

The missing ingredient for organisational change and performance

Advanced data-processing technology isn't necessary to create an information-based organisation ... the British built just such an organisation in India when 'information technology' meant the quill pen, and barefoot runners were the 'telecommunications' systems.

The quote is from Peter Drucker¹ 27 years ago. He went on to say that giving executives knowledge of all the data managed across their entire organisation was an essential component of performance. For Drucker, how data is delivered was less important than ensuring a whole-of-organisational view of the data.

The issue This is not the case today. Information technology strategies tend to privilege technology and frequently do not differentiate between information and technology. Infrastructure, upgrades, and desktop support, together with architectural descriptions of how these fit together, are the usual IT focus. Technology has become both the medium and the message.

So is Drucker right? Why should a holistic view of an organisation's data make a difference in the way staff think about their work? 'Holistic' here refers to all of the organisation's management relevant data, contained in all its separate systems². Drucker suggests that innovation, creative thinking, and improved performance are supported when staff have this holistic data knowledge. It doesn't matter what portion of the overall data individuals use, so long as they have more than a superficial knowledge of the data managed by the organisation as a whole. This level of knowledge is sufficient to promote a sense of identification and commitment to the overall mission and promote innovation in meeting individual responsibilities.

This note discusses development of such a holistic view with two outcomes: (1) improvement of organisational performance; and, (2) assistance with organisational change including restructure. The note concludes with a process to test the approach.

1. Improvement of organisational performance

Information and the 'organisation in the mind'

James Martin wrote in the 1970s that information is the most invariant aspect of the organisation³. People come and go, organisation structures change, but data remains pretty much the same. Corporate and individual performance is reliant on the data. The data is also integral to the culture: 'the way we do things around here'. The business environment and culture are maintained in part by the stability of the data.

The *organisation in the mind*⁴ influences how staff respond to conditions within their workplace and consequently their individual contribution to performance. A person's perception of their current organisation develops firstly from their experience of the family as an organisation, with successive modifications over time⁵. The perception is more emotional than analytic so when modifications and replacements to the data occur the perception of self in the organisation is threatened. This frequently occurs with new information system developments and adds to the reasons why so many information technology projects fail⁶; they challenge the perception of self at work.

Expanding staff knowledge from particular information systems to the entire organisation's data can lead to increased performance, as Drucker suggests. This occurs because holistic knowledge does not threaten the culture, but makes it richer and extends the sense of self, allowing an expanded view of opportunities and improvements.

¹ Peter F. Drucker, The Coming of the New Organisation, Harvard Business Review, Jan-Feb 1988

² Management relevant data refers to data with direct management function not technical IT.

³ James Martin, The XXX Organisation,

⁴ This concept has been developed by David Armstrong, *Organisation in the Mind*, Tavistock 2005

⁵ James Walker, Complexes of the Family and Organisation: A Case Study of The 'Organisation in the Mind', ISPSO, 2011

⁶ James Walker, 'Why Well Managed Project's Fail', a paper following his ISPSO workshop (California 2012) discussed at www.jameswalker.net.au

2. Assistance with organisational change including restructure

Organisational change requires the capacity to 'hold' the culture during the introduction and progression of the change. In many situations the change process involves successively modifying business as usual processes, while in other circumstances the change is required immediately. In all cases the capacity to maintain or 'hold' the sense-of-self at work for staff is paramount.

Providing the holistic view of information is a powerful method of maintaining this sense-of-self at work, and redirecting processes and staff to modified and new tasks. As noted above, the holistic view is likely to support culture and performance.

Organisational change can be constrained by the concept of information system 'ownership'. This sense of 'ownership' has evolved largely through funding processes for specific functions.

The illusion of system ownership

The divisions that create and budget for particular systems may be responsible to the organisation for the system's operation and the integrity of the data within it. This generates an illusion of ownership or 'data silos', which creates unintended moats around data, limiting understanding of it to those directly involved. Consequently, staff may not know much about the information managed by divisions other than their own. As Drucker points out, such a lack of knowledge reduces capacity for innovation across the organisation.

Initiatives to share data within and between organisations are often successful but at best go only part way to addressing Drucker's point. Providing shared data on a common process may improve performance and possibly innovation specific to that process. However, this is quite different to providing unconstrained knowledge of all data managed by the entire organisation from which interest, performance and innovation can be more globally integrated. The difference is in the effect on the *organisation in the mind* rather than the more narrow, albeit valuable effect on a specific function.

Where is the 'I' in CIO?

This raises the question, who is responsible for a whole-of-organisation perspective on information? The answer usually is no one!⁷ IT governance has a technology focus largely for budgetary reasons, and there can be a lack of imperative to govern data in a holistic way given the imputed responsibility to system 'owners'. As a consequence in many organisations the Chief Information Officer (CIO) has been replaced by the more relevant Chief Technology Officer (CTO).

Peter Drucker's view that the challenge *'management faces is giving its organisation of specialists a common vision, a view of the whole'*, helps shape the future role of the CIO. His assertion that executives are to, *do the right thing at the right time*⁸ further refines that future role. The CIO role should proactively encourage holistic knowledge of data and support users wishing to access it in various combinations.

High value low cost solutions

Every data item has a relationship with other data depending on the use of the item. James Martin used the term 'affinity' to describe the relationship between data items. The relationship could be of many types: correlation, association, thematic, or simply a collection of data items for strategy purposes. For example, data on 'crop type' would have an affinity with data on water license types, and with data on export demand when conducting primary industry planning. Each data type would have different affinities when other planning or management tasks are conducted.

