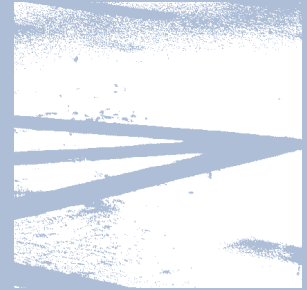
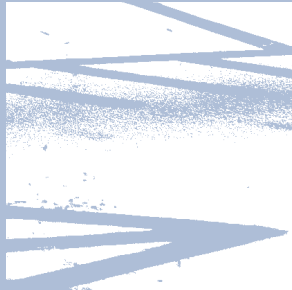


# 1/04

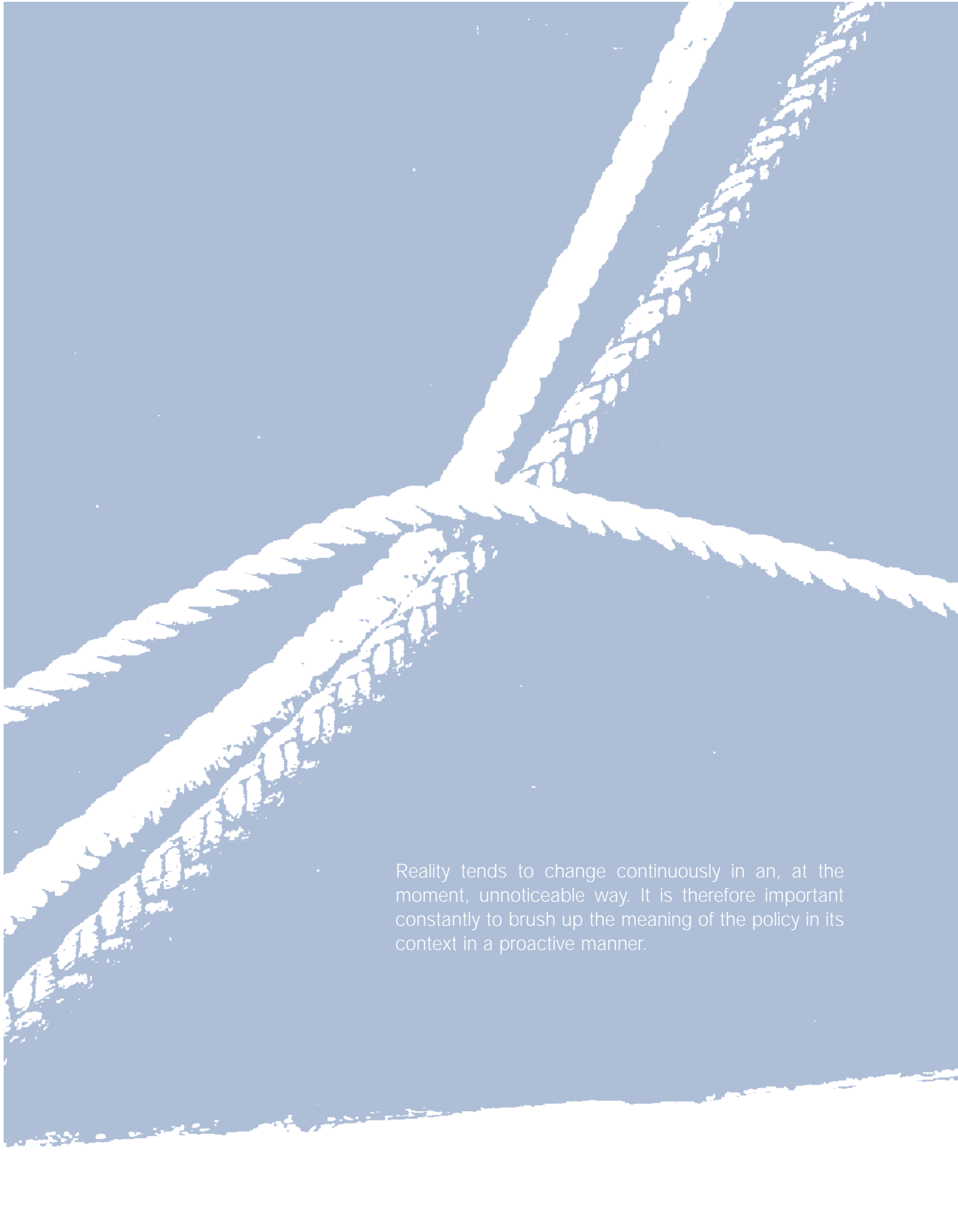
A reflection from the research project "*Business effective communication*"



## Creativity and Holistic Thinking in Organisations

Sven Hamrefors  
Stockholm School of Economics





Reality tends to change continuously in an, at the moment, unnoticeable way. It is therefore important constantly to brush up the meaning of the policy in its context in a proactive manner.

