

THE LSE STRATEGY & COMPLEXITY SEMINAR

11 November 1998

LISTENING, LANGUAGE AND ACTION

Presented by

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Overview

This report examines how new ideas based on the relationship of language to action are helping organisations to achieve optimum performance. It is based on a presentation by **Christopher Davis** at an LSE Complexity Group seminar, including material generated from their discussions with the audience.

Christopher Davis is Managing Director of Business Design Associates (BDA) Germany, based in Frankfurt. BDA was formed in San Francisco in 1989. It has subsequently extended its operations to Latin America, Canada and, since 1997, a European operation spearheaded by BDA Germany. The approach adopted by BDA to organisational diagnosis and intervention is grounded in the study of 'speech acts' and a perception of human society operating through a self-organising network of commitments. This has been successfully applied in many companies, including Citibank. In Part 2, Davis shares some of that experience. BDA and its distinctive approach were originated by Fernando Flores. At the age of 29, Flores became the youngest cabinet minister in Salvador Allende's Chilean government in the early 1970s. He rose quickly to become Minister of Finance, but was jailed after the overthrow of President Allende's government. While in prison, he read the early works of Humberto Maturana on autopoiesis. When he was released and went to the University of California at Berkeley, he was exposed to work on Speech Act theory and to the writings of the German philosopher Martin Heidegger. In 1982, he hosted a series of workshops and started a business. Davis attended one of Flores' first workshops and started working with him in 1983.

This report was edited by London-based Editorial Consultant Malcolm Peltu.

Note that Tables and Figures are at the end of the report.

LISTENING, LANGUAGE AND ACTION

BY CHRISTOPHER DAVIS

Flores' unique cocktail: the 'mobilisation of change' approach

We at Business Design Associates (BDA) offer to work with our clients to produce a competitive edge by transforming their organisation along the lines of the perspective discussed in this report. This offer has grown over the past twenty years from Fernando Flores' work, which he developed in collaboration with colleagues, including myself, at BDA. There are three original sources to this approach:

1. the work of Humberto Maturana on complex adaptive systems and autopoiesis (see Maturana and Varela 1987);
2. Speech Act Theory, originally developed at Oxford University by the philosopher J. L. Austin (1962) and later refined by the philosopher John Searle at the University of California, Berkeley (see primarily Searle 1979);
3. the work of German philosopher Martin Heidegger, who is known for his practice-based or existential account of the understanding of being (see Heidegger 1962; 1971).

Fernando Flores is remarkable as a philosopher for his combination of the Anglo-American tradition's Speech Act Theory with a continental German hermeneutical approach to philosophic problems. Even more unusual has been the way he has brought these generally incompatible traditions together while adding the apparently incompatible thinking of Maturana about biology-basic cognitive investigations. Flores added his own unique insights as he began to blend these different flavours into a unique cocktail which has formed the foundations of the methodology used by BDA.

We have never adopted an explicit Complexity Theory viewpoint in BDA's approach. We became aware of how our approach related to Complexity only when we met Susanne Kelly while working at Citibank. Since she said what we were doing is at the heart of what she believes needs to be done through Complexity, she asked us to take that perspective seriously. I believe the approach I describe here lines up very well with the new paradigm of understanding also provided by Complexity. I find it very encouraging that the new thinking indicated by the growing interest in Complexity is challenging certain traditional 'common sense' notions which have held dominion since the 1980s. We have been pushing against these outdated attitudes for some time, so we welcome our allies from the Complexity universe.

Three kinds of processes

There are many places where I could begin to explain our approach to the mobilisation of change. One, which business people can relate themselves to easily, concerns our analysis of the processes of businesses. Unlike others, we maintain

that business takes place in three dimensions (Table 2.1). Switching the emphasis from one to the next corresponds to the movement from the Manufacturing to Information Ages and beyond as discussed in Part 1:

1. Materiel, the materials and equipment of an organisation: Logistical and other processes that move and transform physical goods. Chemical engineering and manufacturing activities are found in this sphere. Materiel processes have been studied well for over a hundred years, going back to early time-and-motion studies. Major breakthroughs are rarely made here anymore, although occasionally some important advances occur.
2. Information: This dimension is about moving data around, comparing it, changing it, storing it, retrieving it, and so on. These information processes can be done with or without computer-based systems, although with the start of the computer age about thirty years ago information processes became a major area of concern for all companies.
3. Commitment: Here we are concerned with the space containing the network of personal relationships that comprise a company, which encompasses questions about how those relationships can be made to function well. Commitment processes are connected to the concern for producing change in organisations.

These three dimensions should not be considered as developing linearly with hard-and-fast stops. Referring to them as 'ages' or 'eras' may, therefore, not be strictly correct. The different processes have things in common, in as much as they are all concerned with some kind of recurrent 'process' activity. They also all fit together. A simple example is shown in the 'basic capitalism' game played by kids in America by setting up a lemonade stand. The materiel process in the game is the actual production of the lemonade. The information processes include keeping track of the number of lemons, of whose turn it is to make lemonade and whose to take money from the customers, making change, and so forth. Executing these processes is included in the commitment process where the child agrees to make you a cup of lemonade of a certain standard, for a certain price. This illustrates how all three dimensions are part of every process, with a continuum between them.

