

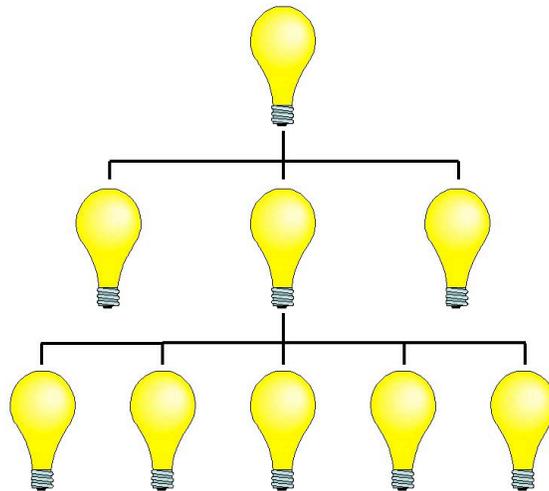
Organizational Intelligence & Knowledge Management:

Thinking Outside the Silos

The Executive Perspective

By

Dr. Karl Albrecht





Organizational Intelligence & Knowledge Management:

Thinking Outside the Silos

When a major forest fire broke out in the countryside surrounding San Diego, organizational boundaries and political jurisdictions immediately came into play, as firefighters tried to mobilize scarce resources. Firefighting teams and equipment under the control of California's Department of Forestry were heavily committed dealing with several other fires at the time. County officials, city officials, and local fire districts were caught up in a state of organizational confusion, as it became apparent that local resources – inadequately funded for years – could not cope with the fire. In the first few days of the incident, before the fire exploded out of control and destroyed over 1,000 homes, US Navy helicopter units offered their assistance. The local Navy base had pilots available and operational aircraft equipped with "dipper" buckets, which could fly out over the nearby ocean, pick up water, and drop it on key fire points. The commander of the Navy unit offered his team's services for the mission.

However, managers of the California department, which was "coordinating" the firefighting operation, were unwilling to accept the assistance. According to their procedure manuals, outside aviation assistance – usually contracted from private firms – could only be engaged if the pilots and their aircraft had been pre-certified as meeting the state's performance requirements. This included a review of pilot qualifications, aircraft maintenance records, and various other documents. Without the proper documents, the state bureaucrats refused assistance. The Navy choppers sat idle at a local airfield, their pilots unable to go into action, as homes burned all across the county.

The "Silo" Syndrome

Human beings seem to be so constituted as to think and react individually and locally, rather than collectively or globally. In business organizations, the tendency of well-conditioned employees – and many managers as well – to identify themselves with their "group," i.e. their department or area of specialization, is often so fully engrained that it has become almost like an instinct. One of the most obvious differences between capable leaders and people who can only follow is the ability to see the big picture – to

both *analyze* and *integrate* as part of the same thought process. Ironically, vis-à-vis the firefighting incident, the term “helicopter thinking” is sometimes applied to the ability to think conceptually, to see all elements of a situation as a whole, and to navigate between the levels of immediate experience and abstract conceptualization.

Most executives have probably experienced the acute frustration of trying to mobilize the organization toward some kind of key priority, change initiative, or improvement program, only to see it stymied or even sabotaged by the “silo effect.” Somehow, when the “big idea” lands in the various organizational silos, it immediately gets localized and diced up into parts that no longer fit together as a whole. The HR people typically perceive “their” part of the job and leave the rest for others. The technical people typically respond from their self-focused world view, seeing the challenge in terms of their familiar processes and rules. The operations clan, the marketing clan, the “field” people, the geographical divisions – all tend to wrap their arms around their favorite leg of the elephant.

Those aspects of the noble venture that don’t fit neatly into any particular silo, or that bridge across the entire enterprise, tend to get left out. Often they’re quietly “delegated upward,” back to the chief’s level. Often the individual silo operators fully own their individualized pieces of the venture, as they have carved them out, but they may not own the overall initiative or the outcome. It defaults to the leadership level to make the concept into a new reality for the organization.

Most executives harbor unfulfilled hopes and aspirations for their organizations, which they’ve not been able to actualize for lack of access to just the right talent, energy, and knowledge – or lack of just the right conditions in the organization.

And it’s not only the big ideas that fall victim to the silo effect. Even at the level of the day-to-day business, we see the silo syndrome operating.

Case in point: When technicians working for a nuclear power systems company began to assemble their new prototype reactor at a desert site in the southwest US, they discovered that the metal-graphite control rods, used to modulate the rate of the nuclear reaction, were too large to fit into the channels drilled for them in the nuclear fuel blocks. This is roughly equivalent to having the wrong size wheel on your car — it’s fundamental. When the managers began to investigate, they discovered that the design department responsible for the fuel system had found it necessary to change the size of the control-rod channels, for appropriate engineering reasons. However, it apparently didn’t occur to them to tell the people who designed the control rods that they’d have to change their designs, too. What made the situation collectively stupid was that the engineers in the two departments had been sitting at desks a few meters apart, for several months, working on their individual assignments.

