7. Final reflections: patterns, principles and practices

In this final chapter we make sense of possible future developments in organizational design in the “new new economy” (Anderson, 2009), in a time in which the topic witnesses the increasing importance of a new “cornucopia of constructs” (Adner, 2017, p. 39) such as platforms and platform-mediated gig work, multi-sided markets, digitization, co-opetition, value networks and business models, to name a few. We consider three areas: patterns, principles and practices.

• Patterns refer to major trends or change directions.
• Principles denote the key ideas that underpin organizational designs.
• Practices indicate how these ideas might be applied.

To briefly recapitulate, we note that organizational designs are supposed to align the talents and interests of groups of people with organizational resources, goals, productive functions and environmental changes. Thus, they articulate relations among people, processes and things (such as technologies and other resources).

For organizations to sustain themselves it is important that they are “seeded with generative possibilities” (Garud, Kumaraswamy & Sambamurthy, 2006, p. 277). In other words, they should strive to achieve a dialectical synthesis of stability (e.g., routine) and flexibility (reflexivity through asking “why” or “why not”). Organizations need, in other words, routines for learning through experimentation, endogenizing external forces and embedding these experiments in their evolving routines.

PATTERNS: HOW CHANGE SEEMS TO BE UNFOLDING

Patterns refer to major trends or change directions in organizational design. In this section we discuss the reinvention of work and organizations, hybrid organizations, Sustainable Development Goals, new space and market regulation.
The Reinvention of Work and Organizations

The future of work and organizations has attracted the attention of management scholars for decades (Hamel, 2007; Malone, 2004). The perfect storm created by the convergence of new digital technologies and the COVID-19 pandemic stimulated experimentation with new ways of working, namely, working from home or anywhere (Choudhury, 2020), as well as calls to reinvent organizations, putting people and planet before profits (Roth, 2021). It is possible to consider that when the state, enterprise and society join forces, great achievements can be obtained, such as the development of a new vaccine in record time. Nonetheless, the state of dissatisfaction with the current equilibrium is palpable: there seems to be a crisis of confidence in corporations (Child, 2002), founded on the relatively unethical nature of so many of them (Jago & Pfeffer, 2019).

With the COVID-19 pandemic, the exception (remote working; see Table 7.1) became ordinary, part of the so-called New Normal. As we were writing these lines, with the pandemic still active, it is too early to predict its long-term effects in terms of its impact on life and work. Some companies, however, are already assuming several changes for the post-pandemic period. For example:

- Flexible forms of working were formalized by diverse companies, propelling a pre-existing trend (Gonsalves, 2020).
- These flexible forms impose new challenges to managers, such as the need to improve two-way communication between the centre and the dispersed home offices (Nyberg, Shaw & Zhu, 2021).
- Use of office space was reconsidered, shifting from primarily being working space to cultural spaces for mingling, meeting and sparking conversations spontaneously (Fayard, Weeks & Khan, 2021).

These changes bring new challenges, such as the need to adopt new performance management practices, new forms of sustaining culture and capital, amongst others. It is one thing to assess people that are collocated; a very different thing is to evaluate geographically dispersed teams (Choudhury, 2020). Key performance indicators must be defined with special precision and leadership practices need to be adjusted.

More radical possibilities may also be envisioned, such as opening organizational space to customers – literally speaking. For example, why not have areas for customers working from anywhere? Is there a better way to be in touch with the customer?

The COVID-19 pandemic has also accelerated the digital workspace such that working from home might be here to stay. To counter some of the challenges of remote work and bringing in the advantages of regular work, we
Table 7.1  Remote work: pros and cons

<table>
<thead>
<tr>
<th></th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual level</strong></td>
<td>Flexibility, in general.</td>
<td>Lack of visibility in the workspace.</td>
</tr>
<tr>
<td></td>
<td>Less time commuting.</td>
<td>Loss of social interactions at work.</td>
</tr>
<tr>
<td></td>
<td>More proximity to family.</td>
<td>Less opportunities for tacit learning.</td>
</tr>
<tr>
<td><strong>Relational level</strong></td>
<td>More flexibility to integrate work and</td>
<td>Less opportunities for building social</td>
</tr>
<tr>
<td></td>
<td>family relationships.</td>
<td>networks.</td>
</tr>
<tr>
<td></td>
<td>Possibilities to learn about virtual</td>
<td>More time spent in coordination processes</td>
</tr>
<tr>
<td></td>
<td>work.</td>
<td>(e.g., meetings).</td>
</tr>
<tr>
<td><strong>Organizational level</strong></td>
<td>Real estate cost advantages: less need</td>
<td>Less opportunities for serendipitous</td>
</tr>
<tr>
<td></td>
<td>for office space.</td>
<td>encounters.</td>
</tr>
<tr>
<td></td>
<td>Adoption of hybrid working practices.</td>
<td>Difficulties with the induction of new</td>
</tr>
<tr>
<td></td>
<td>Access to larger talent pools.</td>
<td>employees.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More difficulties to create and maintain</td>
</tr>
<tr>
<td></td>
<td></td>
<td>culture and its rituals.</td>
</tr>
</tbody>
</table>