BDA has focused on the commitment process. We do not disparage materiel and information processes because they are also necessary. However, we believe a sharp line can be drawn between what could be called the materiel/information paradigm and the dimension of commitment processes. This is highlighted by the way the verbs used in Table 2.1 to describe materiel and information processes are similar or identical. They define actions dealing with the movement, transformation, and assembly of certain products. There is a very different set of verbs for commitment processes: declare, offer, request, promise, assess, assert. If you try to manage people in the commitment paradigm with the same rules used for materiel and information processes, you are therefore likely to get into trouble. The verbs are different because the domains are radically different. Many process-based companies have learnt this distinction at a very high cost, especially when they have thought of people as if they were another information-processing, goods-moving machine. That mindset will lead to a fundamentally badly designed organisation because it will leave out the power of commitments to move people and flexibility. It will also leave out the business' relationship to its customers.

Waste down through the ages

As commerce has moved from industrial-based to information-based, and beyond, the nature of business process has changed. This change is also mapped by our three dimensions as depicted in Table 2.1:

1. Waste in materiel/industrial processes has been considered mainly in terms of unnecessary time, motion, resources, and physical movement activity that do not contribute to product value.
2. In the Information era, waste is seen primarily as relating to inaccurate, untimely, insufficient, or under-utilised information.
3. In the commitment/relationship dimension, incompetence for listening, mistrust and anything else that reduces the capacity to maintain relationships are sources of waste.

A manager's emphasis on commitment and relationship has generally been seen as being very 'soft', unmeasurable and lacking any clear evidence that it adds to the bottom line, particularly as seen by the very traditionally trained 'bean counters'. More and more, however, the growth of theoretical stances like Complexity is leading to a recognition that a company should be dealt with as a holistic system. This new holism is showing why some interventions that seem to make sense in a linear way, like lay-offs, actually have a very real negative impact on the value of the company as a whole. Some research is just catching up to demonstrate this.

Contrasts between materiel/information and commitment

Table 2.2 summarises important differences between the materiel/information and commitment 'paradigms' or relationships. These differences again highlight concerns about linear and holistic thinking. For example, the classical Cartesian view, which the theories of materiel and information processes follow, is of a 'world' that is universal and objective, and so is available in one form to everyone. In contrast, we argue that the commitment paradigm is based on a holism and pluralism of many 'worlds' or 'sub-worlds' brought forth by our pluralistic cultural traditions. Each set of practices or world discloses a different set of possibilities. This claim becomes obvious when you look into big companies, where the world of marketing people is not the same as the world of engineers, which is not the same as the world of accountants. Even when people use the same words in their different worlds, they are often not talking about the same things. This produces enormous mis-coordination and bad listening in many ways. Yet we continuously see efforts in companies which persistently assume that all these people are working in the same world.

Perception in the classical, universal, objective world is considered to be a matter of passive receipt of data by the senses, which usually perceive the world 'as it is'. At BDA, we emphasise that this is not the case. We point to the commitment relationships we all in fact live in, and in which what we perceive is understood differently according to the social, historical and biological background practices of the world. People trained as engineers see people as setting standards and making predications. People in the marketing tradition see people as collections of

preferences. My ability to move into any situation and cope with it should then be seen as being directly the product of having the appropriate background practices. A corollary of this is that organisations and people are inevitably 'blind', in the sense that they are disposed to see only certain aspects based on the patterns they have followed in the past. This is neither bad nor good, but it means we must take this inevitable blindness into full account when designing what people and organisations do. This blindness appears most clearly when examining how people listen to others with different background practices.

Listening within the typical material/information process is about gathering information or requirements: *'If we could just get the requirements from our customers, we would know what to do ...'* You will know you are not in the presence of a great listener if you ever meet someone newly minted from a sales course who looks you in the eyes and says: *'Just tell me what your requirements are.'* That is the sign of someone caught in a procedure and, literally, going through a checklist. In contrast, building on the work of Heidegger in the 1950s, listening in the commitment process is always about interpreting, and listening to the interpretation of others. That is what skilful listeners do. It is a skill that is particularly underdeveloped in the typical engineer.

Communication in material/information processes is considered to be essentially about the transmission of information between a sender and receiver. From the perspective of commitment processes, communication is about the successful coordination of action. That is why offers, requests, and promises play such a large role. We can then know that successful communication has taken place if all parties assess their actions are inter-coordinated. For instance, we have evidence that some communication acts took place concerning this seminar, because we all arrived at the right room at the LSE by 2pm. That required offers and requests to speakers and attendees, promises from speakers and those in charge of the rooms, and so forth. So far as it required information, the information was in the context of an offer, request, declaration or promise.