Albrecht’s Law

I’ve spent much of the past 30 years of my professional life in the midst of organizational craziness — keeping company with confusion, frustration, and anger;

comforting those in a state of despair. I've watched too many intelligent, enthusiastic, well-motivated people turn into cynical burn-out cases after years of struggling against mindless bureaucracies.

As an organizational consultant, I've seen a remarkable array of failure patterns in a wide variety of enterprises. I've seen many more businesses defeated by their own internal maladjustments than beaten fair and square by worthy competitors.

After I'd had about seven years' experience in the consulting profession, which followed two years as a US Army staff officer, two years as a civilian program manager with the US federal government, and five years as a technical marketing manager with an aerospace corporation, I was moved to propose, rather immodestly, Albrecht's Law:

***Intelligent people, when assembled into an organization,
will tend toward collective stupidity.***

Admittedly rather harsh sounding, and maybe even a bit condescending, perhaps, nevertheless after 30 years of experience I must stand by it. I see it validated every day.

This collective incapacity is not a necessary or inevitable part of the life of an enterprise. It is optional to the extent that intelligent people allow it to happen. It is optional to the extent that leaders show by their behavior that they accept and condone it.

Businesses these days are struggling with unprecedented challenges, and taking unprecedented means to remain competitive in an ever more complex and treacherous global marketplace. In the US particularly, firms have been driving down costs, rethinking their fundamental business models, restructuring themselves, revising the whole architecture of their value creation processes, casting off non-performing resources, and often shedding staff at an unprecedented rate. The last decade of the twentieth century and the first decade of the twenty-first have seen wrenching adjustments in almost all major business sectors, as well as in government at all levels.

Yet, our best opportunities for making our enterprises more successful may lie right under our noses. Once we harvest the gains offered by asset restructuring, cost reduction, and IT infrastructure, where do we go next? Where do we find the means to continue making our enterprises ever more effective and productive? I believe some of the answers may lie in making them more "intelligent" — i.e. teaching them to capitalize on the real potential of the total brain power they have at hand.

Getting it Wrong the First Time

The early attempts to promote the proposition of "knowledge management," as an application of information technology, mostly ran aground because they were anchored in the Second-Wave mode of thinking which has so far characterized the first tentative efforts to come to grips with the Third-Wave paradigm.

The idea that something as organically diverse and dynamically productive as human

knowledge can be “managed,” at least in the usual sense of the word, was fatally flawed at the outset. And aside from the fact that knowledge probably cannot be managed, it probably makes little sense to try to manage it even if we knew how. The surest way to inhibit the development of any spontaneous phenomenon is to try to “manage” it. Managing something presumably means imposing some kind of order and control upon it, which is exactly the wrong thing to do to knowledge. What we *can do* – and *must do* – is to *manage the circumstances* in which knowledge can flourish. This is a very different focus of attention.

The real management proposition, if there is one, is:

managing *in* knowledge cultures.

Thankfully, the early version of the “KM” movement ran out of steam rather quickly, as the mechanistic IT-driven approaches failed and failed again, some of them comically, some grotesquely. The now-emerging concept of knowledge as a shared cultural proposition – something to be nurtured and not managed – has opened up a new dimension of strategic and organizational thinking. Experts debate about whether the term “knowledge management” will survive as the label of choice, but at the very least it will have to mean something much less literal and much more far-reaching.

But before we can navigate to the brave new world of knowledge as the competitive asset it promises to be, we have to do some serious repair work on our organizations – and the thinking of the people who run them.

One reason why many senior executives have been less than enthusiastic about the typical “KM” propositions offered so far is the lack of an “executive handle” on the concept. Many executives have seen it as too vague and amorphous; many describe it as a solution in search of a problem. The lack of a coherent *core model* – a conceptual frame of reference, or a simple visual construct – has also probably inhibited executive acceptance. The basic premise of KM seems appealing, but the question for many executives remains: “What does it actually look like in practice?”

Organizational IQ: When 1 + 1 + 1 Don't Add Up to 3

The highest recorded human IQ score was somewhere in the neighborhood of 200. At that level, the scoring system tends to fall apart, and the actual number means less than the phenomenon itself. Organizations also have IQ's, do they not, at least figuratively speaking? One might wonder what the highest organizational IQ might be? Indeed, what is organizational IQ? How does an organization manifest its collective intelligence?

Let's suppose our organization or unit has 100 employees, and that each of them has approximately the average IQ score of 100 points. Multiplying 100 IQ points by 100 people, we get a total of 10,000 IQ points. The critical question is, how many of these IQ points is our organization actually using? Bear in mind that we've already paid for them, whether we use them or not. When the employee shows up for work, we've already

purchased his or her 100 or so IQ points, or rather *we've bought an option on them*. At the end of each day, we've either exercised the option or we've let it expire. That day will never come again, and the option on that day's IQ points is gone forever.