have seen the use of virtual reality or the metaverse. For example, Facebook’s virtual reality office meeting software, Horizon Workrooms, enables interaction with others remotely in a simulated 3D conference room, complete with cartoon avatars, “spatial sound” and hand motion tracking. In a press release announcement, the company said:

Workrooms is our flagship collaboration experience that lets people come together to work in the same virtual room, regardless of physical distance.

The possible adoption of working-from-anywhere brings benefits but also challenges. Table 7.1 indicates some of the pros and cons of remote work. Some elements may get lost in the process, such as opportunities for tacit learning as well as the creative potential resulting from serendipitous encounters (Cunha & Berti, 2022; see also Highlight 7.1).

HIGHLIGHT 7.1  A NEW ROLE FOR OLDER WORKERS

In an increasingly digital world of work, more vulnerable to cyberattacks, some companies are increasingly using a secret weapon: older workers. Older workers sometimes do know how to get things done in the absence of new technologies. That is why organizations in different sectors, such as aviation and manufacturing, are training their workers to keep up operations in the absence of technologies. In the future, organizations may train their
workers, as aviation does, to know how to “fly manually”, in case sophisticated positioning systems fail.

Think about the meaning of “flying manually” in your organization. How can the organization preserve its competences in the absence of technology?

Sustainable Development Goals as Business Challenges

The purpose of firms, as established by the World Economic Forum is “to produce profitable solutions to the problems of people and planet, and not to profit from producing problems for people or planet” (https://www.weforum.org/agenda/2020/01/its-time-for-a-radical-rethink-of-corporate-purpose/).

This brings challenges that, as Mintzberg, Etzion and Mantere (2018) put it, are immense. Immense grand challenges, including the domains identified by the United Nations (sdgs.un.org/goals) as Sustainable Development Goals (SDGs), require creative and large-scale collaborative efforts. Humanity will need the power of these collaborations to find solutions to many pressing problems:

- How can we live more harmoniously with nature?
- How can we solve our need for protein while avoiding animal exploitation?
- How can we tackle global problems at a global scale?

To make these challenges more salient, the United Nations summarized them in a set of 17 SDGs. The societal relevance of these challenges means that all organizations will be pressed to reinvent their practices in terms of sourcing of materials, protection of human rights and environmental protection, among others. Companies in sectors such as livestock are already under pressure to become more sustainable (Terazono, 2021), the same pressure is occurring with players in sectors such as energy, mobility and food production. All are undergoing major change. From the perspective of SDGs, managers may imagine themselves as stewards of the resources they use, including planetary resources. The logic of stewardship, common in the family business (Cunha, Rego et al., 2021), may assist managers in their new roles, beyond a “win-win” formula that tends to prioritize the bottom line (Kaplan, 2020). As one participant in the green energy industry commented, a sector that has been moving “at glacial speed for decades … is now violently on the move” (Hook & Sanderson, 2021, p. 14). These changes are representative of the challenges ahead for established organizations: significant alterations in business models and organizational designs seem to be incubating, with organizations being pressed to become regenerative businesses that thrive through and enhance the quality of their socio-ecological contexts (Hahn & Tampe, 2021).
The combination of change initiatives, such as the emergence of the “new green order” mentioned by Hook and Sanderson (2021), the digital transformation stimulated by fourth industrial revolution new technologies, as well as the massive experiment with new forms of work triggered by the COVID-19 pandemic, all conspire against established ways of organizing production. One possible path for addressing SDGs lies in thinking panarchically and embracing the potential of the New Space sector, themes that we discuss next.