## Preface

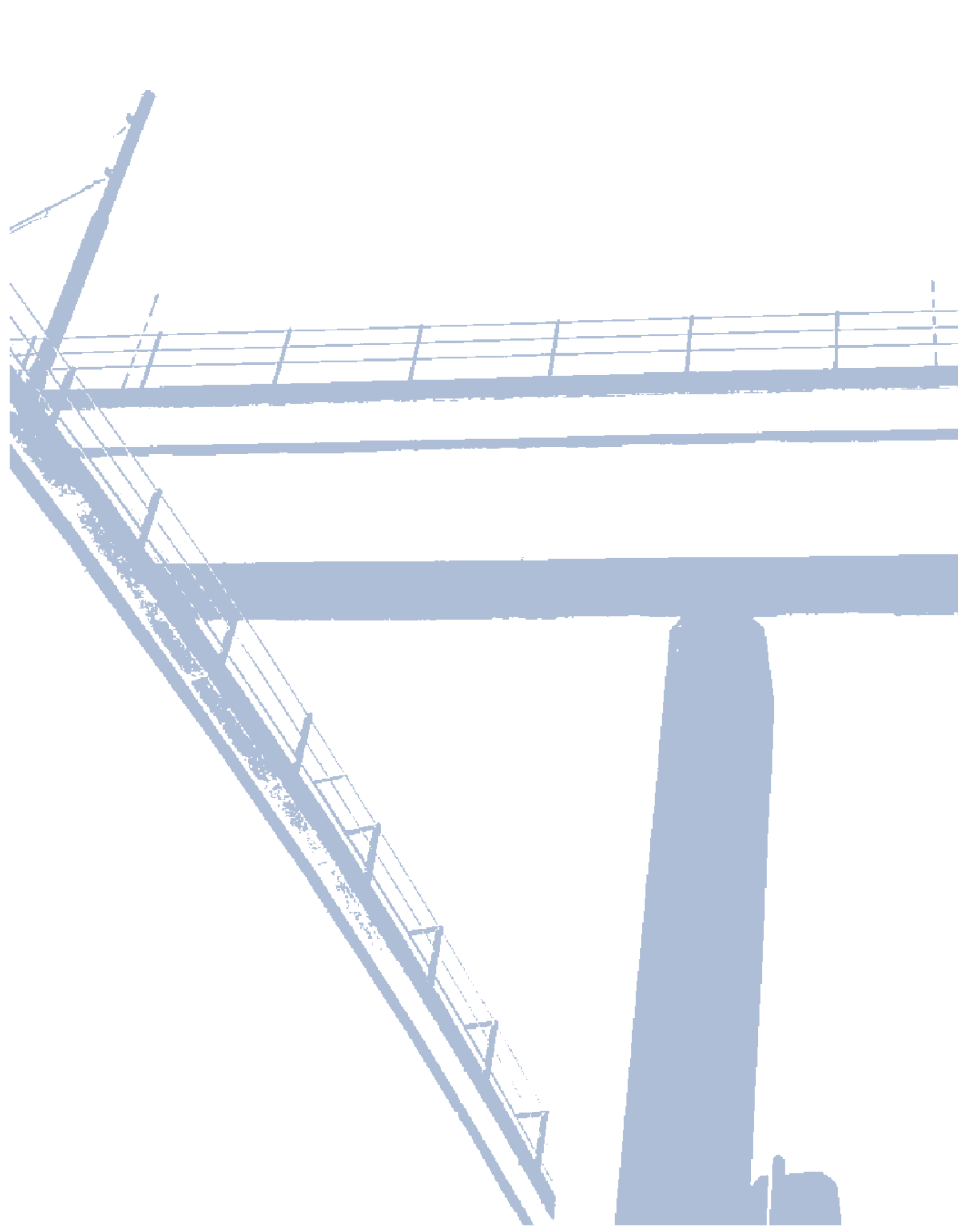
Last autumn I commenced a research project in co-operation with the Swedish Public Relations Association (Sveriges Informationsförening) after a period of preliminary discussions. The purpose of the project is to develop knowledge about how information and communication can be used in the leadership of organisations in order to achieve a higher degree of external effectiveness. I abbreviate information and communication as “I&C” from now on in order not to make the text too heavy. For the same reason I will not use references in the text, but anyone interested in them is welcome to contact me.

This paper is the first reflection concerning the project and will be followed by other reflections published every quarter for the duration of the project, which is estimated to last for at least five years.

As this is a new project and I cannot assume that everybody knows its design, I will at first make a general presentation of the project and after that move on to a description of the first theme chosen for this publication, namely the importance to define the role of the organisation by the formulation of policy statements. This theme will be stated in relief to other factors that will be subjected to reflections in later papers.

The purpose of this paper is to inspire the readers to make their own reflection on how to make their own organisation more effective by using I&C in the management processes. The purpose is also to invite everyone who may be interested to join the network created to develop the knowledge regarding these issues. If you, my dear reader, feel an irresistible need to join the network do not hesitate to contact me at: *sven.hamrefors@hhs.se*

A handwritten signature in blue ink, appearing to be 'Sven Hamrefors', written in a cursive style.