If we could calculate something like an organization's potential IQ score, presumably by adding up all of the individual IQ scores of its members, very few organizations could claim their total potential score. Within any particular large organization, we can usually find pockets of very high collective intelligence, and pockets of startling collective stupidity. One could even argue that the real potential IQ score could be *greater* than the simple summation of the individual scores, if the possible synergies between minds could be activated.

Bear in mind that individual incompetence or lack of intelligence is not at all necessary for collective stupidity to prevail; well-meaning people can often disable one another by doing their best.

Case in point: employees at a large hospital in the state of Ohio decided to attack the problem of excessive linen costs, which are usually substantial in any hospital. The logistics people formed a task force to study the problem. Their solution was to impose strict controls on the availability and distribution of linen. They reduced the number of pick-up points, required staff members to sign for linen, and even set quotas for linen use in some areas. Very shortly, they found that linen costs rose to even higher levels than before they applied the new measures. Why? Because nurses and other patient-care staff began hoarding linen. Instead of returning excess supplies to stock, they developed a miniature black market for this controlled commodity. Always trying to get slightly more than they needed, and not returning unused supplies, they managed to create private stockpiles in order to be sure of having the linen they needed for their patients. The problem had to be re-solved, by widening the circle of stakeholders. By making linen *more* widely available rather than less, they enlisted the cooperation of nurses and other patient-care employees, and eventually achieved a significant reduction in linen costs at no sacrifice to patient care.

Actually, there are two kinds of collective stupidity: the learned kind and the designed-in kind. The learned kind prevails when people are not authorized to think, or don't believe they are. The designed-in kind prevails when the rules and systems make it difficult or impossible for people to think creatively, constructively, or independently.

Organizations have a tendency to be their own worst enemies. Many corporations, government agencies, universities, nonprofit organizations, and associations are virtually at war with themselves much of the time. Almost every organization has at least one outrageous example in its history of self-inflicted incompetence, better known as *ballistic podiatry*, or "shooting ourselves in the foot." Some have even become legendary.

Few organizations today have the kinds of culture, structure, and leadership needed to turn their collective brain power into a significant competitive advantage. The waste of human knowledge – and mental capacity – in most organizations is so commonplace as

to be accepted as an unconscious fact of life. Lack of common purpose, internal feuds and interdepartmental politics, malorganization, and a host of other organizational dysfunctions cause an appalling waste of brain power.

The Entropy Tax: Energy Lost Forever

We can think of the various dysfunctional patterns of a typical, normal organization as resulting in a state of increased *entropy*, to borrow a term from physics. In the field of thermodynamics, entropy is a measure of the disorder in a bounded system, also defined as the amount of the system's energy that is unavailable for conversion to work.

In a knowledge-based organization, entropy is the amount of lost or wasted brain power, which cannot be mobilized toward achieving the mission. The basic truth of entropy is:

Entropy, or the amount of lost brain power and wasted energy in an organization, acts like an internal tax.

For a commercial organization, the entropy tax is equivalent to an extra levy against profit. For a non-profit entity, it's equivalent to a reduction in funding or resource levels, because part of the resources it has available have been compromised. To the extent that the leaders of any organization condone the waste of brain power, or even encourage it through destructive competition or oppressive management, the entropy tax is self-imposed.

While corporate executives typically fight tooth and nail for a one- or two-percent gain in market share, or a few percent reduction in operating costs, or twist the financial structure to minimize tax costs, the entropy tax seems largely taken for granted. Many executives and their teams seem to regard entropy and its associated costs as a necessary evil beyond their influence — something to be lived with. But by viewing it as a self-imposed tax, perhaps we can do more about it than we can do to reduce the other taxes and costs imposed by the business environment.

Every interdepartmental feud, every incompetent decision, every disaffected employee, and every instance of inept leadership, malorganization, system craziness, strategic inertia, and cultural neurosis has the effect of increasing the level of entropy, or disorder, in the enterprise. Given the complex human nature of organizations, it would be too ambitious to attempt to define the exact potential of any enterprise, or even to hope that we could actually measure its current level of intelligence in any objective way. We are using the concept of entropy — and indeed intelligence — here in a rather broad, even metaphoric sense.

But even if we cannot precisely measure entropy in a human system, we can use the concept effectively to draw attention to the possibilities for improvement. Almost everyone who works in an organization of any kind, even a very successful one, senses that the outfit could be "smarter" than it is. Anyone who pays any attention at all recognizes that malfeasance, malfunctions, and malorganization cost the enterprise

something. Collective stupidity, and the entropy it induces, waste resources.