**Panarchical Thinking**

New metaphors, such as ecosystems, aim to express organizational interdependence as well as the need to consider the natural environment as an important stakeholder (Shrivastava, 1994). The challenges associated with climate change impose the need to think in different scales and levels. Scales, namely, time scales related to environmental change, defy habitual ways of thinking. The consideration of short term and long term (Bansal, Kim & Wood, 2018) as well as sensitivity to cross-level effects stimulate new ways of thinking.

The idea of the panarchy offers important possibilities. The panarchy refers to

a nested set of adaptive cycles operating at discrete scales … It recognizes that there are periods of time and connections across space at which systems at different scales are disjointed. These disconnects or disjuncts between scale regimes are present in complex systems. (Garmestani, Allen & Gunderson, 2009, p. 2 online)

In the panarchy, levels are not static, cycles are mutually interconnected, influencing one another. An organizational language reflective of these logics may produce important performative effects. Ideas such as the circular economy (Geissdoerfer et al., 2017) or industrial ecologies (Erkman, 1997) are indications of such relevance. For organizational designers, it means that instead of designing internal systems, it will be necessary to conceive and execute new designs that articulate entire systems, rather than individual organizations panarchically.

**The New Space**

The New Space refers to the ecosystem of organizations engaged in the commercial exploration of space (Paikowsky, 2017). National states were originally and still are the major players in the space sector, yet business firms are increasingly entering this new domain of commercial activity. Space technologies are already a fundamental component of our quotidian life, with recent developments and new entrants in the sector including companies such
as Blue Origin, Virgin Galactic and Space X, to name the best known, potentially revolutionizing a number of industries, due to the possibilities they open. These possibilities are promising not only in terms of exploring new business opportunities but also for tackling sustainability changes.

The New Space is about much more than billionaires and celebrities getting their kicks through a few moments of zero gravity in space. New Space means that one of the critical design elements, the external environment, is going to be expanded by including activities covering domains as distinct as space tourism, asteroid mining, precision agriculture, telecommunications, pharmaceutical R&D, ocean protection, and so on. With the emergence of the New Space sector, the meaning of the external environment is changing significantly, incorporating new challenges but also enormous opportunities, constituting a new frontier for organizational exploration (Weinzierl, 2018).

The Emergence of New Hybrid Organizations

New organizational forms, called social organizations, have emerged to respond to pressing social problems (Cunha, Martins et al., 2022). Business organizations are embracing more hybrid missions, as in the case of B-Corps or Benefit corporations. The B-Corp is a new form of legal entity which establishes that, in addition to returning a profit to stakeholders, organizations need to produce some public benefit (Hiller, 2013; Melé, 2016). All these forms refer to the idea of imagining and running corporations as a force for good (Mintzberg, Etzion & Mantere, 2018).

Hybrid forms may offer new ways of integrating logics and pursuing missions in a more integrative way, maybe mitigating the excessive focus on the profit motive to the exclusion of other considerations and engaging with a more balanced view of the organization’s role in society. Accepting that all organizations are hybrids may favour the acceptance of a more nuanced view of organizations and their goals.

Governing the Market

Market competition, or the capitalist model, has functioned as the most effective mechanism against poverty. Capitalism refers to a system characterized by a combination of private ownership, coordination through markets and decentralization (Klein et al., 2021). The market economy has propelled numerous management innovations that have improved our quality of life via the products and services that amaze us every day. Think of the speed of development of multiple vaccines for the virus that caused coronavirus disease 2019 or how cataracts that could cause blindness in the not-so-distant past are now...
treated by a few minutes’ intervention, supported by important organizational innovations (Rangan & Thulasiraj, 2007).

The market has been subjected to important criticisms, however, based on the idea that deregulation went too far, which resulted in the neoliberal conception that markets, left to their own devices, can solve everything (Adler, 2019; Pfeffer, 2020). We adopt a different position here: we do not condemn markets but seek to help reform them. In combination with the state and civil society, markets can be powerful sources of human progress. Instead of adhering to economical liberalism’s political claims of the necessity to make everything a market, business managers may instead strive to design their organizations in such a way that they create synergies with other sectors and together use their respective strengths to create better communities, adhering to more of a social democratic sensibility than one whose fundamental principle is beggar thy neighbour.

