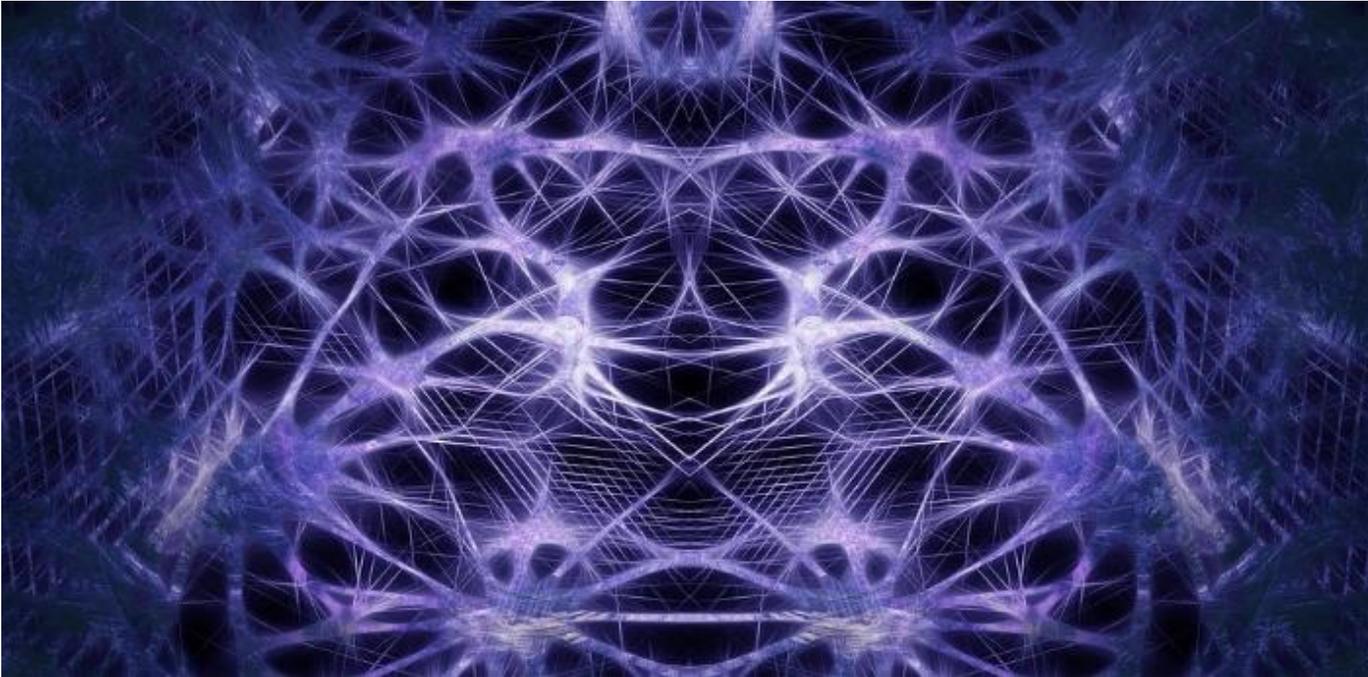


The Organisation as an Organism



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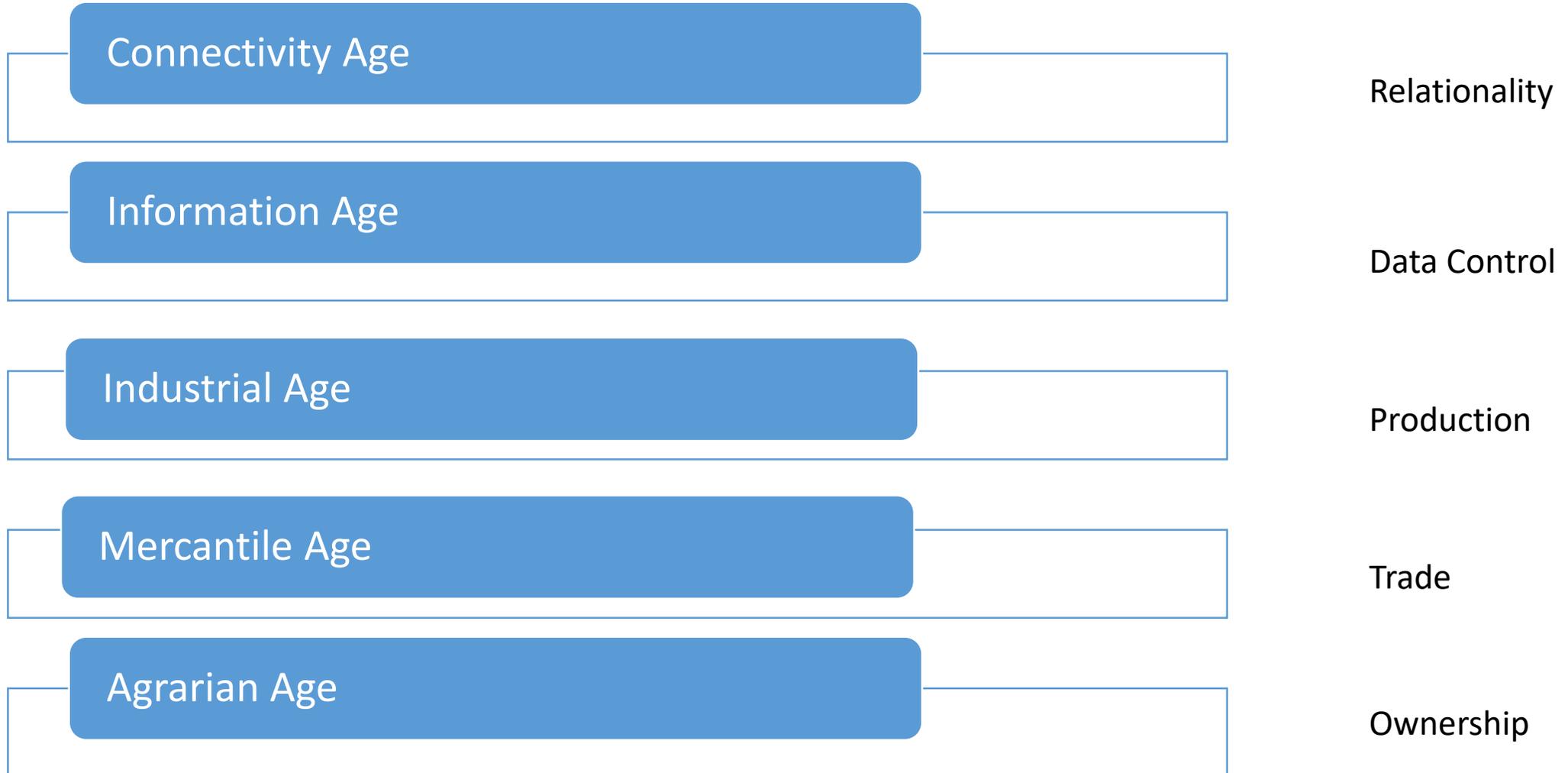
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Andreas Wasmuht
BRLSI
11 December 2018

