Stanton Marris

energising the organisation
issue 08: building an intuitive organisation

“The only real valuable thing is intuition.”

Albert Einstein

The intuitive organisation

Some organisations chase one best practice after another in the pursuit of higher performance. Too often these initiatives generate great cost and little impact. Others seem able to pick out elements from a new idea and put these into practice in a way that creates great value and minimum disruption. The ability to do the latter represents significant competitive advantage.

So we did some research. We found there is little difference in the kinds of solutions that organisations try – performance management, people development, restructuring, branding, customer service initiatives and so on. Such interventions have their merits but they also produce varying results for organisations and rarely deliver exactly 'what it said on the tin'.

Not that it stops people chasing the rainbow. Some organisations are ‘best practice butterflies’. They seize on the latest HBR idea or fly in the hottest business guru only to be frustrated when the outcomes bear little resemblance to what was promised. Often they react by searching all the more frantically for the next panacea in the guise of ‘best practice’.

“Intuition isn’t the enemy, but the ally, of reason.”
John Kord Lagemann

Case Study 01: One initiative, two outcomes

Two of our clients, both in professional services, were separately talking to us earlier this year about new succession planning processes they had introduced. Both had identified similar business issues needing resolution, both had done little in this area to date and both used the same HR consultancy and its best practice process. Essentially the two companies had chosen the same solution. So what happened?

Client A described the outcomes from his initiative in glowing terms. It had stimulated valuable executive dialogue around talent, built greater consensus around the definition of talent in their business, identified where to focus development spend and created transparency around how people-related decisions were made.

Client B, on the other hand, reported that the impact of her succession planning process had been disappointing. It had been dismissed as the latest HR tick-box initiative. Far from building consensus and consistency, it had created defensiveness to the point that executive energy was now diverted into bypassing the succession planning process altogether. She felt it had been a detrimental step for company and HR department alike.

So how do you break that pattern but still drive up performance? Applying ‘best practice’ is too often like sticking a bandage on a headache. An organisation needs to understand itself before it can identify what it needs or, more critically, how to adapt best practice to make it relevant. So the key difference lies in an organisation having the self-awareness and maturity to diagnose real performance barriers and tailor solutions to work within its own culture. The emphasis is on the ‘how’ not just the ‘what’.

We call this the **intuitive organisation.** It differs from those organisations that try things because they’re what everyone else is doing, or because there has been enough marketing hype to make them feel like laggards. Intuitive companies focus instead on what they know instinctively will have traction in their world and on how to engage the broadest number of employees to make it stick. We describe the characteristics of an intuitive organisation below. We also suggest how to gauge and raise the intuitiveness of your own organisation.

“It is through science that we prove, but through intuition that we discover.”
Jules H. Poincaré

Insights from our research

You might say that no two organisations are alike, and that is why the same initiatives have varying results in different organisations. And this is true but only up to a point. Think, say, of your local NHS hospital. On one hand you could argue that many NHS hospitals work within identical financial or operational constraints, employ similar types of nurses, doctors and support staff, share a common purpose, have the same tools at their disposal and are measured against common criteria. How then is it possible to explain the difference in performance ratings, patient feedback and reputation?

Think also about your local supermarket, be it a Tesco, Sainsbury's or Morrison's. They all sell same products, target the same customers, struggle with the same sector challenges and have the equivalent retail tricks of the trade at their disposal. So why such a difference in their shareholder fortunes and their success in driving performance? Very similar businesses can enjoy remarkably different results from using the same tools. So why?

"Organisational effectiveness does not lie in that narrow minded concept called rationality. It lies in the blend of clearheaded logic and powerful intuition."
Henry Mintzberg

Stanton Marris decided to get to the heart of this question. We canvassed the views of CEOs, COOs and Heads of HR across a range of leading private and public sector organisations. Our research confirmed that most organisations were using similar tools to improve their performance. Even when comparing the most and least successful, the overlap was striking. The critical insight came in seeing that raising performance had little to do with what the organisation did and everything to do with how they went about it.

So what does that mean? Successful intuitive organisations embrace and experiment with a wide range of ideas and solutions. They recognise there is no 'silver bullet' so thoughtful and continuous experimentation is vital. They focus not on 'the answer' such as quality management or outsourcing, but on the outcome and how they introduce and apply an idea in their context so that it complements the existing culture, or supports the shift in culture that they want to make. **Competitive advantage lies less in the idea and more in the level of experience, insight and sophistication with which it is implemented.**

The intuitive organisation in practice

Together they add up to what could be called organisational judgement, awareness, wisdom, self-possession, or sagacity. Were we perhaps talking about organisational maturity? Yes, but not in the sense of organisational longevity; our research showed these characteristics could be found in relatively young companies. Which is why we landed on the term **'the intuitive organisation'**. It's an organisation that recognises its own cultural patterns, strengths and limitations and works in tune with them.

So how would you spot an intuitive organisation if you saw one? We identified two distinguishing characteristics:

– focus on outcomes

– engagement with outcomes.

Case Study 02: FCO

The **Foreign and Commonwealth Office** launched a strategy in 2003 arguing that their global priorities in the 21st century were organised more around cross-cutting themes such as WMD than around individual nation states. Their organisation had for a long time been structured on a geographical model. Being an intuitive organisation, however, when it came to restructuring around the strategy they didn't simply switch one model for the other, but developed new ways of working that allowed national units to be 'tasked' by the owners of new strategic priorities in a way that balanced both. This allowed national units to retain what was right for their own cultures while at the same time adapting to new international imperatives. As a result the organisation now has a flexibility around emergent political issues that enables it to keep pace with shifting developments.