Knowledge Cultures, the “Smart Gap,” and Return on Intelligence

One of the most critical issues facing organizations today, and one which will certainly become ever more critical, is simply the need to attract and retain smart people. While all employees deserve respect and appreciation from management, the simple fact remains that the success of most businesses depends on the brain power of a relatively small number of highly capable knowledge workers. These are the people who can plan, design, organize, lead, manage, analyze, conceptualize, strategize, decide, innovate, teach, advise, and explain ideas.

Peter Drucker’s seminal concept of “knowledge work” now needs to be updated. Many employees who were previously labeled “knowledge workers” are really “data workers.” Those who handle data and information as raw material, without adding significant value through their own mental processes, are not knowledge workers in the sense of the definition that’s now emerging. By this new definition, many clerical jobs are no more knowledge intensive than a typical, moderately skilled manufacturing job.

We need to learn some other new distinctions, which in the past might have seemed rather academic, but which now become increasingly meaningful. In particular, we need to highlight the difference between *knowledge* and the raw material from which knowledge emerges, i.e. *data and information*.

Indeed, we need to think in terms of a pyramid, or hierarchy of knowledge, which ascends through four levels of progressively greater value:

1. **Data:** the atomic raw material, almost like a physical substance to be stored, moved around, and manipulated.
2. **Information:** an arrangement of data which takes on meaning in some particular context. Information “says something.”
3. **Knowledge:** the mental consequence of engaging information; *knowledge exists only within human brains*, and every piece of knowledge is unique to the individual brain that hosts it.
4. **Wisdom:** higher-order knowledge; the capacity to go beyond the available knowledge and to arrive at new insights based on learning and experience.

It’s no accident that wise people are usually rewarded more richly than people who are merely knowledgeable; that knowledgeable people are rewarded more than information handlers; and information handlers are rewarded more than data workers. Both wisdom and knowledge will continue to be in short supply for some time to come.

According to Jeff Taylor, CEO of monster.com, the Internet job-matching service,

“Increasingly, the knowledge worker will be at the center of company desperation.”

When Taylor compared the kinds of skills being sought by the companies that patronized the online service with the kinds of skills being offered by job seekers, he found an alarming gap. Organizations are having an increasingly difficult time finding workers who can use their gray matter.

Many HR executives and experts are beginning to confirm the impact of this widening “smart gap.” But thus far, HR specialists seem to have been trapped in a kind of tunnel-vision perception of the smart gap. For many of them, apparently, the only conceivable course of action is the “talent war,” the never-ending battle to steal smart people away from the competition, while – presumably – preventing the competition from stealing the ones we have.

But an increasing number of organizations now recognize two additional options in closing the smart gap:

1. Making better use of the brain power we already have, and
2. Growing our own smart people.

The familiar term “R.O.I.” is now coming to mean:

“Return on Intelligence.”

Syntropy: Multiplying Brain Power

Question: What makes a swarm of bees, a flock of birds, or a school of fish move in a harmonious, beautifully coordinated way? What uncanny mechanism of group awareness and synchronism enables them to behave as one entity? Are humans capable of the same coordinated, synchronous behavior?

Alternatively, what’s the essential difference between a graceful flock of birds in migration and a buffalo stampede? And, by the way, what happens when human beings stampede?

The opposite of entropy, the alternative possibility we might hope for, is *syntropy*. We can define syntropy as the coming together of people, ideas, resources, systems, and leadership in such a way as to fully capitalize on the possibilities of each.

Whereas entropy denotes the loss of available energy caused by various forms of disorder, syntropy denotes the gain in energy made possible by the intelligent integration of resources.

Question: What's the difference between a world-championship basketball team and five very tall people? Plenty. Each individual has to have an unusual degree of talent, know-how, and motivation. But those aren't nearly enough. They have to have a common purpose. And each one has to know how to cooperate, coordinate, and combine his or her special capacities with those of his or her mates. Apply the same principle — intelligent integration of resources — to any enterprise you can imagine: a jazz combo, a dance troupe, a special-forces military unit, a surgical team, a happy family, a legislative body, a small business, or a large business. Its success rides on the skillful merger of individual "intelligences" (broadly defined) into one common intelligence.

Just as entropy is a defining characteristic of collective stupidity, syntropy can be a defining characteristic of organizational intelligence, or "OI." Because entropy seems to be the typical tendency of organizations, it should come as no surprise that syntropy requires conscious, deliberate, intelligent effort. Indeed, it requires intelligence applied to intelligence.

Just as entropy has certain causes, or at least certain antecedents, so syntropy has its causes, or *enablers*. Just as entropy increases when competing unit managers withhold useful information from one another, syntropy increases when they voluntarily share what they know, trade ideas, and encourage their employees to do the same. While maladjusted organizational structures increase entropy, intelligent schemes for deploying resources increase syntropy, as discussed later in this dissertation.

