

from: Don Yates of Extraordinary Organizations <mailto:eletter@extraordinaryorganizations.com>  
<http://www.extraordinaryorganizations.com>

## **CREATING EXTRAORDINARY ORGANIZATIONS**

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I am writing this letter for those innovators, explorers, and pioneers who want to move beyond the ordinary to the Extraordinary in creating business organizations.

### **CORE ORGANIZATION PROCESS – Organize Members into an Effective Human System**

*Welcome to letter 2-14. In the last letter, I examined the third organizational core processes—Provide, maintain, and develop the capability of all members. In this letter, I am going to examine the last process and how the five core beliefs affect its design.*

#### ***Process Design Questions***

As in all the other processes, the process for designing the organizing core process has to answer a number of questions such as:

- How do we integrate all members and activities into an effective enterprise?
- How do we define organizational purpose and direction in a way that will enable members to coalesce into a whole?
- How do we develop common goals and objectives?
- How do we structure enterprise activities, that is, divide them into effective units?
- How do we assign responsibility for various activities among the members?
- How do we provide virtually instantaneous communication among individuals and groups?

#### ***Design Objectives***

To answer these questions we need to produce a design within which members can reach certain objectives. We organize people around the activities needed by the enterprise. Therefore, we must design these activities and reach objectives for them before designing the organization structure. [Structure is the way we have allocated individuals to activities.]

For organizing and for enterprise activities we have to deal with the same two issues. First, we must differentiate activities into sub-systems. Then we differentiate people into sub-systems that fit those activity systems.

The next issue is integration. Once we have split activities and people into sub-systems, we have to bring them back together so they can function as a total enterprise system.

Combining differentiation and integration for both activities and people leads to four situations. Each has its own objectives that the design must produce. These objectives include ones like these.

## Differentiation

### Work activities

- All activities are part of a subsystem that is part of the overall enterprise system
- Each subsystem contains all activities necessary to carry out its tasks effectively

### Organizing activities

- Every activity system has enough people to perform it effectively.
- Every activity system has people with the requisite capabilities to perform it effectively.
- Individuals have taken responsibility for activities that match their capabilities, needs, and aspirations.

## Integration

### Work activities

- The design has combined activities into process flows that are most effective for this particular enterprise. For instance, a manufacturing enterprise will break down differently than a financial enterprise.
- The design has linked together all activities within a subsystem to form an effective system.
- Every subsystem receives and transmits information that allows it and other subsystems to function effectively.

### Organizing activities

- Every individual has access to all information relating to enterprise activities.
- Every individual is able to communicate with every other individual.
- The design includes common processes and methods. Following them allows individuals to perform their activities in a way that integrates with the work of others.

## ***Effect of Beliefs on Design***

As usual when designing we must do so according to certain parameters. In our case these are the five Core Beliefs.

### **Purpose: The purpose for creating a business is to fulfill the needs and aspirations of its members**

It is through carrying out activities as well as sharing in their results that each individual has the chance to fulfill this purpose. Therefore, the design must meet requirements such as:

- Allocating responsibilities for tasks must take into account the needs and aspirations of individuals at the same time it provides the strongest human system to accomplish enterprise activities.
- Allocating tasks must be fair and equitable in relation to sharing opportunities for fulfilling needs and aspirations.
- Make certain designs maximize the payoff to members while fully meeting needs of other stakeholders.
- Make certain that activity designs for enterprise success include maximizing that the design defines success in terms of fulfilling member needs and aspirations.

### **Authority: An organization has no authority hierarchy.**

Having no hierarchy affects designing in some very important ways such as:

- Members are the designers. There is no one “up there” to hand down the design.
- Members must design both activities and who takes responsibility for them from the very beginning and continue to evolve them over time. There is no one design that will be right for the organization as it changes.
- Integrating the various parts of the organization cannot use a chain of command as a method.

**Equality: All members of the organization have equal rights and status.**

Designing for equality when it is clear that some activities are more essential than others are creates some unique requirements for the design such as:

- Differentiating and integrating activities must not create levels of status in the organization even when activities have different degrees of impact on outcomes.
- Make certain perceived differences in value of tasks do not become differences in value, status, or rights of individuals.
- The design must allocate responsibilities in a fair and equitable way.
- Design processes that allocate responsibilities based on capabilities not personalities or perceived status.

**Freedom: All members of the organization are free to do what they want unless it infringes on the freedom of another.**

It is easy to say that the needs of activities comes before the freedom of people. However, the design must not accept this and guarantee freedom through design factors such as:

- Make certain that it is essential for a task to limit freedom before letting it do so.
- Include processes to resolve situations when conflicting tasks would cause overlapping freedoms.
- Balance freedom of individuals with real, not imagined, needs of enterprise.

**Ownership: Members of the organization are the de facto owners of the business.**

As de facto owners, the members have a high stake in the organization design. They have to see that the design meets certain that conditions like these:

- A person does not lose anything if his tasks do not allow him to make as much contribution as he can and would if he had the chance.
- An individual has opportunities to contribute beyond just the tasks for which she is responsible.
- Make certain that activities completely serve all stakeholders not just members.

**Conclusion**

These are but a few of the ways the core beliefs affect the organizing process design. Together they will determine whether members will succeed or fail to build an organization that can effectively carry out all the many activities of the enterprise.

This core process is often the one given the least creative attention. The hierarchy generally uses standard designs for grouping activities and allocating people to them. They often do not consciously consider differentiation and integration as important issues. The “org chart” is usually the method for designing organization structure. As a result, many organizations do not adequately fit the needs of the enterprise or organization members.



## ***Until Next Time***

In this letter, I have finished examining the effect of the five core beliefs on designing the four core processes. In the next letter, I will look at the only organization I know that is a true Extraordinary Organization.

Have a wonderful Thanksgiving!

Be Well, and  
Be Extraordinary!

Don Yates  
Extraordinary Organizations

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