Finally, material/information action is always concerned with activities relating to physical entities. What BDA calls 'human action' is always connected to commitment. In this paradigm, the movement of things is considered as being action only if there is a background structure of commitments which make sense of what is being done. If we had randomly wandered to the LSE today at 2pm, we would not say we had engaged in any particular human action by showing up. Animals and leaves can just randomly appear here or there. However, it is clear we had a successfully coordinated action because our appearance came from a background in which we had all received and accepted an invitation and arrived at the appropriate time. Such action is always connected to an interpretation based on a commitment, using a finite and universal taxonomy: a 'grammar of action' which transcends all cultures and languages.

The grammar of action

Table 2.3 provides our overview of speech acts, which mirror the language acts summarised in Table 2.1. This grammar was originally derived from the philosopher

John Austin in the early 1960s, who observed that language does not simply describe the world; for a good part of the time we are inventing the world through language. When I invite someone to join me for lunch, I am not describing anything but opening a new possibility. According to Austin, this kind of speech act is the most interesting thing which happens in language because it is making something happen which didn't exist before. Other things we say do not invent anything.

If someone asks you the time and you say it is 4:25, you are not inventing something. We would say you are making an assertion. Such assertions are the least interesting things we do with language. Much more interesting are the speech acts where you make offers and promises, then fulfil them; where you utter new declarations that change the space in which people are moving; or make interesting assessments that provoke action in someone. This is the kind of activity people get paid for.

We agree with Austin's basic claims and have drawn on Searle to come to our own approach. This has been distilled into our 'grammar of action' involving all the basic 'atoms' of speech acts:

1. Declarations establish new networks of relationships in which we can take action. Declarations require that the speaker be recognised as having the appropriate social authority. So, when a minister in a church pronounces that a couple have become 'husband and wife', at that moment it becomes reality in part because we have given the minister authority to do so. Similarly, a CEO has the authority to make particular decisions about the future of a firm, while the Board of Directors has the authority to remove the CEO by pure declaration. The decision of a jury in a court of law in many countries is accepted purely by the declaration about the accused's innocence or guilt. This acceptance is not a matter of evidence, or of the 'truth' about whether the accused was actually innocent or guilty. It is solely a matter of social authority and declarative action on the basis of that authority.
2. Offers and requests elicit mutual commitment and coordinated action. They are about making a move with someone else. When you make an offer to someone, you are making it clear that you will fulfil certain conditions if the person accepts. With a request, you ask someone to do the same. This covers a broad class of speech acts. An order from a general to a lieutenant is a kind of request; so is a beggar putting his hand out. The fundamental act is always a request, although a wide range of force and other background dimensions can be applied to back it.
3. Assessments evaluate progress and help us to navigate in our projects and worlds. Assessments always involve value judgements: '*This is better than that*'; '*She's a better manager than he*'; '*This plan makes more sense than that one*'.
4. Assertions build confidence in our judgements and our ability to undertake consistent, reliable coordination. They are the speech acts which describe the world and where you say something is true and I am prepared to provide evidence to that effect. Facts are assertions assessed as being true; lies are assertions assessed as being intentionally false.

Understanding the context of speech acts

All speech acts are context dependent. The same sentences can be quite different speech acts in different contexts. Cases at law famously provide good examples for this ambiguity. When a spectator in the 'peanut gallery' says '*He's guilty!*', that is a person without authority making a value judgement. It may be interesting, but it remains only an assessment. The prosecutor might say '*Ladies and gentlemen of the jury, he is guilty. Find him that way.*' That would be a request for their vote in this regard. The jury will debate assertions, going back and forth, when they have been sequestered. But in the end they have just one job to do: come back with a declaration of '*Guilty*' or '*Not Guilty*'. Their declaration does not change whatever actually happened when the alleged crime took place, and it does not mean that, with another standard of proof another verdict might have been reached. Nevertheless, by the rules of our legal game and social engagement, we must accept the declaration of a verdict as the basis on which subsequent actions are coordinated. The jury has declared what the facts of the case add up to. In the moment that the jury's foreman answers '*Guilty*' in responses to the judge's query '*How do you find him*', we deal with him as being guilty of the crime he was accused of. In normal cases, the judge then declares what this guilt means in law by saying how the court finds the defendant. That declaration invents a social reality, but is not concerned with assigning absolute truth or false values. The court journalist who rushes out to report the verdict is not inventing anything, just reporting a reality that has already come into existence. When the journalist says, '*He is guilty*', that is an assertion.

It is never words alone that matter. It is the contexts in which they are used which affects our future coordination. Words expressing a descriptive assertion in one context can become a declaration creating a new space of possibilities in another, and they do that purely by convention and authority.

The conversation for action

The speech acts in Tables 2.1 and 2.3 constitute the fundamental atoms of human coordination. In the discipline of coordination, they are analogous in significance to the periodic table for chemistry. Both the periodic table and those provided here identify the discrete elements that combine to produce the matter studied by the two disciplines: chemical compounds in chemistry and coordinated action in organisational change management.