Business organizations may discover their social democratic sensibility by granting the organization an ample purpose (imagining “what could be”; see Hamel & Birkinshaw, 2021), one that connects stakeholders in the search for mutual gains. The focus on shareholders above other stakeholders has produced damaging effects and served as an excuse for excesses tarnishing the reputation of many firms. Managers may embrace new logics such as B-Corp or social engagement to express their commitments with social and ecological civility in a genuine way. Designers may thus imagine organizations that see market, state and civil society as the pillars of a balanced society and ecology.

Above all, the design of organizations may be understood as the creation of governance mechanisms that compose a system of checks and balances that mitigate some of the problems that have been discussed throughout the book, including managerial excesses, an unmitigated focus on the profit motive, a disconnection with societal interests, and so on. Governance refers to the set of legal, cultural and institutional arrangements that determine what organizations can do, who controls them and how (a definition we borrow with adaptations from Davis, 2005). Governance, not only in the case of public corporations but also family businesses, civil service organizations and state organizations, promotes conditions for good management.

Good governance creates prerequisites for better leadership to emerge by putting in place supra-individual institutional mechanisms that counter human tendencies to feel superior or to abuse power (Keltner, 2016). It can be agreed that good leadership is founded in part upon the character of the leaders (Moccia, 2012; Seijts et al., 2015) but maintaining virtuous leadership is a much more challenging endeavour (Rego, Cuhna & Clegg, 2012) than leaving leaders presumed to be virtuous to their own devices. Good governance tempers the potential imbalances of leadership.
While to create better markets, good external regulation is fundamental, designers may also incorporate internal governance mechanisms to minimize the need for organizations to be controlled by outsiders. Better than being controlled by others (the state, regulators, activists), organizations may ideally control their own negative impulses with robust rather than ceremonial governance mechanisms.

**Crowd-open and Crowd-based Organizing**

Organizations are relying on non-employees more and more frequently. While the phenomena of outsourcing, facility management and temporary work are not new to the field of organization design, the fact that some activities can be performed by people completely external to the organization is novel. In fact, the pervasiveness of the Internet, mobile devices and the existence of robust information technology platforms allows individuals and start-ups, otherwise independent, to participate in loosely coupled business ecosystems.

In their study of these new forms of interorganizational collaboration (IOC), Giustiniano, Griffith and Majchrzack (2019) discuss how organizations are open to interact with, engage and rely upon other actors, including potentially unknown “crowd members” or “winners” of challenges launched over the Web (Afuah & Tucci, 2012; Brunswicker & Chesbrough, 2018; Valentine et al., 2017). That allows, for example, Airbnb to be the largest accommodation provider although owing no real estate and Hyperloop Transportation Technologies, Inc. (HTT) to attempt to revolutionize development of a supersonic train with no project managers employed on a traditional basis.

Organizations engaging crowds can be classified as crowd-open or crowd-based (Giustiniano, Griffith & Majchrzack, 2019). **Crowd-open** organizations are traditional organizations (some already existing before the Internet was invented) that involve crowds in practices that are selectively decided, such as innovation challenges promoted via the Internet (e.g., Lego gathering ideas via LegoIdeas: https://ideas.lego.com). On the contrary, organizations are **crowd-based** when they rely mainly (if not exclusively) on crowds for “accessing and exploiting globally distributed extra-organizational resources (physical assets and/or human talent), on a scale and a variety that would be impossible to enclose within traditional organizational boundaries” (Giustiniano et al., 2019, p. 276).

The advent of crowd-open and crowd-based organizing poses two challenges to organization design that traditional approaches find difficult to face:

1. **Structural issues**: control over activities is difficult, if not impossible, when the organizational boundaries are selectively open (crowd-open) or structurally blurred (crowd-based), as traditional mechanisms such as
hierarchy and rigid procedures cannot be exploited. In fact, in this kind of organization the traditional top-down approach to organization design must leave space for bottom-up self-organizing, to be stimulated via the design of facilitators.

2. **Individual issues**: crowd contributors even when stable in their provision to the organization are considered as external to it, as independent agents that deliberately decide when to contribute and when not (e.g., bike riders in the food delivery sector). As a matter of fact, whether they are programmers who invest their spare time in a dream for changing the world (e.g., the reinvention of the transportation system or solutions for grand challenges) or people working full time for a business (e.g., riders, drivers for a platform-based mobility business) they are exposed to the threat of liminality. They feel the frustration of being “betwixt and between”, part of an “outer” world located at the boundary of the focal organization yet not being completely alien to the organization. Being involvees instead of employees is precarious contractually (see also Jacobs, 2021).