Seven Traits of the Intelligent Organization

The antidote to collective stupidity is collective intelligence, or brain power "writ large." We can define the concept of *organizational intelligence* as:

Organizational Intelligence: the capacity of an enterprise to mobilize all of its available brain power, and to focus that brain power on achieving its mission.

From *The Power of Minds at Work: Organizational Intelligence in Action*
2002, Karl Albrecht.

Harvard psychologist and researcher Dr. Howard Gardner contends that human beings have more than one kind of intelligence. Contrary to the older view of individual intelligence as arising from a kind of universal "g-factor," or general competency level, Gardner argues that we have a half-dozen or more "intelligences." These various ways of being smart, according to Gardner, include the traditionally recognized abstract intelligence, as well as social, practical, emotional, aesthetic, and kinesthetic.

Similarly, we can argue that organizations have — or lack — a number of intelligences, or dimensions of competence. Indeed, I have observed a corresponding complement of some seven intelligences in my work with enterprises of various kinds, as illustrated in

Figure 1.

Bear in mind also that each of the seven dimensions of OI which we will explore is a *trait*, not a set of behaviors, a structural characteristic, a process, or a particular way of operating. Each of these traits, or intelligences, has various *antecedents*, or causal factors. Antecedents can include sensible organization structures, competent leadership, products and processes suited to the demands of the business environment, coherent missions, clear goals, core values, and policies that determine the rights and treatment of employees. In each dimension, we can identify various antecedents which can contribute to maximizing that element of intelligence.

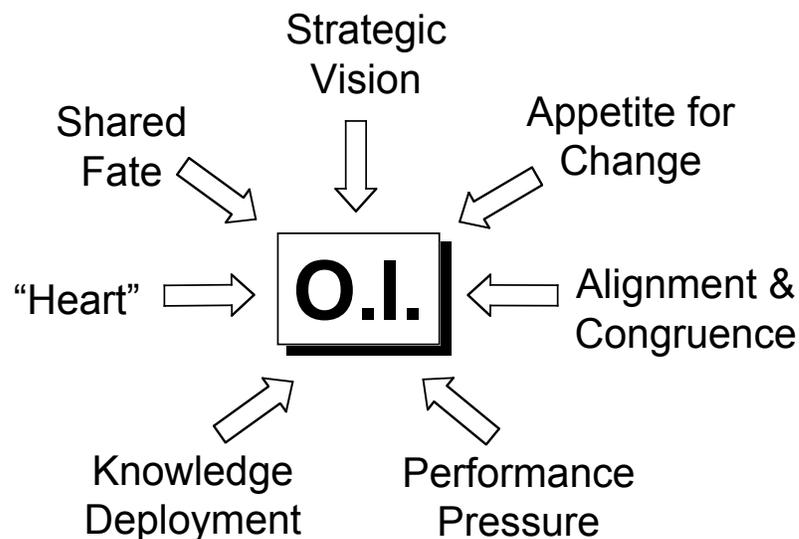
1. **Strategic Vision.** Every enterprise needs a theory — a concept, an organizing principle, a definition of the destiny it seeks to fulfill. Its leaders must ask and answer questions like: Who are we? Why do we exist? What is the primary value proposition that lies at the core of our existence? Why should the world accept, appreciate, and reward us for what we do? Note that strategic vision refers to the *capacity* to create, evolve, and express the purpose of the enterprise, and not to any particular vision, strategy, or mission concept in and of itself. The OI dimension, or trait, of strategic vision presupposes that the leaders can articulate and evolve a success concept, and that they can reinvent it when and as necessary.
2. **Shared Fate.** When all or most of the people involved in the enterprise, including associated stakeholders like key suppliers and business partners, and in some cases even the families of its members, know what the mission is, have a sense of common purpose, and understand their individual parts in the algebra of its success, they can act synergistically to achieve the vision. This sense that "We're all in the same boat" creates a powerful sense of community and *esprit de corps*. Conversely, when they have no vision or shared concept of success, they cannot hope to contribute their individual efforts to steer the boat in the desired direction. Without a sense of shared fate, the psychological tone of the culture degenerates into a "Look out for number one" spirit.
3. **Appetite For Change.** Some organizational cultures, usually led by their executive teams, have become so firmly set in their ways of operating, thinking, and reacting to the environment that change represents a form of psychological discomfort or even distress. In others, change represents challenge, opportunity for new and exciting experiences, and a chance to tackle something new. People in these environments see the need to reinvent the business model as a welcome and stimulating challenge, and a chance to learn new ways of succeeding. The appetite for change needs to be big enough to accommodate the kinds of changes called for in the strategic vision.
4. **"Heart."** Separate from the element of shared fate, the element of heart involves the willingness to give more than the standard. Organizational psychologists refer to *discretionary effort* as the amount of energy the members of the organization contribute over and above the level they have "contracted" to provide. In an enterprise with little or no heart, staff members basically just do their jobs. In an

organization with lots of heart, the leaders have somehow managed to earn a measure of discretionary effort, i.e. the willingness of the employees to contribute something more than expected, because they identify their success with the success of the enterprise and they want it to succeed.