The agenda for today

1. The historic background
2. The organisation as a machine
3. The organisation as an organism
4. Why it matters – The world top 100
5. Why it matters – The world's key issues
6. Dynamic Responsibility
7. A way forward

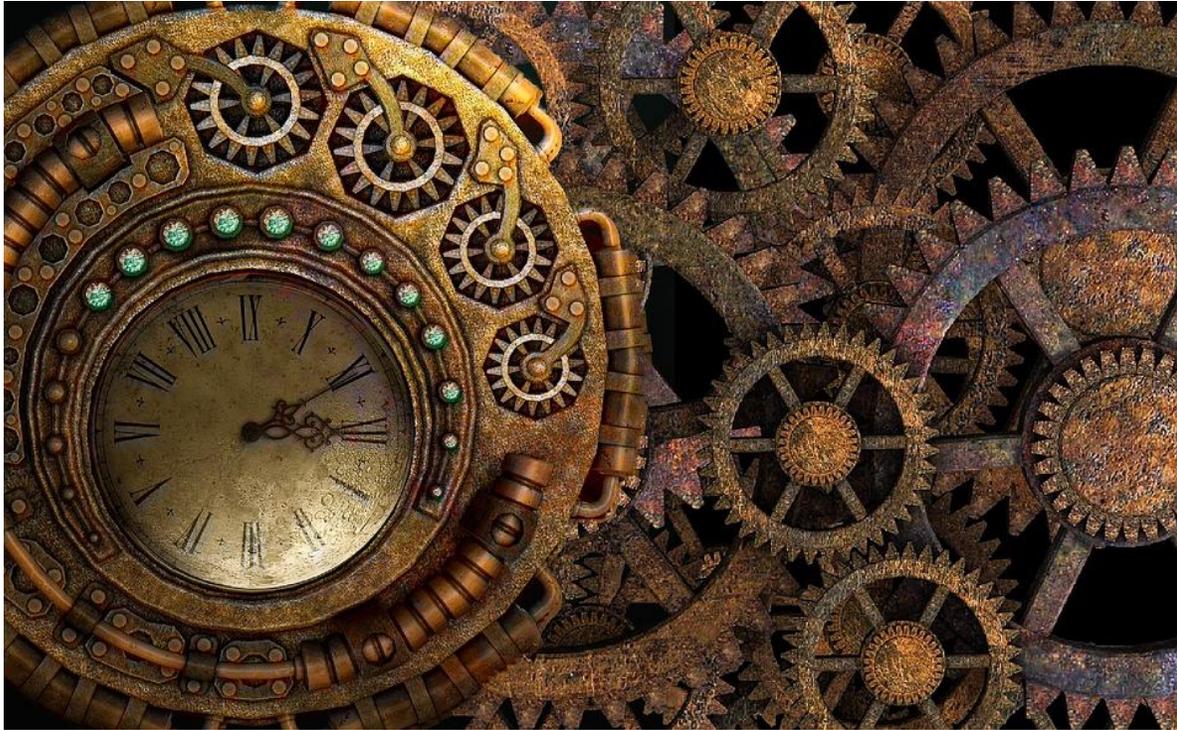
Businesses are constantly evolving



The 'modern' mechanistic approach

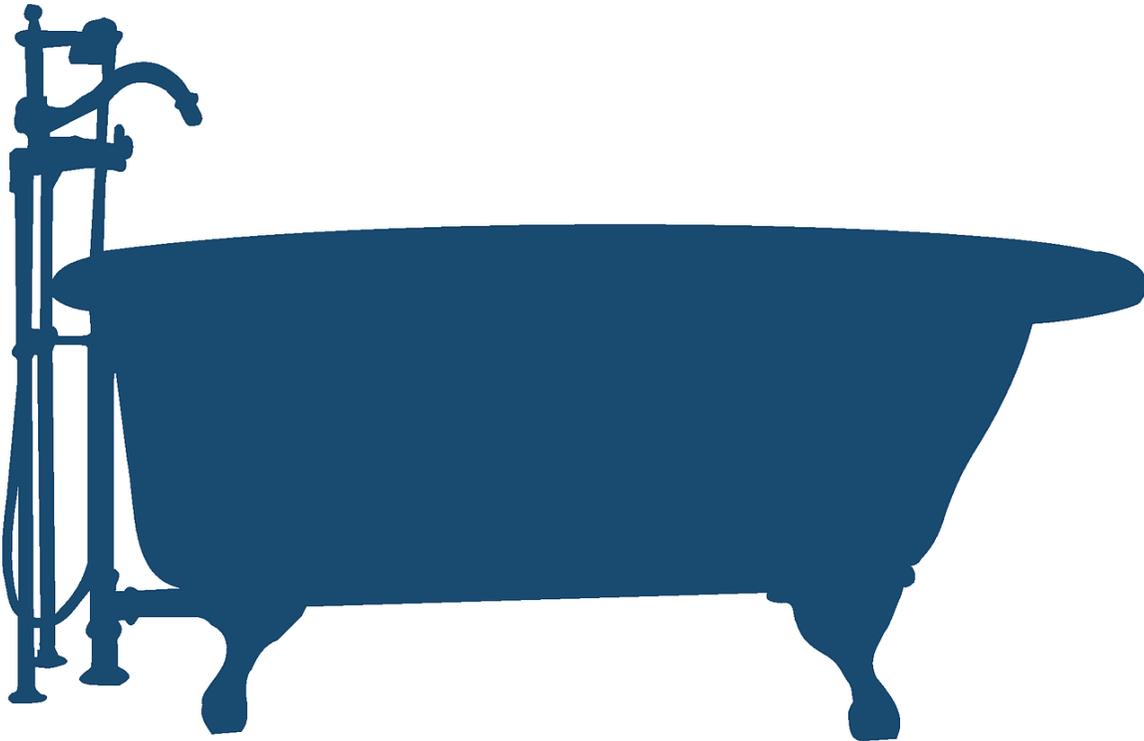