⁷ Some initiatives such as modeling, research and budgeting may draw data from across the organisation, but this data is predetermined rather than identified through observation of the holistic holdings.

⁸ Peter F. Drucker, The Effective Executive, 1966. Many reprints.

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Management awareness of affinities can also provide insight and additional opportunities for:

- Support of re-organisation, amalgamations, and process re-engineering
- More comprehensive, holistic and nuanced analysis, briefings and reports.
- Re-assessment of the necessity for new systems
- An additional basis for categorising 'big' data.

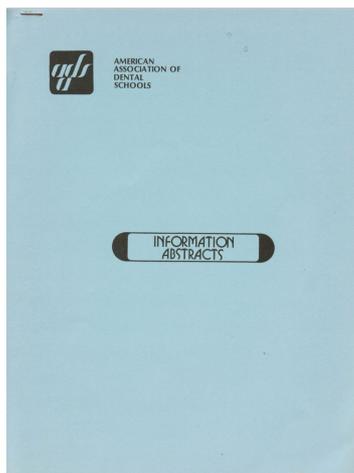
A trial implementation

Development of the holistic information view is best undertaken as a trial to demonstrate the benefits of the approach to all parties and provide confidence that the approach will be culturally supportive. For the trial a selection of independent systems can be used to create a consolidated data dictionary. Three steps that do not require large investments in technology are:

Step 1: Produce non-technical data dictionaries to describe and explain the source, measurement and usage of each data item in each targeted system.

Step 2: Identify 'data affinities' by extending business-as-usual functions to the holistic consolidated data dictionary produced in step 1.

Step 3: Encourage awareness of the data and affinities to generate opportunities for increasing use value of current information. Awareness can be created in numerous ways one of which is the 'Information Abstracts' publication shown below.



While CIO of the American Association of Dental Schools I developed a monthly publication entitled 'Information Abstracts'. The aim was to highlight what information was available to 50 member institutions across the country.

Each publication provided different perspectives on information available from central systems. Institutions found ways of using this data rather than, in many cases, undertaking new systems development.

Information Abstracts separated information and data from technology, and provided an approach to cost-effective expansion of information usage without major new systems.

Conclusion

Peter Drucker's view that modern managers should have a holistic understanding of the data collected across their organisation contributes to many beneficial outcomes. Obtaining additional value from existing information occurs at minimal cost. Opportunities for process improvement and organisational redesign are progressed with the holistic view.

When organisations face increased budgetary constraints, the awareness of the data collected across the organisation is a prudent stimulus to organisational culture and performance.

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For more information on this process contact: [http://james@trieb.com.au](mailto:james@trieb.com.au)

See: <http://www.trieb.com.au/>

Addendum ...

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These notes are in response to requests for additional background to change management

Peter Drucker has written that innovation and performance increase when staff have knowledge of their organisation's data not just that managed by their particular division. This observation led to my paper on the implementation of the concept that was sent to colleagues recently. Feedback has asked how the concept could help manage change, including new system initiatives and the merger of organisations. This is a response to those questions.

It's doubtful that the executives Drucker mentioned had studied all the data in their corporation. There is usually too much and it's frankly too boring. However, having access to a non-technical management level description of the organisation's data⁹ means it can be searched at will. It promotes more effective use of existing data, and as Drucker said, increases innovation and performance.

Since data is the most stable aspect of an organisation¹⁰ it is integral to the culture. This is not generally recognised which helps explain why so many information system projects and initiatives struggle.¹¹

The capacity to know what data the entire organisation maintains provides a sense of identity of 'self at work'. As change occurs the sense of identity 'holds' the individual and helps stabilise the culture. A person's role may be changing but his/her identification with the organisation is maintained whether the change is welcomed or not.

During a merger of organisations, the release of a combined management data dictionary is an efficient mitigation of anticipated risk: it accommodates change within a stable culture. Likewise latent resistance to new information systems is better managed when new or reformatted data can be seen in the dictionary rather than imagined.

The many approaches to organisational change share numerous elements but can differ in orientation. For example Kurk Lewin speaks of 'unfreezing' the current structure and 'refreezing' the new. Wilfred Bion looks to the management of teams during their constant movement between three unconscious states. John Kotter speaks of embedding the change in the culture through communication and quick wins. Manfred Kets de Vries recognises and manages unconscious factors. Edwin Nevis focuses on building full awareness of changes. Arnold Beisser cautions that inauthentic acceptance of the change can be retrograde.

Peter Drucker's claim for holistic information knowledge is relevant to each of these methodologies. It has the additional attribute of enhancing performance and innovation when no change is on the agenda.

⁹ This is a data dictionary expressed in non-technical business language addressed solely at non-IT staff. It is not difficult or inordinately time consuming to establish.

¹⁰ A point made by James Martin, a leader in information strategy.

¹¹ See 'Why Well Managed Projects Fail' also on the publications page at [http://www.trieb.com.au/The reason 80% of system projects fail to meet expectations is largely a cultural matter within and between stakeholders](http://www.trieb.com.au/The%20reason%2080%20of%20system%20projects%20fail%20to%20meet%20expectations%20is%20largely%20a%20cultural%20matter%20within%20and%20between%20stakeholders).