5. **Alignment and Congruence.** Any group of more than a dozen people will start bumping into one another without a set of rules to operate by. They must organize themselves for the mission, divide up jobs and responsibilities, and work out a set of rules for interacting with one another and for dealing with the environment. Any organizational structure you can imagine will impose limits and constraints as well as provide for cooperation. It's hard to work intelligently and perform effectively with crazy systems. Sometimes the organization itself — the configuration of roles, goals, rules, and tools — changes from a solution to a problem in and of itself. When the design of the organization and its structures, systems, methods, processes, policies, rules and regulations, and reward systems push people in directions away from the achievement of the mission, a chiropractic adjustment is in order. Unvoiced policies, norms, values, and expectations also play a part in shaping human effort either toward or away from the value proposition that justifies the organization's continued existence. In an intelligent organization the systems, broadly defined, all come together to enable the people to achieve the mission. Its designers and leaders have eliminated most of the structural contradictions to the core value proposition, and have promoted the alignment of individual energies toward the common purpose.
6. **Knowledge Deployment.** More and more these days, enterprises succeed or fail based on the effective use of knowledge, information, and data. Almost every business organization these days depends heavily on the acquired knowledge, know-how, judgment, wisdom, and shared sense of competency possessed by its people, as well as the wealth of operational information that flows through its structure every minute. The capacity to create, transform, organize, share, and apply knowledge is becoming an ever more critical aspect of competing in complex business environments. Going well beyond the current IT formulas for "knowledge management," knowledge deployment deals with the capacity of the culture to make use of its valuable intellectual and informational resources. In this respect, knowledge deployment probably deserves to be conceived of as an anthropological proposition rather than a technological or structural one. OI must include the free flow of knowledge throughout the culture, and the careful balance between the conservation of sensitive information and the availability of information at key points of need. It must also include support and encouragement for new ideas, new inventions, and an open-minded questioning of the status quo.
7. **Performance Pressure.** It's not enough for executives and managers to be preoccupied with the performance of the enterprise, i.e. its achievement of identified strategic objectives and tactical outcomes. In the intelligent organization, *everyone* owns the performance proposition, i.e. the sense of what has to be achieved and the belief in the validity of its aims. Leaders can promote and support a sense of performance pressure, but it has the most impact when it is accepted by all members of the organization as a self-imposed set of mutual expectations and an

operational imperative for shared success. When people hold one another accountable for their contributions to the mission, a performance culture takes shape, and every new member who joins can feel the shared sense of imperative.

These seven dimensions, or indicators of OI – portrayed in Figure 1 as converging toward a state of syntropy – will serve as the foundation model for the remainder of this discussion.



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Figure 1. Seven Indicators of Organizational Intelligence

Evaluating the OI status of any particular organization is admittedly a rather subjective matter — more like a mental-health appraisal than a detailed medical checkup. If you're a member of an organization of any type, however, chances are you were reading about the seven traits of OI with your own enterprise at least partly in mind. Those seven dimensions invite an immediate "first impression" evaluation, and one can certainly delve deeper looking for more specific evidence.

The *Organizational Intelligence Profile*, published by Karl Albrecht International, is an executive-level assessment questionnaire which enables executives and managers to assess their organization on each of these seven key dimensions of OI.

The Four Key Enablers of Organizational Intelligence

Having a model for defining and assessing the OI status of an organization can be very

helpful, but the key questions facing every executive are: How can we raise the level of collective intelligence across our enterprise? How is it possible to reduce entropy and increase the level of syntropy? and What are the specific strategies and actions for becoming collectively smarter?

An executive who is determined to outflank the silos in an organization, or at least to co-opt them into working syntropically, needs to find a way to invite the silo dwellers out of their silos. The “silo solution” must be approached from a *supra-silo* perspective. Let’s consider an interesting case example of thinking outside the silos.

Some years ago, Scandinavian Airlines System, or “SAS,” as it’s more widely known, launched an aggressive “customer-focus” initiative which produced remarkable gains in revenues, profits, customer preference, and market share. One of the key elements targeted by its CEO, Jan Carlzon, was “on-time take-off.” Customer research suggested that punctuality was much more important to business travelers than the airlines had previously appreciated, and he was determined to make SAS the most punctual airline in Europe. This factor, he believed, together with a number of other operational imperatives identified from customer research, might very well pay off with a major gain in market share, at a time when all other European airlines were losing money.