The whole equals the sum of its parts

'The clockwork economy & business'



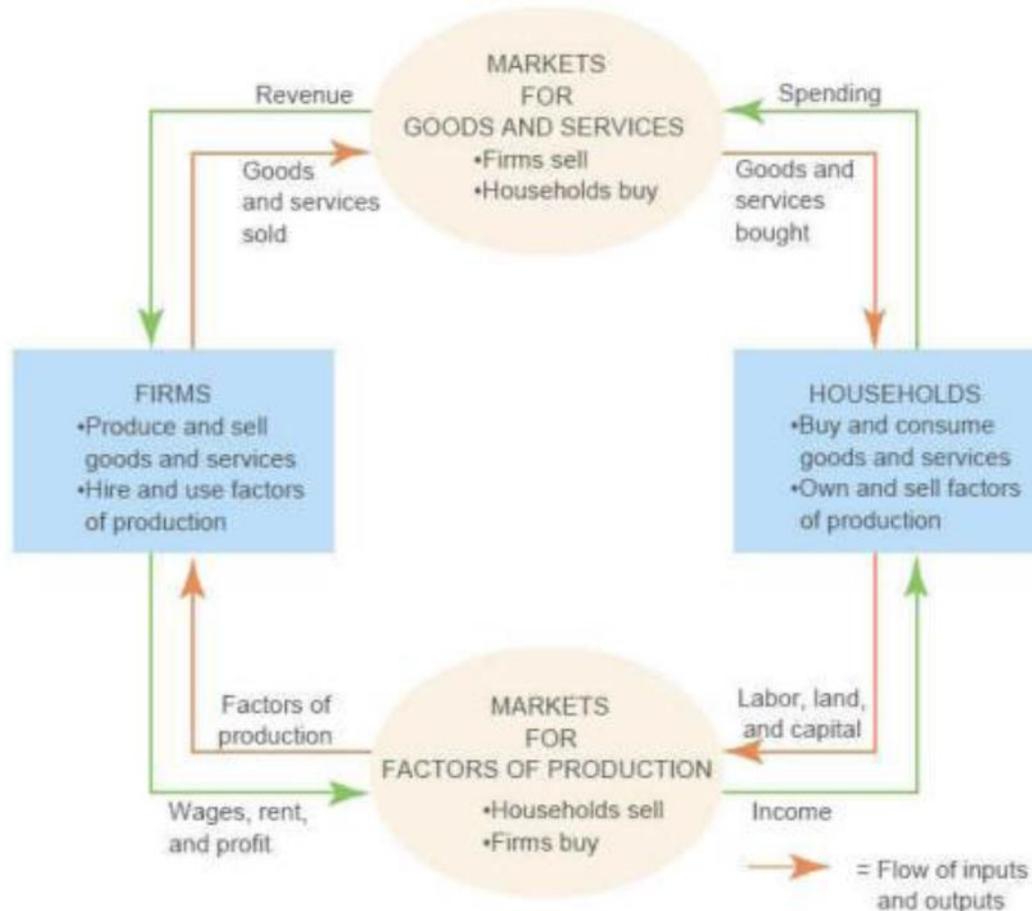
- A closed system
- The future is determined by the past
- Cause and Effect are integral
- The system (business, economy) is designed
- The system can be predicted
- The system can be controlled
- It can be deconstructed into its parts to analyse the system
- Standardisation, process and procedure
- Repetition