Focus on outcomes

In intuitive organisations, you see a **high level of distributed responsibility.** Executives focus on how the strategy can be understood and implemented on a day-to-day basis – they recognise that business takes place outside the boardroom. The risk of maintaining high levels of centralised control is that the majority of the organisation feels little ownership of the future.

Many organisations have refined strategy development as a cycle. Competitive analysis, future trend data and scenario planning all serve to test the rigour of the organisation's thinking. In intuitive organisations, **the focus is both on the strategy content and identifying how to establish the behaviours** required at all levels to achieve the desired outcomes. Because implementation takes place on the shifting sands of reality, the intuitive executive team knows not to put a tick in the strategy box too soon.

Leadership development in a less intuitive organisation is usually focused on the individual and characterised by exhaustive competency models or the development of individual skills. In intuitive organisations the energy is directed at leadership outcomes and the leadership capability of the organisation as a whole, often using creative ways of drawing on the ideas of many different people within it.

Less aware organisations are often characterised by constant activity. New initiatives are the stock response to every challenge and fire-fighting becomes a way of life. By contrast, intuitive organisations see no shame in stopping activities. They are better at resisting the call to action and recognise the waste in asking employees to focus on cost-cutting one week and quality the next. The focus on following through on consistent themes, whilst adjusting the activity to the current environment.

"Intuition will tell the thinking mind where to look next."
Jonas Salk

Engagement with outcomes

Genuine employee engagement is critical. A less intuitive organisation may have multiple communication channels but manages only to despatch a message rather than connect employees with what it is saying. In an intuitive organisation **customer feedback gets straight into the hearts and minds of the staff.** A very telling measure is how quickly your organisation can engage with what their clients are saying or how well your executive team understands what employee groups are thinking and saying.

Intuitive organisations create **an environment where courageous conversations can and do take place.** This may be around the shortfall in the pension fund, lack of public trust or the root cause of absenteeism. Leaders in such organisations are skilled in ‘what really matters here’ type conversations that home in on the outcome and not just the task. Less developed organisations are more reluctant to start conversations where they don’t have the answers, and go to great lengths to avoid rather than deal with conflict.

Intuitive organisations have developed **the capability to learn and reflect in the midst of the day-to-day action.** Senior leaders create learning forums, permission to examine and grow from failure and embed these insights into the collective business memory. No number of executive programmes or scenario plans can substitute for it. The achievement of this balance between stretch, support and learning is a trademark of the highly intuitive organisation culture.

Intuitive organisations have a **quiet confidence and clarity around their organisational identity.** This is often shaped by their values. Employees and customers know what these companies stand for and how they choose to do business. John Lewis is a good example. The consistent demonstration of their values through customer service speaks volumes about the type of company they are, rather than price cutting extravaganzas, one-off offers or showy rebranding efforts.

How intuitive is your organisation?

So, if that's what makes an intuitive organisation, how close are you to being one? By way of a ready reckoner we developed the simple self-assessment scorecard which appears on the facing page.

Try it – mark an X on each of the twelve sliding scales to indicate where you think your organisation currently sits.

What if you score more 'whats' than 'hows'? Working to develop the maturity and intuitiveness of the executive team as a collective is an immediate but high profile option. A second is to ensure that greater organisational energy and spend goes into how you engage employees and embed new initiatives and not on just on the kick-off activities. Raising levels of organisational intuitiveness is a goal that will yield benefits on many levels.

"Trust your hunches. They're usually based on facts filed away just below the conscious level."
Dr Joyce Brothers

Where would you rate your organisation?

(Mark an X on each scale.)

We focus on WHAT		We focus on HOW
Communicating corporate messages		Engaging employees through dialogue
Developing strategy		Living the strategy at grass roots
Managing headcount		Managing employee energy
Starting new activities		Ensuring commitment
Brand guidelines		Our story and sense of identity
Task and delivery culture		Stretch and support culture
Measuring inputs		Measuring outputs
Leadership competencies		Leadership impact
Spotting quick fixes		Developing system solutions
Learning programmes		Learning as we work
Engaging consultants for their answer		Engaging consultants to create the process
What we think as a company		What our customers think

In summary

All organisations try similar things to raise performance. Yet they meet with surprisingly different results. Why? Not because of the ideas and initiatives themselves, but because of the way in which they are actioned.

Intuitive organisations are those that know themselves well enough to take on board those changes that work for them and their people. So:

Stop relying on the latest best practice tools or HR models alone to deliver performance gains

Stop trying to assess performance and leadership in terms of competency models

Stop unnecessary activity and establish ongoing processes for limiting activity creep

Stop trying to control the organisation through top down mechanisms

Start assessing your intuitiveness as an organisation

Start putting more energy into planning how new initiatives or processes will be put into action

Start developing the executive team's ability to ‘read’ the organisation and understand its cultural patterns

Start identifying the courageous conversations / issues you avoid as an organisation, and options for creating a new dialogue.

Further reading

– Embrace One Problem After Another, Ichak Adizes, March/April 2004

– Organisation Life Cycles and Shifting Criteria of Effectiveness: Some Preliminary Evidence, Robert E Quinn and Kim Cameron, Management Science Vol. 29, No 1, January 1983

– Perceptions of Organisation Effectiveness over Organisational Life Cycles, Kim S Cameron and David A Whetten, 526/ASQ December 1983

– Power and Organisation Life Cycles, Henry Mintzberg, Academy of Management Review, 1984, Vol 9, No 2, 207-224

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