The generally accepted approach to going after the goal would have been to make a plan for the project, and to direct that each department make its own individual plan, specifying the actions they would take in their area of responsibility, to contribute to the overall objective. Carlzon believed that, given the organization’s unimpressive track record with previous grand ventures, the “business as usual” approach would probably not produce the dramatic results he was looking for, and certainly not as quickly as he wanted to see them. He felt that the well-meaning silo managers were likely to put turf issues ahead of the common cause. He set about leading the charge himself, and immediately began devising approaches that would draw people outside their silos. His approach to the punctuality objective deserves consideration as one example of supra-silo thinking and execution.

Carlzon appointed one of his brightest staff members, a person well-known in the organization as a thought leader, to head the initiative. His instruction was simple: “I want you to do whatever it takes to make SAS the most punctual airline in Europe, as quickly as it can be done.” The mission leader accepted the challenge, promising to return within a matter of days with a specific plan, timetable, and budget estimate.

Carlzon reportedly said something on the order of “Don’t come back to me with a plan, or a budget. Just go and do it. If I approve your plan, then it becomes my plan, not yours. It’ll be my budget, not yours. I have confidence that you’ll do the right things, without unacceptable side-effects. And I don’t want to know what the cost will be – if this works, it can’t be too much.”

Carlzon’s designated change warrior went to work on the organization, and within less than six months SAS had achieved the goal, with a total investment estimated at a few million dollars – pocket change for an organization of its size. What made the approach

successful was that it drew attention to the “white space” *between* the silos – the culture of performance which had to be fostered. Carlzon employed this same thought-leader action concept for a number of other initiatives. He traveled around the organization preaching the gospel of “total customer focus,” which implicated everyone, regardless of their department, specialty, or work assignment.

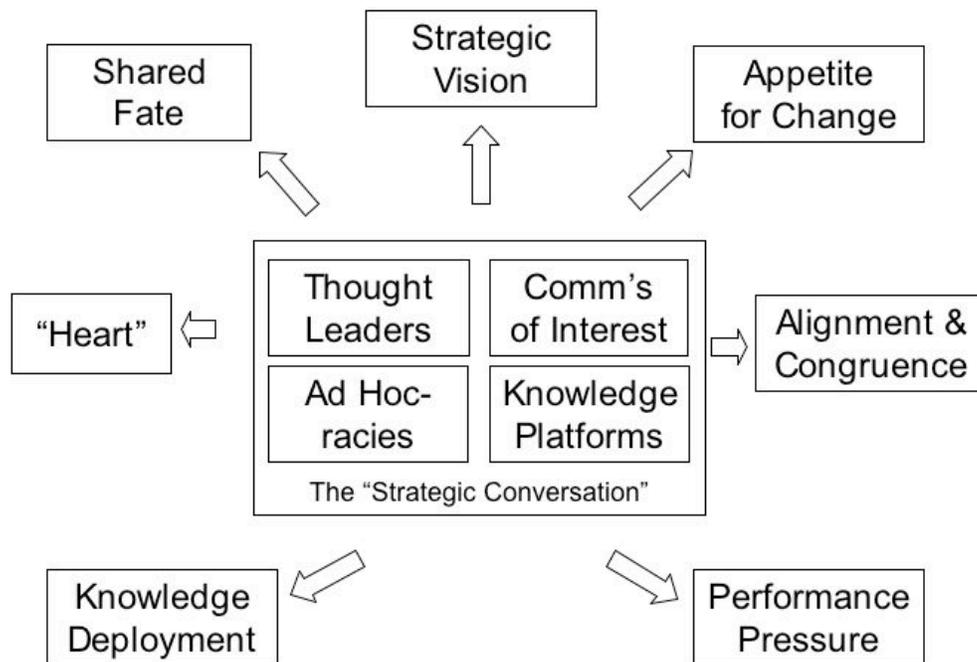
A careful study of executive-led change initiatives, especially those carried out with remarkable speed and success, points to several key strategies, all of which transcend the boundary issues of the organizational silos. We can identify at least four primary strategies which tend to make the organization smarter and more capable of evolving itself to achieve its mission and adapt to the changing demands of its environment. These four key *enablers*, if skillfully deployed, can – at some cost to the sense of peaceful stability that makes organizational silos so comfortably ineffective – bring the culture to life and animate it with a sense of common purpose. Indeed, these four key enablers, as illustrated in Figure 2, can provide the means for moving the organization steadily toward ever higher levels of collective intelligence.