The 'modern' mechanistic approach



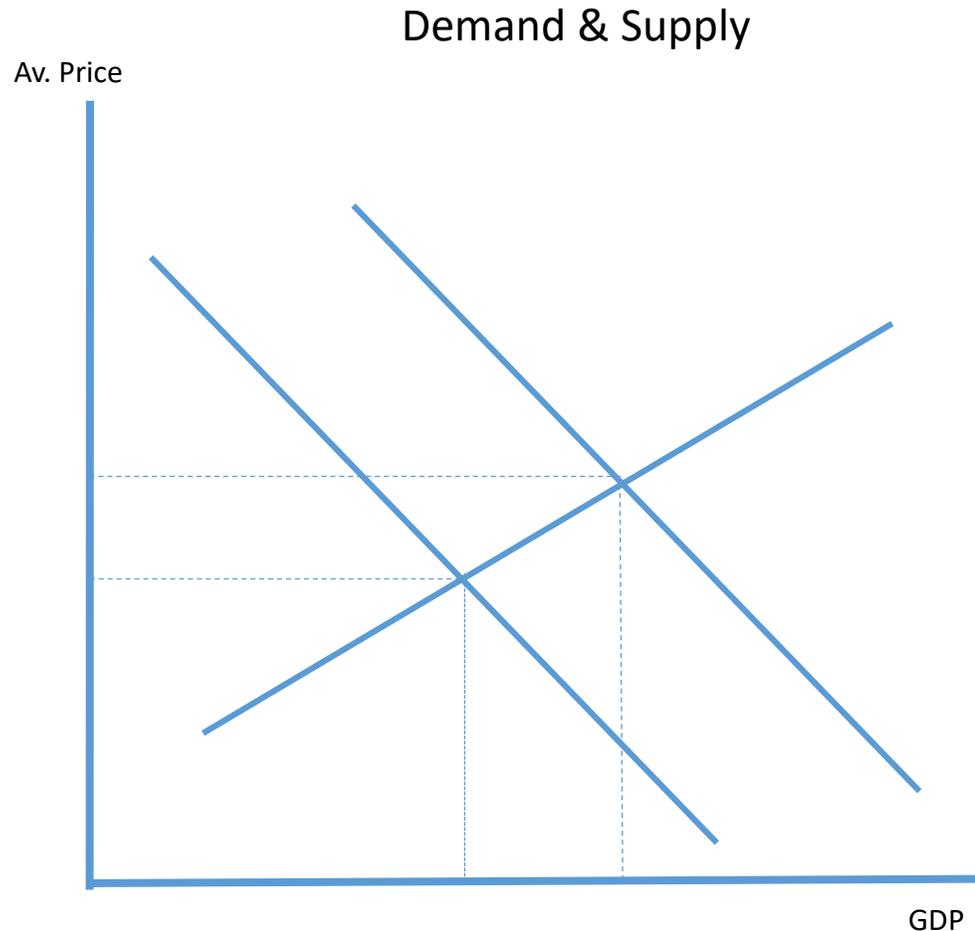
- The economy as a Bath Tub
- Monetary & Fiscal policy as hot and cold taps to manage the economy
- Savings are seen as 'leakage' that escapes the system
- The economy is adjusted through binary levers
- Still used in textbooks today as a representation of the economy

The 'modern' mechanistic approach



- Generation of added value through the transformation of factors of production (including labour) into goods and services through investment of capital
- Goods & Services are purchased by households
- Profits are reinvested by firms in factors of production to drive future growth and profit streams that increase capital
- Ignores 'external' factors, such as social, political and ecological impacts

The 'modern' mechanistic approach

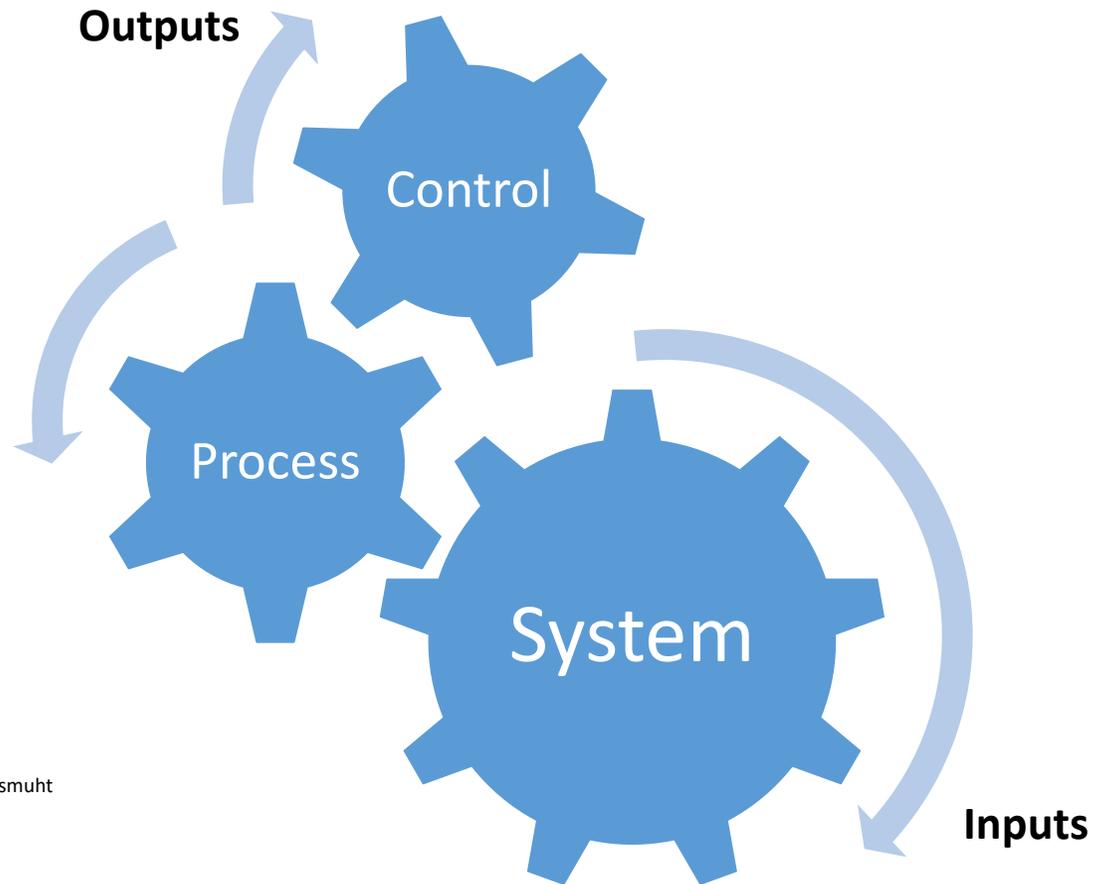


Source: Andreas Wasmuht

- Demand and Supply driven by simple factors
- Ideal and normal position is the equilibrium
- Re-establishing equilibrium is the desired position
- Negative (control) type feedback returns the economy into equilibrium
- Macro-Economics leads Micro-Economics
- Modelling has been based on Econometrics
- Individual firm behaviour is also based on demand and supply