One of the many ways we work with speech acts in managing organisational change concerns the basic 'dance' that takes place between people in order to get into action. We call this the 'conversation for action'. It consists of a loop with four quadrants (see Figure 2.1, *The Conversation for Action*), representing the structure of any conversation aiming to coordinate action between two people. The four quadrants are:

1. Preparation (resulting in a request or offer). The conversation for action starts with a period involving all preparations relating to the concerns or activities that happen before the specific moment when a request or offer is made. If this

moment consists of a request, it means the would-be customer is asking for something. If it is an offer, the would-be performer is offering something to the would-be customer. As soon as the offer or request moment happens, a new phase begins: the period of negotiation.

2. Negotiation (to gain acceptance of two mutual promises). Of the many kinds of conversation that can happen in the negotiation process, only a few maintain a state of commitment between the two parties: accepting the request; declining it; counter-offering and reaching an acceptable conclusion; or committing to reach a resolution at a future date. Any other kind of response breaks the sincere commitment between the parties. The dynamics of 'shallow' versus 'deep' commitments discussed in Part 1 become manifest in this phase, for example through observing whether people maintain a state of commitment in their conversations, or allow them to be watered down and dissipated. Actions move to the performance quadrant if the customer accepts the performer's offer and, in turn, promises some form of payment.
3. Performance (to a declaration of completion). The performance activity aims to generate what BDA calls the 'conditions of satisfaction' to fulfil what was agreed on as a result of the previous preparation and negotiation phases of the loop. Effective performance involves understanding the conditions of satisfaction and what needs to be done to bring the performer to the moment when he or she declares completion and actions move into the next and final phase.
4. Assurance (to declaration of satisfaction). This phase is needed to maintain a state of coherence of coordination and interpretation, where the customer assesses what has been delivered and says what is good, what is not good and what is missing. The conversation-for-action loop is closed when the customer declares satisfaction because what has been delivered is what was wanted.

These loops move along very nicely when coordination works well. Lots of sub-loops are bound to occur within each of the phases. Our aim in explaining this is not to teach people new terms or a new method. BDA's intent is to reveal what is already going on when we coordinate action. Whatever words are used to describe it, people are naturally involved in all kinds of networks of conversational loops in any organisation. You automatically make assessments whenever you accept a promise. In an organisation where shallow promises are accepted, the kind of vicious cycle referred to in Part 1 emerges, producing redundancy, re-work backups, and an enormous amount of waste.

The conversation-for-action loops are being made, broken, and re-created over and over again. They form networks of many loops which serve a single central loop that organises an overall promise such as: *'I will build you a new dam in this place.'* Out of that main loop, a multitude of major and minor sub-loops will develop, many of which will have their own sub-loops. Ultimately, millions of conversations for action will happen before the project delivers the dam wanted by the customer. The coherence and integrity of these conversation loops provides firm grounds for judging the success of an organisation in terms of whether the loops are well designed, link together well, are rigorously maintained, rarely break down, and maintain a level of commitment throughout.

Mapping commitment processes

When we at BDA work with an organisation, we ask its people to observe their commitment flows. In doing this we are requiring something new because the standard process maps of most organisations collapse together information, materiel, and commitment processes. For instance, a process map for mortgage lending would show how main actors, like the client, loan committee, appraiser, real estate broker, and loan officer communicate via documents which the IT areas service (Figure 2.2, *Mortgage Lending: People, Objects and Information Flows*). We therefore ask people to produce a map which separates out the commitment process involved by focusing on the major conversation-for-action loop between customer and performer.

In the mortgage loan case, the central commitment loop is that between the client and the bank, and its aim is to come to agreement on a loan (Figure 2.3, *Mortgage Lending: Commitment Process*). Each quadrant has key sub-loops, each of which has a customer and performer. So, for instance, a loan officer might be the customer who requests approval for credit within the bank while the loan executive is the performer who gives final approval. But that same loan offer might be the performer in dealing with the bank customer who requests credit in the first place. Each sub-loop has its own cycle time and associated other events, creating further sub-loops. The map can be enlarged to describe any level of detail sought. The advantage of this kind of map is that it can show how well the commitment processes in any organisation are designed, and how well the information systems support the flow of commitments.

A commitment map can reveal whether these processes really allow each person to get his or her job done in the easiest way possible at each step. It can also show when process are in a horrible muddle, as happened when we mapped the purchasing commitment process for a mining company in which nobody had any idea of what the whole process looked like. The map showed the commitment process was a bureaucratic nightmare of specifications, signatures and consulting sub-loops that had to be gone through before anything requested was delivered. Performers did not know the specific customers for whom they were working. Rather, they were performing to meet standards. Consequently, there was no negotiation over non-standard requests. Many performers simply had the job of approving what others had done without knowing why their approval was necessary. Such commitment structures indicated that the process was never designed, but was the product of drift over time. Processes were added according to the opportunity or breakdown of the moment and just remained in place. The result was a deeply resigned group of people who felt terrible about not getting things done, and they could not figure out why given their long hours and hard work. The map removed the mystery by showing there was no design and no real concern for moving the purchase through the organisation to satisfy requests.

Commitment process maps can be done very quickly because they are very close to the way work really happens. In one utility company, a group of clerks took just an afternoon to find, diagnose and fix the source a major complaint that had been an enormous source of aggravation to them. The map showed that when the clerks sent

a lineman to do a repair, the promise they made to the customer was not coordinated with the promise the lineman had made to them. Preparing the commitment map which helped them to solve this problem did not require the kind of business process design team that has to be immersed away from the business for many weeks before producing any results.