1. **Thought Leaders.** Every organization is blessed with some number of people who can think beyond the roles and rules imposed by the structure and habit patterns of the enterprise. Their breadth of view, conceptual skills, and ability to see through the fog of argument and discern the few really key variables and priorities in situations makes them unusually effective in whatever jobs they are assigned. Most perceptive executives know who these potential thought leaders are, at least down to several levels of visibility below the executive level. They may or may not occupy managerial jobs or other positions of responsibility. They may be professional specialists, or they may have graduated to positions of circumstantial influence by virtue of their contributions. They tend to have high aspirations for themselves, tend to seek ever greater challenges that exercise and develop their abilities, and they are easily alienated and driven off by toxic managers or toxic cultures. The job of the executive these days is to identify, nurture, develop – *and deploy* – these potential change leaders for the benefit of the organization.
2. **Communities of Interest.** Possibly the most over-promoted and misunderstood element of “KM” as recently espoused, communities of interest can be highly effective elements of organizational change and evolution. Unfortunately, they can also be very fragile. Many KM promoters assume that communities of interest will form spontaneously and thrive. They often do form spontaneously, but they often die out quickly as well. Ad hoc meetings, e-mail discussion groups, and other community-building mechanisms tend to fade without adequate leadership and promotion. They tend to be most effective when they have a clearly focused common purpose, and when they are catalyzed by influential thought leaders. The combination of an effective thought leader and a well-focused community of interest can often accomplish more than the various silos can achieve acting in isolation. Also, on the upside, they are relatively easy to organize and manage logistically with today’s IT resources.

3. **Ad-hocracies.** Sometimes a difficult or intractable organizational issue requires a special “hit squad” to solve it. While many organizations use ad-hocracies – specialized and transitory teams, task forces, committees, or advocacy groups assembled to attack a particular objective, many tend to over-use them and many others use them ineffectively. An organization that has dozens of task forces, committees, or working groups operating on a continuous basis may simply have created a secondary bureaucracy, existing outside the boundaries of the conventional silos. Ad-hocracies tend to be most effective when they are few, small, well-focused, led by competent thought leaders, and politically powerful.
4. **Knowledge Platforms.** These days, every organization of significant size or complexity needs a sophisticated and continuously evolving IT infrastructure to support the process of knowledge deployment. IT is no longer a nice-to-have feature, but an essential component of the enterprise. As executives become ever more knowledgeable and comfortable with information technology, they become more realistic and more focused in their expectations and demands of the digital priesthood. The days of “blank-check” IT budgets are mostly gone, as IT departments are increasingly expected to demonstrate their contribution to achieving the mission. With IT resources becoming better adapted to fast-changing models of organizational operation – sophisticated e-mail systems that support community building, departmental websites, and finger-tip availability of mission-critical data – it is possible and desirable to create special-purpose, ad-hoc *knowledge platforms*, i.e. online resources and tools custom-designed to support the achievement of individual communities of interest. In this discussion, we place knowledge platforms last on the itemized list of enablers, not because they are less important than the other enablers, but because they are *not more important*. It makes sense to think of knowledge platforms and other IT resources as defined by the needs of thought leaders, communities of interest, and ad-hocracies, not as the starting point for something called “knowledge management.” It’s technology for people’s sake, not for its own sake.

Figure 2 shows how these four key enablers (in the center), together with the seven key dimensions – or indicators – of OI (the outer ring) can provide a powerful executive perspective from which to approach the comprehensive development of the organization as a intelligent enterprise.

One of the unifying propositions associated with organizational intelligence is the notion of the “strategic conversation,” which is the ongoing process of thinking and talking about the enterprise and its environment. As the formalized, ritualistic practice of “strategic planning” becomes less and less relevant – some experts have declared it dead – it gives way to a more continuous and all-inclusive thought process. The strategic conversation ties together the thinking process about the threats and opportunities offered by the business environment with the consideration of the strengths and weaknesses of the organization itself.



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Figure 2. Executive Perspective for Organizational Intelligence & KM

Applying the Model

This discussion may have raised more questions than it has answered, which was its primary intent. Our emerging model of “OI/KM” needs considerable thought, analysis, and experience in order to make it an effective executive tool for managing in knowledge organizations. Organizational silos are not necessarily the enemies or the friends of the executive; they are a fact of life. By combining a comprehensive view of collective intelligence with a strong sense of thoughtful leadership, executives can mobilize the collective brain power at their disposal and help their organizations achieve their missions through a well-considered balance of “chaos” and “control.” This may be the defining challenge of both OI and KM.



About the Author:

Dr. Karl Albrecht is an executive management consultant, futurist, lecturer, and author of more than 20 books on professional achievement, organizational performance, and

business strategy. He is also a leading authority on cognitive styles and the development of advanced thinking skills. His books *Social Intelligence: the New Science of Success*, *Practical Intelligence: the Art and Science of Common Sense*, and his *Mindex Thinking Style Profile* are widely used in business and education. The Mensa society honored him with its lifetime achievement award, for significant contributions by a member to the understanding of intelligence. Originally a physicist, and having served as a military intelligence officer and business executive, he now consults, lectures, and writes about whatever he thinks would be fun.

For more information, visit the KAI Website at:

<http://www.KarlAlbrecht.com>