The 'modern' mechanistic approach

The Corporate 'Sausage' Machine



Source: Andreas Wasmuht

- The organisation as a machine
- Factors of production are seen as interchangeable due to mechanisation
- Focus is on the efficiency, rather than the effectiveness of the system
- Stability and repeatability are key
- As a result, learning and innovation is limited
- New entrants with low barriers to entry can disrupt the market
- E.g. Retail, Services, Technology

Mechanistic

Deterministic

Designable

Controllable

Predictable

Reducible

Standardisable

The world is an Ecology - complex & dynamic



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- Businesses are dynamic and open environments
- Connectivity and interactivity are increasing exponentially, creating feedback loops
- This represents its own ecology and ecosystem, rather than a mechanistic and determined system
- This is constantly in change and formation through the interaction of agents where possibilities are realised
- Classical neo-classical Economics & Business Management focuses on equilibrium positions in which asset allocation can be determined
- Complexity focuses on interactions in addition to inputs and outputs
- It is imperative that Complexity in Business & Economics is progressed as part of the mainstream

Systemic Connectivity Interactivity Interdependence Emergence Paradigm shift New Regime

The world is complex & dynamic

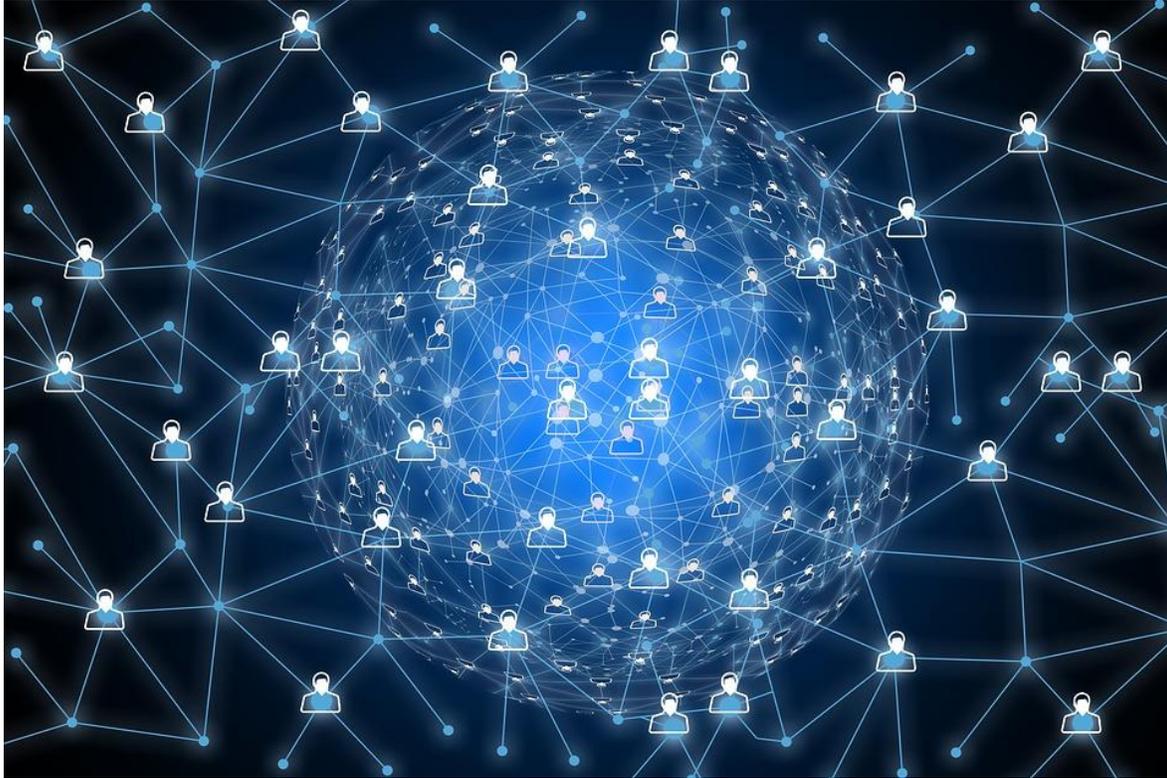


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The world we live in is Complex and more represents an organism rather than a mechanism

- Systemic & Holistic
- Path dependant
- Highly connected
- Highly interactive & interdependent
- Positive Feedback driven
- Diverse, Dynamic & Evolving
- Creative and Destructive

Organisations need to change their worldview to correspond to reality - connectivity



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4.2 billion internet users
3.1 billion social media accounts
8.1 billion mobile phone connections (5.1 billion users)

Connectivity

- Access to everything and everyone
- Integrated value chains
- Speed in real-time
- Communication potential
- Many to many, not one to one
- Multiple and simultaneous
- Nomophobia

Organisations need to change their worldview to correspond to reality – Interactivity & Interdependence



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Interactivity & Interdependence

- Global reach and access
- Multiple channels
- Virtual value chains
- Speed & Volume in real-time
- Reliance & Dependence
- Change orientated
- Feedback generating

4.75 billion posts shared on Facebook each day

269 billion emails each day

2.5 hours average online usage per day

Organisations need to change their worldview to correspond to reality – Feedback



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15 billion Tweets per month
38 billion WeChat messages per day

Feedback

- Positive, rather than negative
 - Amplifying feedback loops
- Open, rather than closed
- Co-Evolutionary
- Possibilities & Potential forming
- Leading to Emergence

Organisations need to change their worldview to correspond to reality – Emergence



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New industries – Uber, Deliveroo, Apps (205 billion) etc.

New currencies – Crypto Currencies – BitCoin, Ethereum, Lite Coin etc.

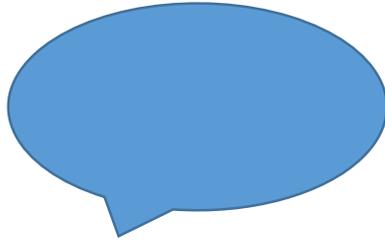
New politics – Brexit, Trump, La République en Marche etc.

