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## **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 – Creating and maintaining an effective social system**

*Welcome to letter 2-12. In the last letter, I examined the first of the four organizational core processes—Fulfilling individual needs and aspirations. In this letter, I am going to examine the next process and how the five core beliefs affect its design.*

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

As explained in Letter 9, there are two themes in this process: interaction and sharing. When we enter an organization we must give up some autonomy. We have to find ways to share scarce resources, opportunities, and rewards. At the same time we have to protect our individual freedom and rights. All of this requires considerable interaction among members. The design must then consider questions such as these:

- How do we protect individual freedom?
- How do we equitably and fairly share resources, opportunities, and rewards?
- How do we create order and boundaries?
- What do we do when someone will not share or honor the boundaries?
- How do we communicate?
- How do we decide who makes decisions?
- How do we make decisions together?
- How do we influence others?
- How do we deal with conflict?

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

To answer these questions we need to produce a design within which members can reach these objectives:

1. Making decisions — members are making all decisions either alone or with others.
2. Setting boundaries —members have defined the “rules of the game” so they are able to play it in an orderly and effective way.
3. Dealing with those breaking the boundaries —members can deal with those people who break the boundaries in a way beneficial to all.

4. Sharing and distributing scarce resources — members can fairly and equitably allocate scarce things—like resources, rewards, opportunities—when there is not enough of something to enable everyone to have what she wants.
5. Influencing/power—members have the ability and methods to influence the behavior of others without using rewards, punishment, or position; and they are using them.
6. Communicating—members are communicating with each other to build and maintain relationships and accomplish tasks.
7. Resolve conflicts—members are resolving differences in a way that maintains individual, group, and community relationships.
8. Removing members—members have ways to decide when they must ask someone to leave the organization. They also have ways to do this that care for both the individual and the community.

### ***Affect of Beliefs on Design***

Our design to meet these objectives must lie within the boundaries set by the five Core Beliefs. Each belief will set different requirements that the design must meet.

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

Current designs optimize the needs of the enterprise. To honor this belief means we have to meet the needs of the individual while meeting those of the enterprise. To do this requires a design that includes ways to do such things as:

- Maximize options for each individual to meet her needs without weakening the community.
- Make participation in any process affecting him available to each person.
- Make information available to all.
- Make the individual responsible for her participation in processes.

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

Here we must design so that no one has authority over another unless granted by the other. The design must also deal with the fact that there is no one “above” to take responsibility, make decisions, or any other action. Therefore, it must:

- Make the entire community responsible for design and prosecution of all activities organizational and enterprise.
- Assure that the final authority lies with the community, which can delegate certain operational authority to members or groups within it. The community may withdraw this authority when it so desires.

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

The design for such elements as setting boundaries, making decisions, and sharing scarce resources must assure that there is a “level playing field”. Everyone plays by the same rules and has equal opportunities to “play”. To do this, the design must assure such things as:

- Equal opportunity for involvement in all processes such as decision-making, distribution of scarce resources, and especially setting boundaries. This applies to the community as a whole as well as within any sub-unit in which a person is acting.

- Equal say in all activities in which a person is involved.
- All boundaries set apply equally to each person or group.

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

This design has to be a balancing act. In most cases, what one does will infringe to some extent on what another does. The needs of the whole will often conflict with the desires of the individual. The design must provide ways for preventing these situations and resolving those that do occur. The design needs to include at least these aspects:

- Provide checks against the community abridging individual rights and recourse if it tries to do so.
- Set boundaries that balance individual needs with group needs.
- Define ways for individuals or groups to define and deal with overlapping freedoms.

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

The community must act in every respect as if it is an owner. Therefore, we must design from the viewpoint of an owner and provide for acting as an owner. This means the design must provide ways for individuals and groups to:

- Maintain relations with those outside its boundaries that serve the enterprise and the outsiders.
- Have decision-making power in all cases except when outside laws govern or when they have given this power to outsiders.
- Have full responsibility for all aspects of the enterprise and relations with those outside its boundaries.
- Take full accountability for the consequences of their actions.
- Receive and share the full amount of the “pot” of wealth they have created.

***Conclusion***

The core beliefs affect the design of this process in many ways. As in the case of the first process, fulfilling member needs, this produces an organization very different from any we commonly see today.

However, as we saw last time there are a few organizations that incorporate some or all of the aspects of an EO design. It is no surprise that they include the same companies that I listed for the first process like Sudbury Valley School and Semco. Together these companies continue to show that such a design is not only possible but also effective for both members and the enterprise.

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***Until Next Time***

In this letter, I continued examining the effect of the five core beliefs on each of the four core processes. In the next letter I will look at the third process, “Enrolling and developing capability”.

Be Well, and  
Be Extraordinary!

Don Yates  
Extraordinary Organizations

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