The necessary coexistence of top-down and bottom-up organizational design logics and the necessity to govern the interplay between the organizational core and actors populating a liminal, interstitial, crowd-based space poses paradoxical challenges to organization design.

**PARADOXICAL PRINCIPLES: GUIDES FOR CHANGE**

We now revisit general principles of design. Principles denote the key ideas that underpin organizational designs. These have been discussed before but are summarized here.

**Design as Paradox**

As we have discussed throughout this book, designing an organization is a paradoxical challenge. It involves satisficing multiple and contradictory goals. As we write this book, design is taking place amid the transformations caused by the ongoing digital revolution, combined with a receding COVID-19 pandemic. These processes confront managers with strategic tensions between the current business model and a digital one.

The design challenge is complex, involves an element of ambidexterity, stimulating managers to engage with problematic choices. For example, at 3M, one organization known for its culture of innovation, ex-GE CEO James McNerney announced in the early 2000s that he was going to change the DNA by shifting from a logic of creativity to one of efficiency (Hindo, 2007). The stock market reacted with enthusiasm, yet it became clear that the “struggle
between efficiency and creativity”, as BusinessWeek magazine put it (Hindo, 2007, p. 8), confronted the company with a problematic choice.

The company became less creative, with the short-term gains hiding future problems. As noted by Charles O’Reilly, a business academic, “If you take over a company that’s been living on innovation, clearly you can squeeze costs out” (Hindo, 2007, p. 12). That is low hanging fruit. The challenge should be put differently: How can innovation and efficiency be balanced in a productive way? Hence O’Reilly’s interrogation: “The question is, what’s the long-term damage to the company?” (Hindo, 2007, p. 12). Art Fry, the inventor of the celebrated Post-it Notes added that the take-away refers to “how fast a culture can be torn apart” (Hindo, 2007, p. 14). The main lesson is clear: different organizations benefit from different choices:

while process excellence demands precision, consistency, and repetition, innovation calls for variation, failure, and serendipity. (Hindo, 2007, p. 10)

Moving from one axis (say the organic axis) to another (such as the mechanistic; revisit Figure 3.2, Chapter 3) is not as complex or fruitful as engaging the two logics in a paradoxical state of both-anding, in which one approach challenges and revitalizes the other, in an ongoing basis (Smith, Lewis & Tushman, 2016).

Design as Process

Designing an organization is a process, not a single shot operation. In other words, once designed, an organization is not designed once and for all. Organizations are in a constant process of refashioning themselves, constantly becoming and trying to constrict them with any plan is a decision to consign them, ultimately, to the garbage can of history. Paraphrasing Weick and Quinn (1999) who said that change never starts because it never stops, or that change is the rule rather than the exception (Tsoukas, 2021), it may be noted that once an organization is designed it starts redesigning. Different people try to redesign their organizations in different ways: some do it episodically and loudly, as when top management starts a big change initiative; others do so silently and invisibly, when they redefine processes to match customer’s needs or to solve problems in a “infra-ordinary” way, invisibly (Cunha & Clegg, 2019).

The two processes are entangled in one another (Van de Ven, 2021).
Design as Fit

When one changes one component, the other components must be changed as well. Because design components are complementary, they need to fit together. Design is a matter of fit and a matter of aesthetics.

The notion of fit was particularly salient in the contingency theory of organizations. Contingency theory (Donaldson, 2001; Shenkar & Ellis, 2022) established that organizational designs need to respect and align with the characteristics of their environments. For this reason, there are no general applicable principles, as principles depend on circumstances. Highly turbulent environments are better tackled with more organic structures than stable environments that may favour more mechanistic environments given their benefits in terms of efficiency.

At the same time, there are also some universalistic design principles. Research tends to converge on the acceptance that some management practices are, in general, conducive to good results, including employee participation, appropriate training and incentives, creating a skilled workforce (Alasoini, 2006). These are the aesthetics of organization. On a purely contingent basis, in the short term, unduly exploitative work relations may maximize shareholder benefits. The short term can have long-term consequences. All over Britain questions are being asked about where traditional landed wealth celebrated in grand estates came from. The truth is frequently ugly: the slave trade and plantation economies (Jolly, 2020). The sums gained from the exploitation of stolen people sold into bondage were massive by today’s standards and have funded generations of privilege to this day.