New social structures – Social Media, Virtual Reality, Virtual Worlds

Emergence

- Path Dependence
- Field of possibilities
- Stability
- Self-Organisation
- Confronting the status quo
- Tipping Point
- Leading to paradigm shift & new Regime

Organisations need to change their worldview to correspond to reality – Paradigm shift & new regime



U B E R



Paradigm shift and new Regime

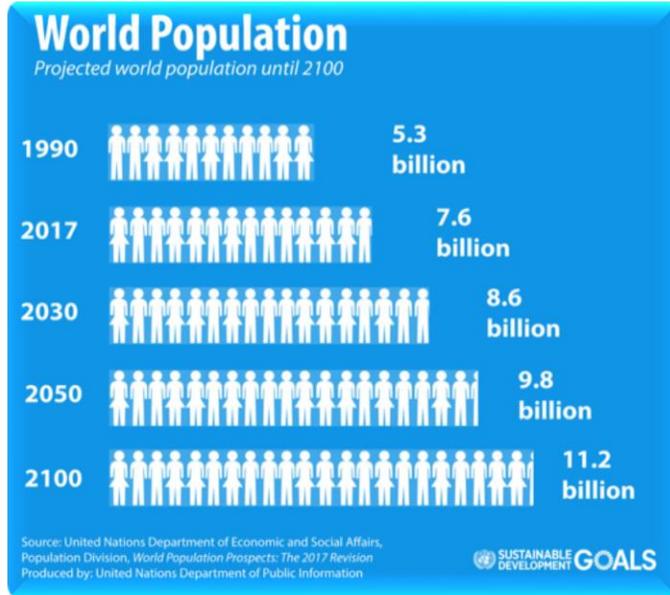
- New approach to situations
- New structures and solutions
- Creation & Destruction
- New ways of operating
- Adaptation & Exaptation

The Top 100 Economies

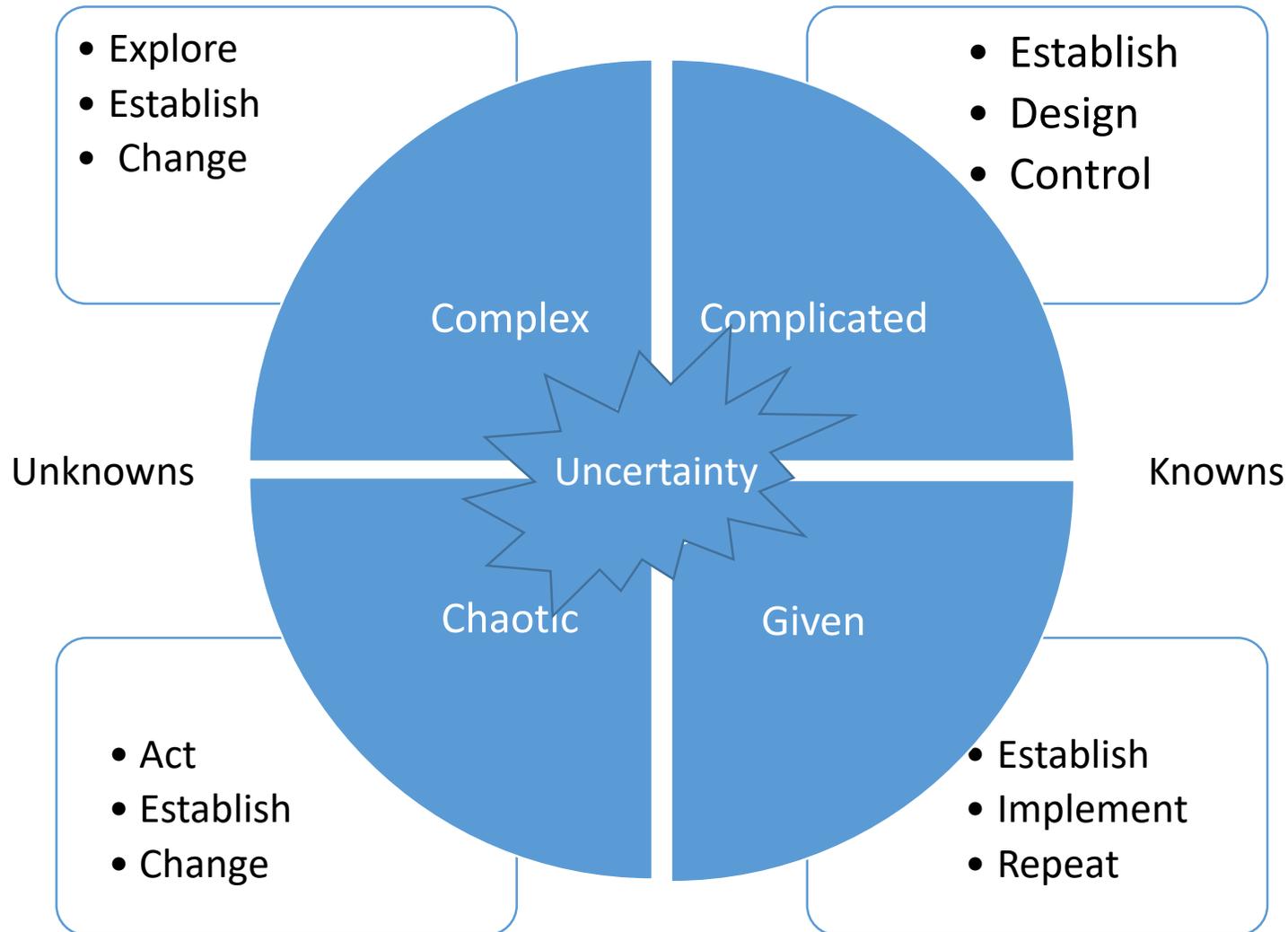
Top 100 Countries/Corporations					
Country/Corporation	Revenue (US\$, bns)	Country/Corporation	Revenue (US\$, bns)	Country/Corporation	Revenue (US\$, bns)
1 United States	3,251	35 Austria	189	69 Ping An Insurance	110
2 China	2,426	36 Samsung Electronics	177	70 United Arab Emirates	110
3 Germany	1,515	37 Turkey	175	71 Kroger	110
4 Japan	1,439	38 Glencore	170	72 Société Générale	108
5 France	1,253	39 Industrial & Commercial Bank of China	167	73 Amazon.com	107
6 United Kingdom	1,101	40 Daimler	166	74 China Mobile Communications	107
7 Italy	876	41 Denmark	162	75 SAIC Motor	107
8 Brazil	631	42 UnitedHealth Group	157	76 Walgreens Boots Alliance	103
9 Canada	585	43 CVS Health	153	77 HP	103
10 Walmart	482	44 EXOR Group	153	78 Assicurazioni Generali	103
11 Spain	474	45 General Motors	152	79 Cardinal Health	103
12 Australia	426	46 Ford Motor	150	80 BMW	102
13 Netherlands	337	47 China Construction Bank	148	81 Express Scripts Holding	102
14 State Grid	330	48 AT&T	147	82 Nissan Motor	102
15 China National Petroleum	299	49 Total	143	83 China Life Insurance	101
16 Sinopec Group	294	50 Argentina	143	84 J.P. Morgan Chase	101
17 Korea, South	291	51 Hon Hai Precision Industry	141	85 Gazprom	99
18 Royal Dutch Shell	272	52 General Electric	140	86 China Railway Engineering	99
19 Mexico	260	53 China State Construction Engineering	140	87 Petrobras	97
20 Sweden	251	54 AmerisourceBergen	136	88 Trafigura Group	97
21 Exxon Mobil	246	55 Agricultural Bank of China	133	89 Nippon Telegraph & Telephone	96
22 Volkswagen	237	56 Verizon	132	90 Boeing	96
23 Toyota Motor	237	57 Finland	131	91 China Railway Construction	96
24 India	236	58 Chevron	131	92 Microsoft	94
25 Apple	234	59 E.ON	129	93 Bank of America Corp.	93
26 Belgium	227	60 AXA	129	94 ENI	93
27 BP	226	61 Indonesia	123	95 Nestlé	92
28 Switzerland	222	62 Allianz	123	96 Wells Fargo	90
29 Norway	220	63 Bank of China	122	97 Portugal	90
30 Russia	216	64 Honda Motor	122	98 HSBC Holdings	89
31 Berkshire Hathaway	211	65 Japan Post Holdings	119	99 Home Depot	89
32 Venezuela	203	66 Costco	116	100 Citigroup	88
33 Saudi Arabia	193	67 BNP Paribas	112		
34 McKesson	192	68 Fannie Mae	110		