It is important to emphasise that the commitment mapping process must not be treated mechanically. For example, some people in an engineering company we are working with initially saw the mapping process as a 'good and logical' way of 'fixing the people' by knowing what everyone should be doing. That fails to understand the significance of the background context in determining how well or badly the commitment process works. The process itself must always be considered alongside dimensions such as: the degree of trust that is present; the overall mood in the organisation (whether it is one of resentment towards management or an ambition towards what's possible); and the competence available for listening and appreciating the other worlds that exist within and outside the organisation.

Trust and the rigorous interpretation of 'soft' process issues

Using speech act analysis enables one to make rigorous interpretations of certain phenomena which are often thought of as being too soft to interpret properly. Trust is something we all think we know about. You either feel it or you do not, but it can seem difficult, too soft to interact with effectively. Seeing trust this way, whatever its legitimacy in some domains, is plainly harmful when you are seeking to make an effective business intervention. Consequently, we find it useful to deal with trust as something always connected to an assessment about whether the other person will fulfil the promises he or she makes. In these terms, trust always has three dimensions:

1. Sincerity: the degree to which people mean what they say and whether their promises are shallow or deep.
2. Competence: whether a person has the capability to fulfil a promise made sincerely. Managers are always making such assessments, for example in considering if a person can keep up with the speed at which the organisation has to move.
3. Involvement or care: how well a person can appreciate and care about someone else's concerns and, in particular, one's own concerns. For instance, someone may be sincere and may even have the competence to do something for me, but may not have taken the time to truly understand what I consider important and how my business is changing. If this is the case, a sincere competent person might well deliver something that is ultimately harmful to me. There was a consulting company that had such a gung-ho style that it was said the company would deliver on its contract even if they alienated the client's workforce and destroyed his business.

Without trust, poor listening, poor coordination, cost, and complexity all grow. Without trust, strategic and even tactical change cannot be managed. Therefore, the distrust in an organisation has a direct impact on the bottom line. Every interaction in which I cannot trust the other person to produce on what he or she promises will require me to build a redundant request to someone else to standby, in case of the

failure of the first. One, two, all three, or none of these might actually satisfy the promise. In any case, it is wasteful and shows why distrust has a very real impact.

Coordination pathologies

BDA has found that different organisations demonstrate more or less evidence of what we call 'coordination pathologies':

1. Losing the customer's trust. A customer's trust can be lost at any moment in the conversation-for-action loop. In the beginning, poor listening with low care causes breakdown. Typically, the performer hears only his own concern and the customer does not want to do business with him. In the second phase, trust is lost when negotiations are not sincere, or again when there is insufficient care. Here, no clear and committed promise comes out of the negotiation phase. In the third phase, performing poorly on quality and time promises destroys confidence in the performer's competence or sincerity. Finally, failure to solicit and take seriously the customer's assessments and declaration of satisfaction will reveal a lack of care for the relationship. The networks people work with in all organisations are networks of trust. An individual's network is based on knowing the people you can rely on to listen when you ask for something and deliver on agreed promises.
2. The executive's complaint. This breakdown occurs when a high-level person in a company repeatedly makes requests which seemingly disappear into black holes without the executive knowing why. In such cases, the senior managers do not see that their actions are failing to produce good coordination. They typically end up sitting at the front of meetings saying: *'I want someone to tackle this important unresolved problem.'* But everyone looks away and nobody leaves the manager with a promise to do anything to deal with the problem.
3. The 'I'll do my best' syndrome. This happens where the response to requests coming in is to work through procedures in which there is neither a promise nor real concern for producing satisfaction. This is usually found in organisations where people are in a mood of feeling overwhelmed, so the most they can offer is to try their 'tops'.
4. Assembly-line work. In this situation, people perform routine tasks without any sense of requests, promises, or concern for customers' satisfaction. Work in this environment has become simply an activity that is being fed along as if it were on an automatic production line. Not surprisingly, this kind of environment is an unsatisfying one to work in because people generally get their satisfaction and enjoyment at work by closing the loop that lets you know you have produced value for a person requesting something.

Typical cultural difficulties

We at BDA have classified organisations stuck in the vicious cycle of decline discussed in Part 1 in terms of the following typical cultural dysfunctions:

1. Mistrust and poor listening. People feel isolated. There is a great deal of heroic behaviour, poor coordination, extra loops, re-work, and blame.
2. No one makes offers. Nobody speaks up to invent new ways of doing things. Innovation, then, becomes the task of top people only. The other members of the organisation are passively awaiting requests.

