick-thinking” individual who is able to capitalise on some change or disturbance in the environment. See my earlier article “Lift your Organisation’s Knowledge Quotient” (<http://www.slideshare.net/normanchoorn/lift-your-organisations-knowledge-quotient-7587566>) for further detail on this concept.



Breathing new life into your organisation

As you would imagine, some of these vital signs can be quite subtle and “off the radar” of many leadership teams. Indeed, the ailments brought upon by not following these practices can often be quite gradual and creeping. In one period the organisation posts a great set of results. In the next, things begin falling apart. This is quite common in my experience.

It reminds me of the slow and steady onset of type 2 diabetes that afflicted me some two years ago.

After enjoying a long period of sustained health, the slow and steady creep of my blood-sugar levels brought the need for radical adjustments to my lifestyle. If I had not done so, I might have done irreparable damage to my major organs.

Monitor the vital signs in your own organisation and take early precautions to ensure that you maintain its health.

The Living Organisation

The Living Organisation Free Webinar

Join my virtual webinar from the computer at your desk - 22nd June at 12:30pm

Hear the latest thinking and research about the Living Organisation

Register on my website www.normanchoorn.com

Or register directly below



¹ Matt Ridley, *The Rational Optimist*, Harper Collins, 2010

Norman conducts workshops and mentoring in the Living Organisation - with particular reference to complex and challenging problems you may be seeking to address. Contact him on norman.chorn@brainlinkgroup.com www.brainlinkgroup.com