Of course, given the affordances of an organizational environment, such as supply chains reaching into impoverished countries or the ready availability of plundered black bodies for agricultural labour, these can become contingent features of organizational exploitation that aligns with the characteristics of these environments. The taken-for-granted contingencies of the past and the present may in future become seen as iniquities for which reparations are ethically due (Moffett, 2020).

PRACTICES FOR REINVENTING ORGANIZATIONS

We discussed why and how organizations are changing. As explained by organizational ecologists (Hannan & Freeman, 1977), change occurs to a great extent at a macroscopic level, through evolutionary mechanisms as the established organizations cannot cope (see Highlight 7.2). Is it possible that traditional organizations can metamorphose to become agile? Can organizations be fundamentally reinvented to solve the miserable picture painted by Gallup’s
Table 7.2 A roadmap for organizational reinvention

<table>
<thead>
<tr>
<th>The undesired organization …</th>
<th>The desired organization …</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes slowly when the bureaucracy allows.</td>
<td>Changes as fast as the world around.</td>
</tr>
<tr>
<td>Big leaders appoint little leaders.</td>
<td>Cultivates the entrepreneurial spirit of its members.</td>
</tr>
<tr>
<td>Powerful members define what others can do.</td>
<td>Takes every member as a talent.</td>
</tr>
<tr>
<td>Sees trade-offs as bifurcations (logic of either-or).</td>
<td>Transcends trade-offs (logic of both-and).</td>
</tr>
<tr>
<td>Defines narrow organizational roles.</td>
<td>Represents work as a source of pride and dignity.</td>
</tr>
<tr>
<td>Loves the idea of control.</td>
<td>Protects the idea of freedom.</td>
</tr>
</tbody>
</table>

Source: Hamel and Birkinshaw (2021), with adaptations.

(2021) survey on the state of the global workplace? The map has been drawn (Table 7.2).

Now we derive some ideas, indicating how the principles discussed above might be applied. We discuss the following general principles:

- Let everyone know (and design) the design.
- Zoom in and out.
- Embrace a paradoxical mindset.
- Beware of fetishism.

The design process is difficult because as Volberda and colleagues (2021) discuss, the transformation implies changes in cognition, business models and technologies or in hardware and software. In addition, the fact is that change cannot happen without there being a pre-existing state which is being changed, which explains the fact that most organizations will not succeed in transforming themselves. Changes are attempts to solve problems created by previous changes, meaning that earlier solutions created their own problems. Earlier change attempts do not evaporate but become inscribed in the organization’s memory, becoming “sedimented” (Clegg, 1981) in practices taken-for-granted that can act as a deterrent against further changes. If change is not written over a blank page, it may be better viewed as being registered in a palimpsest that retains active vestiges of past changes (Cunha et al., 2015; see also Highlight 7.2).

HIGHLIGHT 7.2 FOR PRACTICE: MAKING USE OF THE PALIMPSEST METAPHOR

In our executive training we often hear managers complain about the latest attempt at change management, supposedly because people resist change that management wants. There is another option to consider: people are
resisting because of a history of past changes that were inconsistent, abandoned and ultimately unsuccessful. Previous change attempts mean that sensible people resist because they “know” that change attempts come and go and that the more things change, the more they stay the same. For this reason, they use their implicit theories about the likely costs of change to defend themselves from just another round in a never-ending chain of change.

A palimpsest is a multi-layered piece of writing material in which one layer of writing is superimposed over earlier writings, with the older layers becoming invisible. For change, the metaphor indicates that older layers, even if invisible, are still inscribed in the organization’s memory, not necessarily as explicit and visible “writing” but as forgotten memories whose traces persist, memories of changes past that will have an impact on future changes.

Anecdotal evidence suggests that it is not impossible for incumbents to change. Haier (see Highlight 6.6, Chapter 6) and the industrial company Semco provide evidence. Ricardo Semler, who joined the company created by his father, explained that the oppression he witnessed at work shocked him and he managed to reinvent Semco, which became a model of organizational democracy, a company that he claimed was managed without managers (Semler, 1989). The company eliminated unnecessary controls and became an “amoeba-like” organization, with self-managed teams of no more than ten members, based on a few rules only (Chaddad & Stockport, 2001). These organizations indicate change patterns that might be difficult to accommodate by the competition (Highlight 7.3)

HIGHLIGHT 7.3 WHY CHANGE FAILS EVEN WHEN EVERYBODY KNOWS THAT CHANGE IS COMING

In a social event in 2021 one of the authors sat at a table with the CEO of a large established organization in a mature sector. A speaker discussed the importance of gaining agility and abandoning established business models. In theory, all the participants got the message. An implicit shared understanding, however, was that to reinvent the organization, the present workforce would have to be made redundant. The costs of replacing the workforce were too daunting for the shareholders to accept. As a result, even if all the participants cognitively understood the message of abandoning the past, for some of them, the message was not operational.