3. No one declines requests. This dysfunction results in shallow commitment to all requests because people say 'Yes' to everything. People and processes then become overwhelmed.
4. No one makes negative assessments. People, then, interact with great insincerity. But the insincerity is covered over by a cordial hypocrisy that follows the adage: *'If you can't say something nice, don't say anything at all.'* Weaknesses and suffering will then persist. In order to build good teams and organisations, it is necessary to be able to give a direct and honest assessment in the appropriate context, for instance to say when someone is not performing well or has acted irresponsibly. Without such assessments, the level of care for the organisation declines. This care manifested in honest assessments is a key reason why some sports teams become champions, while others remain losers.
5. Over-the-wall execution. People become focused on their own local 'chimney' and seek to pass responsibility for the end result on to the next person. Consequently, in organisations with this dysfunction, there will be no concern for the unity of the organisation and what it is delivering. As a result, 'mysterious' failures, dissatisfied customers, a lack of innovation, and a culture of blame will be prevalent.

We at BDA have developed a number of practices for overcoming these dysfunctions in coordination and in corporate culture. As competition increases with globalisation and the lowering of barriers of entry provided by today's new technologies, we believe that the practices we have developed are becoming competitive imperatives.

Competitive imperatives and critical competencies

In our practice of mobilisation for change, we at BDA have identified a number of key areas where actions are needed if an organisation is to move from the negative business cycle of increasing distrust, shallow promises, and growing fear to a more positive cycle that also increases competitiveness. To achieve the competencies needed to acquire and retain customers, design and produce innovations, build alliances and maintain flexibility, a company must become good at:

1. Listening and innovation;
2. Coordination and commitment;
3. Mobilising new practices; and
4. Employing the tools for coordination and redesign of business processes.

These four competencies are discussed in the next four sections.

Listening in order to understand other worlds

A culture must be developed in which 'listening' is understood as seeking an interpretation of the 'worlds' other people live and work in. This requires coaching people out of the notion that they are just 'gathering requirements' from customers, whether internal or external. Key people in a company must be trained to listen to the concerns and commitments of others in the context of their lives and work habits. It is also important to realise that innovation can be cultivated. For this reason, BDA encourages people to cultivate 'gardens for innovation.' In such gardens, the practices of customers are explored alongside the practices for purchasing and using

products anticipated by the business. The differences between the two practices lead to innovations, from enhancements to reconceptualising the nature of the business.

Establishing a 'culture of commitment'

Impeccable coordination should be made the standard for all activity in the organisation. That standard will not mean that everyone will keep his or her promises all the time, but it does mean that any lack of fulfilment will be properly managed so that incomplete fulfilment never becomes accepted as standard. An interpretation of what it means to make a commitment will be shared from the bottom to the top of the organisation. If a promise is not going to be kept, it will be renegotiated or revoked. This standard of operations with promises needs to be built through the cultivation of a 'culture of commitment'. In order to have a culture of commitment, the basic commercial speech acts must be respected:

1. Declarations must be made under valid conditions, so that what people with authority say is always respected and anything that gets in its way is eliminated.
2. Innovative offers should be prized and celebrated.
3. Requests should be well articulated, with clear and complete conditions of satisfaction, and entail the commitment of the customer to make assessments as a customer.
4. Assessments should be given when grounds can be supplied on request.
5. Assertions should be made with a clear understanding of the relevant evidence and a readiness to provide it in a clear way.

As pointed out in Part 1, one of the main sources of bad moods in companies is the swirling sea of ungrounded assessments. People will say such things as: '*Nobody ever tells us anything*'. If you hear this kind of comment, you should ask '*Who doesn't tell you what?*' Only then can you begin to define something clear and actionable, by turning the ungrounded assessment into a request.

Mobilising new practices for change

In today's market environment, many enterprises regularly seek to make organisational changes that run the gamut of supporting simple changes in customer satisfaction (new products and services) to strategic shifts that change the nature of the industry. However, I have seen over and over again that improvement initiatives end up in producing lots of nice new written procedures, pretty maps and great strategies that go nowhere.

In order to create real change, where new practices are fully brought in and sustained, organisations must address four key dimensions:

1. Trust must be built or rebuilt by listening to other people's concerns and taking action to address their needs. This requires the evolution of a tradition of 'taking care'. Without trust, organisational change will fall prey to fears and suspicions about each individual's welfare.
2. Responsibility must be the basis of moving in the organisation. There must be an end to any prevalent 'culture of victimisation', where the blame for any problem is always said to be the fault of someone else. The blame culture must be killed by

example from the top. In its place, an environment must be created where everyone assumes they have a responsibility for the reason why things are not working and have a role in improving the situation, even if other people are also involved. Without shared responsibility, any change initiative looks like the punishment of all because of someone else's misdeeds. The changes then get undermined by resentment.

3. A story about the future gives purpose and meaning for today's actions. It is a failure of leadership if people feel their work in the company gives no meaning to their lives beyond being breadwinners. No interesting companies today have employees who work for the money. However, just coming out with trite slogans does not give meaning to people in their work. Leadership is needed to create a narrative that shows why the company is making a better shared life for all stakeholders.
4. New work practices must give employees the opportunity to fulfil commitments. New practices are not mobilised by disseminating procedures, rules and other information. People must get caught up with routines naturally, and this natural adoption occurs if the new practices enable people to make and fulfil commitment.