- 69 of the top 100 economies are corporates!
- Walmart is bigger than any country apart from the G9
- The influence and responsibility of corporates is global
- This extends across all industry sectors, horizontally and vertically
- MNCs transcend borders and legislations
- Organisations will play a vital role in helping to address global issues as part of the overall ecosystem
- This also applies nationally and locally

The Global issues – business must act



The Corporate Organism – situational dynamism

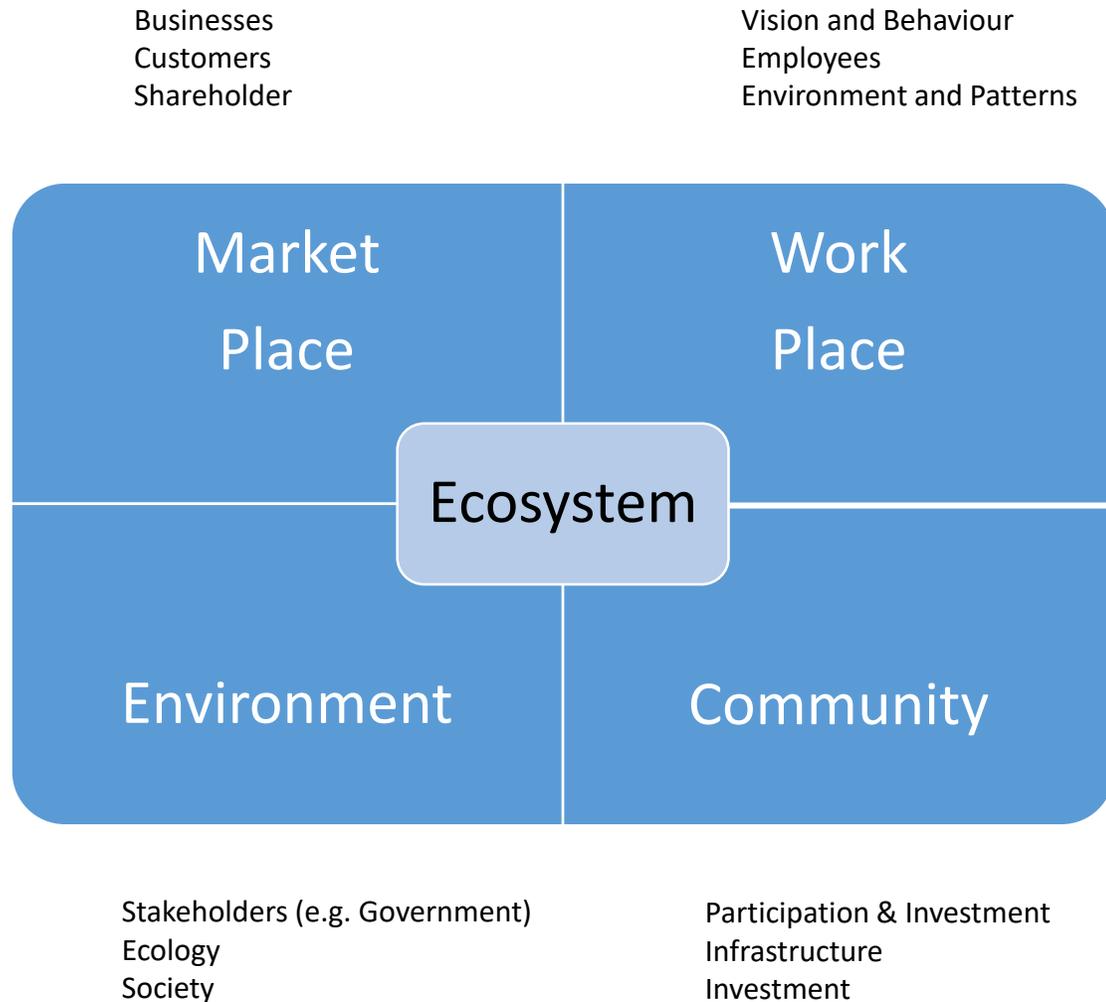


Source: Andreas Wasmuht

Based on Snowden's Cynefin framework

- One size does not fit all
- Business needs to operate in both a mechanistic and dynamic environment
- Situation and Context are everything
- Constraints and Freedom are assessed differently depending on the situation
- Industries and sectors lean towards one or more of these segments and change over time
- The perceived need to change varies and depends on an internal v external focus and interaction with the environment

Social evolution – The whole is greater than the sum of its parts

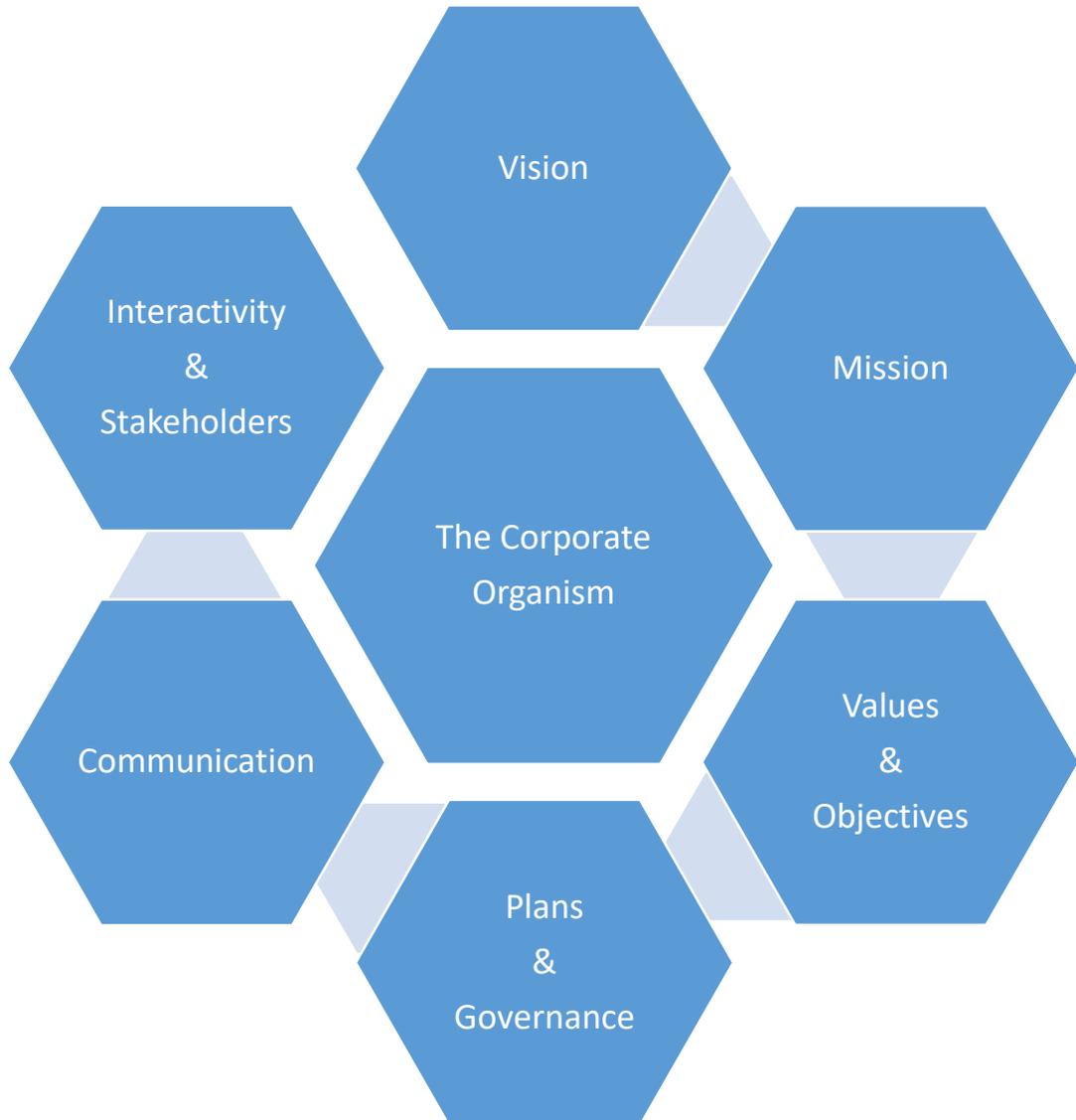


- Social Responsibility relates to the entire Ecosystem
- United Nations: "A company's delivery of long-term value in financial, social, environmental and ethical terms."
- Partnerships across the value chain are critical to fostering a different approach that can drive sustainable value
- Shared goals and objectives represent the cornerstone of Social Responsibility (e.g. long-term needs, resources, capabilities)
- Shared and balanced Critical Success Factors follow that spell out the benefits and value for the partners
- Focus is on commitment and integration into business practices
- Shift from 'doing no harm' to 'actively contributing' to improvement
- Transform from the institution as a machine to the organisation as an organism (corporation > cooperation)

Thank You



The corporate Organism



- The organisation is an organism, rather than a machine
- Functions and processes are important but so are connectivity and interactivity
- It is the exchange of ideas that allow progress to be made
- Group behaviours and attitudes are key to the wellbeing of the organisation as a whole
- This extends beyond the organisation into the wider business value chain and society in general

In conclusion