It is predictable that the organization will introduce minor, incremental
changes, while becoming progressively vulnerable to new competitors from new business models and corresponding designs. Given the risks involved, it is secure and comfortable for a CEO to maintain business as usual, for as long as possible. One day, the recipe will become unsustainable and then the organization will become irrelevant with the hope of always being “not on my watch”. That is probably what the leaders of Blockbuster, of Nokia, of Kodak, of Blackberry thought. The price of present collective rationality in a changing world is often future irrelevance.

Let Everyone Know (and Design) the Design

Designs are often the result of the work of a group of top executives assisted by consultants. When that is the case, it is normal that people do not understand their organization’s way of operating as these remote characters conceive it. They probably do understand it very well but if no one asks them …?

In a holacracy, for example, if people do not understand the way the organization operates and what is expected from them, the model simply will not work. There are reports that the model did not work in Zappos shoes, for its main advocate, CEO Tony Hseih, anyway (Syed, 2021).

As Simon (1996, p. 111) has observed, “everyone designs who devises courses of action aimed at changing existing situations into preferred ones”. Thus, design must become a shared process which receives inputs from the entire organization. Schneider’s (1987) dictum that the people make the place becomes even more literal: the people in an organization design and redesign the organization as they try to respond to a permanently changing world, constantly changing the organization, usually slowly, sometimes imperceptibly, in the process. When people bring new ideas and these ideas are integrated in the organization’s activities – as new business domains, new products, different ways of managing – they are changing the organization by using employees as designers or co-creators. An organization in which everybody is a designer may be a cornucopia of ideas but these ideas need to be integrated into a harmonious whole, in a form of organizational polyphony (Kornberger, Clegg & Carter, 2006), in which harmony is based on dissonance and diversity. That is the role of managers: to integrate voices, to interpret and orchestrate the polyphony. Managers are required but the structure of their relations, the organization design, needs to be seen as something that is always in the process of becoming rather than something to be protected and defended at all costs.
Zoom In and Out

To update organizational design, managers need to zoom in and out, combining big picture strategic thinking with careful execution (Leinwand, Mani & Sheppard, 2021). When managers are too close to the ground, they miss the big picture, namely, how markets are evolving, how technologies are changing, how new competitors are entering from the margins of their attention. As they micromanage the organization, executives will be close to details but may miss important trends. When they preferentially engage only in zooming out, the risk is that grand visions will not be implemented, with their ideas being received with cynicism.

Managers need to zoom in and out. This will equip them with a dual understanding of design as a holistic organizational framework but also as the concrete work environment in which employees make their sense of their world. This involves abductive reasoning of moving back-and-forth movements (iteration) in the value-creation process, as well as zooming in and out (contextualization) when looking at the problem at hand (Gaim & Wåhlin, 2016). These two facets are equally relevant, with some authors considering that one of the qualities of great managers is the capacity to articulate the macro and the micro (Cunha, Clegg, Rego & Berti, 2021a). When they see the organization holistically, they “have the bubble” (Roberts & Rousseau, 1989), an overall gestalt understanding of the system to which only top leaders can aspire. When they have a first-hand, top to ground level knowledge of the organization, they know the “smell of the place” (Ghoshal & Bartlett, 1994), they are emotionally in touch with the pulse of the organization. The exercise of zooming out allows managers to see strategy holistically or to embrace what Collis (2021) called the “complete strategy landscape” (p. 85). Designers need to have the bubble and to know the smell of their organizational place. Otherwise, they may be caught between the traps of intrusion (micromanagement) and aloofness (macro-leadership).

Embrace a Paradoxical Mindset

The challenge for organizational designers to turn design into a source of competitive advantage consists, we propose, in managing trade-offs with a paradoxical mindset (Miron-Spektor et al., 2018). For example, how to use hierarchy in post-hierarchical organizations? Hierarchy is critical to assign tasks, to hold people accountable, and to manage people “who cannot direct themselves” (Bryan & Joyce, 2007, p. 25). Nonetheless, the traditional use of hierarchy is problematic, as it so often creates dull and deadened conformity.