Tools for coordination

Reengineering the organisation by designing coordination practices around new IT tools gets mobilisation backwards. Instead, processes, practices and infrastructure should be built around coordination focused on the timely completion of commitments. Coordination around the commitment structure of the organisation should become what the organisation's IT service aims to support. We at BDA have found that organising a company around the flow of commitments makes IT support far simpler. Competences and practices must also be established for achieving shockingly quick development and intimate design partnerships. Such shocking quick redesign is particularly important for IT departments, where the dinosaur notion that you can spend years going out to gather requirements must be annihilated.

IT systems also need to be targeted at supporting the capacity to mobilise new procedures. For example, in some organisations e-mail is used to send requests and thereby avoid the negotiation necessary for people to make genuine commitments. BDA has a sister company founded by Flores, called Action Technologies, which produces software that can organise e-mail in terms of the commitments people are making and receiving. When this system is used, a request does not come back as a promise until the other person negotiates and commits. Simply sending a request does not mean you have a commitment. The performer must also promise. The way this software prompts and reminds users can help to get people out of irresponsible 'management by firing off email requests'. (Action Technologies provides a range of Web-based workflow and work management software for knowledge workers. It is based in Alameda, California, tel: 1-800-967-5356; fax: (510) 769-0596; Web: www.actiontech.com).

How to implement change actions successfully

From our experience, we have identified the common elements of successful organisational change.

First, as highlighted in Part 1, you must have commitment from the top. We will not take on a project unless at least the senior executives within the business unit are fully committed to change. It makes absolutely no sense to move the organisation unless its leaders and managers take responsibility for that move. When we start working with an organisation, managers frequently complain about the mood of their people. We point out that they have everything to do with the mood and must take local responsibility for improving trust and transforming the whole mood into a positive, future-oriented mood, such as one of excitement or of caring for others.

Second, the change team must consist of those managers from different areas of the company who are both influential and who can listen to each other and the concerns of all stakeholders.

Third, this change team must provide a very focused intervention to increase the level of trust between people in the organisation and to enhance their efficiency and coordination. To do this, change teams must bring about the change the organisation seeks by also enhancing coordination and focusing on commitments.

Fourth, the change team must also begin the process of breaking up the previous 'common-sense', linear, Cartesian ways of approaching work.

Fifth, specialised intervention projects also play a valuable role in moving things forward. For example, in one company with extremely high quality costs, we were able to show that poor coordination produced much of the wasteful expenses. Indeed, we identified the costs as coming specifically from poor preparation of offers and poor negotiation, rather than execution, which was where the company had been focusing its attention. Hence, the redesign for change revealed itself as one that would go a long way toward solving nagging problems that were not the focus of the change initiative. After we had helped to overcome these quality inefficiencies, the organisation could move on to redesign other key processes and produce new practices with greater trust and equanimity.

Evidence of successful change

A BDA intervention is regarded as successful only when we see evidence that a new practice has taken hold and a new style of working has come into existence, and that this new style is allowing the company to produce financial results that it could not produce before. A simple example of such a success occurs with a team adopts a new kind of meeting with new participants and with rigorous attention to producing the results for which the meeting was designed. If the meeting is for achieving resolution, then the roles that enable this must be employed. But the use of roles such as champion, investor, and so forth is not enough. We must also see that the meeting produces increased trust, openness to innovation, responsibility for the organisation, and actions that advance the competitiveness of the organisation.

Sometimes change is a tough process, particularly at the senior ranks. Much time must then be spent getting people to listen more carefully. Careful listening to concerns that only make sense in other worlds of practice can be especially difficult with groups, like engineers, who have been trained in a very Cartesian interpretation of listening. Beginning to show them that there is a different way of listening is a first step forward.

One of the conversations I have found effective in training senior managers to listen focuses on distinguishing a 'procedure' from a 'sensitivity'. I point out that the best cooks have all developed a sensitivity about cooking that transcends the following of pre-determined recipes. They are able to taste the food, become inspired by something that's missing, then do something new and imaginative. Procedures can be very useful in many circumstances such as going through pre-flight check-lists. But procedures should never be confused with sensitivity, which is the competence a person needs to feel at home and innovate in a domain.

We carry out a variety of exercises to get people to understand that listening is not a procedure, but a sensitivity that can be cultivated to ever higher levels like a martial art. For instance, we send people out to do structured interviews with their internal customers and performers. We encourage them to listen carefully to the people being interviewed. They always come back startled, with comments like *'I had no idea those guys did it that way!'* or *'What they asked for makes a lot more sense than what we are doing now'* and *'They didn't know that doing things their way caused us two weeks extra work'*. We also ask them to listen to suppliers and customers. This exercise almost always gives managers another surprise and is usually felt to be a sharp wake-up call.

A natural and important by-product of developing a new sensitivity from listening to each other is the increased trust and improvement in the mood of the organisation. As a result of careful listening, previous areas of conflict, say, between marketing and engineering people, are transformed as conciliation increases with understanding and attempts to explore ways of improving coordination.