A paradoxical mindset is an invitation to see contradictions as normal facets of organization, not as expressions of bad management practice. This involves
embracing inconsistency by design. With paradoxical mindset, organizational actors show a “consistently inconsistent pattern” and assume that they adopt “a shifting decision-making pattern in service of sustaining strategic paradoxes” (Smith, 2014, p. 1616). In doing so, leaders embrace contradictions and complexity that characterize organizations, the organized and organizing. Representing paradox as integral to design opens possible clues to integrate paradox in design decisions such as:

- How to integrate change and stability?
- How to develop organic structures with the right rules?
- How to think short term and long term?
- How to combine poetic idealism and pragmatic realism?

These and other equivalent questions present design as an open process, rich in riddles and difficult challenges, but also in opportunities to practice applied creativity.

**Beware the Fetishes**

As Keidel (1994) pointed out, the field of organizational design is prone to a proliferation of fads, fashions and fetishes, these often made *du jour* by major consulting organization. Organizational differentiation through design may be a source of advantage but only if it is approached creatively, as a source of advantage that contains an element of differentiation that makes sense in the organization. Cases such as those of Haier (see Highlight 6.6, Chapter 6) and Handelsbanken (see Highlight 7.4) suggest that instead of following trends and imitating competitors, organizations may take advantage of unique solutions developed to their own problems.

**HIGHLIGHT 7.4 HANDELSBANKEN**

Svenska Handelsbanken began operating in 1871 with 12 employees in Stockholm, Sweden. It became an international bank with some practices that distinguish it from mainstream competitors. It adopted a structure of radical decentralization that puts important decisions in the hands of branch employees. These people are seen to be the best positioned to make decisions about customers as they are the ones who know the customers better.

The bank’s employees are expected to keep contact with the customers (sending flowers for birthdays or making a spontaneous phone call). The focus is on the customer. For this philosophy to be operationalized, employees must be “involved” (Lindsay & Libby, 2007, p. 628), identified with the group, willing to accept responsibility. The overall idea is that the branch
is the bank. Any expenditures not supported by this philosophy should be avoided. The branch is in and of the community it serves.

As a result, most of the credit decisions are made at the level of the branch. Branches and regions are compared among them and with competitors. Formalized ex ante goal setting is non-existent and there are no bonuses. Profit sharing gains are equal for every member, including the CEO.

These practices can be compared with other banks, such as Wells Fargo’s Community Bank (Witman, 2018), caught in a major scandal partly caused by an aggressive goal setting that caused problematic behaviours. Ask yourself: Why do organizations tend to be more imitative of the practices of Wells Fargo than those of Handelsbanken? Even Scandinavian banks other than Svenska Handelsbanken (Forseth, Røyrvik & Clegg, 2015) were caught up in the Nordic banking crisis during the global financial recession.

Source: Lindsay and Libby (2007).

Fetishizing faddism can offer institutional benefits, including the advantages of isomorphism (making the organization look like what other good organizations are thought to be) but looking like the others is hardly a source of advantage. It is hardly best practice to copy what others are already doing; better practice is to do what others are not already doing. In this sense, before adopting a design because others are doing the same, it is important to see what makes sense for the organization as a unique entity. Instead of following some fetish, organizations may benefit from finding optimal distinctiveness (Zhao et al., 2017). Optimally distinct organizations have similarities but also points of difference with other organizations, a difficult yet important task for organizational designers.

FINAL REMARKS

Design is the process of creating organizations that are simultaneously well coordinated/organized and flexible/adaptive. Throughout the book we have discussed the challenges posed by managing this paradoxical requirement, including the tendency of what Birkinshaw, Gudka and D’Amato (2021) qualified as a broad shift from more mechanistic to more organic organizational forms. It may not be particularly difficult to create well-organized, machine-like organizations; it may also not be especially challenging to create very flexible, organic structures. The challenge lies in creating dynamic designs able to redesign themselves as their actions create reactions that need to be accommodated in a never-ending process with the characteristics of an infinite game, that is, a game with open and changing rules, like the Red Queen’s chess game in Through the Looking Glass (Carroll, 1960). These are
the attributes that make design a difficult and fascinating process. As Weick and Quinn (1999) have remarked, change never starts because change never stops. The same can be said of design: if change never stops design is never complete …