We have classified common moods in organisations and people into positive and negative categories (see Table 2.4). The positive moods, like ambition, serenity, trust, acceptance, wonder, resolution, and confidence generate a surplus of energy. In contrast, energy is sapped in such negative moods as resignation, boredom, despair, distrust, resentment, confusion, and panic. Talk of energy here is no metaphor. You can literally see the energy level drop in a person who slumps into a mood of resignation, in which that the person believes nothing will ever change. Medical studies support these observations with claims that the negative moods just listed have a negative impact on one's immune system. In the positive mood of ambition, work will be exciting and fun. And health will increase.

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Table 1.1: Business in transition

	<i>Manufacturing Age</i>	<i>Information Age</i>
THE GAME	Bulk-material manufacturing	Design and use of technology
GOAL	Commodity products	Knowledge-based products
DOMAIN	Regional	Global
FUTURE	Somewhat predictable, deterministic	Uncertain, probable, possible
CHANGE	Periodic nuance, Steady Rate, Digestible	Way of life, Accelerating, Overwhelming
RULES	Linear cause and effect	Non-linear complex interaction
GAME PLAN	Five year strategic plans	Three year probability scenarios
LEADER	Manages strategic plan to end-state	Envisions and coaches on direction
CHALLENGE	Demand versus capacity to deliver	Demand versus capacity for change
RESOURCES	Material and Capital	Human, Social, Intellectual Capital
RISK	Moving too fast (out of control)	Moving too slowly (out of the running)
APPROACH	Quality, low cost of production Branding, emergent price standards	Be 1st (best if can), high cost R&D Market lock in, high margins
ROLE OF TEAM	Optimise quality/productivity Repetitive day-to-day operations Processing of resources	Quality=Productivity=Adaptability Quest for innovation Processing of information
PROCESS VIEW	Parts interact in sequence of steps	Whole emerges from interacting parts
PROCESS FOCUS	End-to-end efficiency, Standardisation	Micro-to-macro integrity, Feedback

Table 2.1: Three kinds of process

<u>Materiel</u>	<u>Information</u>	<u>Commitment</u>
Move	Communicate	Declare
Assemble	Assemble	Offer
Transform	Transform	Request
Store/retrieve	Store/retrieve	Assess
Compare	Display	Assert
<i>Things</i>	<i>Data</i>	<i>Relationships</i>

Table 2.2: Contrasts between materiel/information and commitment paradigms

Aspects	Materiel/Information Paradigm	Commitment Paradigm
The 'World' is ...	universal and objective	composed of many 'worlds' or sub-universes, each brought forth by historical practices
Perception is ...	the passive receipt of data by the senses	the product of a social/historical/biological observer (which means 'blindness' is inevitable)
Listening is ...	hearing information or gathering requirements	interpreting and tuning to the interpretations of others
Communication is ...	the transmission of information	the successful coordination of action
Action is ...	physical activity	based on commitments (for which there is a small generative set of speech acts: declare, offer, request, assess, assert)

Table 2.3: Overview of speech acts

<i>Speech Acts</i>	<i>What is the action?</i>	<i>For example...</i>	<i>What does it produce?</i>
<i>Declare</i>	A speaker <u>declares</u> a new world of possibilities for action in a community.	'We are founding company X to provide Y to customers.' 'We are going to cut our costs by 10%.' 'A firm is a network of commitments.'	Leadership and a new context for action to take care of the concerns of the community that listens to the declaration and makes it effective.
<i>Offer/ Accept</i>	A speaker <u>offers</u> to take care of something of concern to the listener. By accepting, the listener turns the offer into a promise.	'Would you like some coffee or dessert?' 'I propose we meet and discuss that.' 'I'll prepare a report on that by Wednesday.'	Mutual commitment to action.
<i>Request/ Promise</i>	A speaker <u>asks</u> a listener to take care of something that the speaker is concerned about.	'Can you get me on a flight to Boston in time for my meeting?' 'Why did the power go off?' (Questions are requests for language-action.)	Mutual commitment to action.
<i>Assess</i>	A speaker <u>assesses</u> how some action or thing relates to specific concerns or commitments.	'We are in a mature industry.' 'Our users are happy.' 'IT is revolutionising our work.' 'Our costs are increasing.'	Preparation for action: orientations, interpretations and attitudes towards actions or situations.
<i>Assert</i>	A speaker <u>asserts</u> (i.e. reports) facts pertinent to the concerns at hand	'It is 4pm GMT'. 'The drawer is open'. 'It is a robin'. 'The gauge reads 200 kg'. 'Our sales were \$4.2 million this quarter'.	Confidence that we share a reliable and observable interpretation of the situation in which we will coordinate action.

Table 2.4: Some fundamental moods

<u>Positive</u>	<u>Negative</u>
▪ Ambition, Persistence	▪ Resignation, Boredom
▪ Serenity, Peacefulness, Joy	▪ Despair
▪ Trust, Prudence	▪ Distrust, Scepticism
▪ Acceptance	▪ Resentment, Anger
▪ Wonder	▪ Confusion
▪ Resolution, Speculation, Urgency	▪ Panic, Worry, Anxiety
▪ Confidence	▪ Arrogance