## The research design

I have had three sources of inspiration for the design of this project: Kaplan who created the Balanced Scorecard, Torvalds who created Linux and Adams who created Dilbert.

The first is the professor Kaplan at the Harvard Business School. At one time he wanted to research how financial directors used the calculation methods they had been taught at the business schools. To his surprise he found that they did not use those methods. So he became disappointed and went back to Harvard. After coming over his disappointment he became curious and asked himself:

“If they do not use these methods, what do they use then?”. So he went out again to ask them what they used. Then he was given a great variety of methods adapted to each one’s context, more or less designed ad hoc. Even though the methods developed and used were based on what the people had learned at school the differences were more salient than the similarities. Kaplan came back to Harvard after the interviews he analysed them and came to the conclusion that there were some common denominators that could be seen as a pattern. He lifted up this hidden pattern, refined it as a general method or principle and named it “Balanced Scorecard”. This method has been widely spread as a method for making financial calculations for economic control in organisations with multiple goal formulations, which most of them have today. One may ask why Balanced Scorecard has become so popular. The obvious answer is partly because it is a method originating from the practice and partly because the method does not dictate one single solution but invites to a great variety of solutions.

By doing that practitioners can relate to the method, and its flexibility makes it useful under the most varying conditions.

The second source of inspiration, Torvalds, is a young Finnish computer programmer. He could well be described as a “Hacker”. As many of his peers he had his opinion of the way Microsoft was dominating the supply of computer software. So he came up with the idea to create new software that could be an alternative to Microsoft Windows. Being a citizen of Cyberspace he sent out a message on the Internet asking: “Who wants to participate in the development of a new open platform competing with Windows?” He got an immediate response from a great number of interested peers and they commenced the development together in a network. It became a long iterative process ending up in the programme “Linux” (Torvalds is baptised Linus and they used the programme Unix as a platform for the development). No

one owns Linux, everyone can use it free and it opens up doors for new software development. Linux has become popular because it was created by practitioners for practitioners and it offers an open platform for everybody.

The third inspiration is Scott Adams. He came up with the idea that people could email him the weird things they experienced at work. Every day Adams gets lots of such emails. They give him inspiration to themes of comic stories of the daily life in organisations. The main character in the stories is Dilbert and he experiences one stupid situation after the other that people can relate to as they recognise themselves being in similar situations as Dilbert. That is why Dilbert has become so popular. I will later give an example from Dilbert as an introduction to the theme presented in this paper.

These three examples have been my source of inspiration because:

- They have been based upon the knowledge and perspectives of the practitioners.
- These perspectives and this knowledge have been refined to a higher level and are therefore suitable for inspiration to the community of practitioners.

I intend to accomplish the same thing in this project as I am fully convinced that there is a great variety of practices developed how I&C may become efficient contributors to the effectiveness of organisational governance. Some of that knowledge has already been researched and compiled but I am sure there is more to be done. Not least by refining the present descriptions of how people have done to what people could do. When it has reached this stage of hypothetical knowledge it will fully act as a source of inspiration to better practices.

## Purpose

As I have already mentioned, the main purpose of the project is to develop knowledge regarding the contribution of I&C to organisational effectiveness. What does this really mean? Well, effectiveness is how much the performance of an organisation is appreciated by those who are subjected to that performance and how much the organisation itself values that appreciation. It is in other words a process of creating value for both parties. This mutual act of appreciation is dependent on the values developed within the organisation as well as those existing in the business environment. As the values may be, and probably are, multiple, the effectiveness must be looked upon as a multiple phenomenon. Why have we chosen effectiveness as the “dependent variable”? It is chosen because it reflects the efficiency of the leadership of the organisation. It is the bottom line.

The leadership of an organisation is in the long run appreciated for its ability to govern the organisation so that effectiveness is created. It secures the long-term survival of the organisation.

## Process

The project will extend for quite some time, at least five years. It takes a long time to develop a critical mass of knowledge in order to generate an efficient engine of knowledge growth in the academic context, so as to form the leaders of the future. And our intention is once and for all to create a foothold for communication issues in the educational programmes forming the leaders of our organisations. Leadership has always been an issue of communication but it has not often been positioned that way in the academic discourse. This may seem paradoxical and hard to explain. The only explanation I can come up with myself is that the knowledge is there but it is not yet compiled and systemized.

During the 1960's that was the case with the field of marketing. At that time a man by the name of Kotler put marketing on the knowledge map. Companies had been practicing marketing before that but there were no common concepts developed before Kotler. Nowadays marketing is a central knowledge area in all business schools around the world. It is not possible to establish such a school or an MBA programme if one does not possess pedagogic competence in marketing.

That is why the Swedish Public Relations Association in co-operation with the Stockholm School of Economics has initiated this substantial effort to develop the knowledge of I&C for organisational effectiveness.

As I previously mentioned the design of the project is based upon the notion that there already exists more or less reliable knowledge among practitioners regarding techniques and procedures for increasing the contribution of I&C to the organisational effectiveness. If the organisation is commercial it is about the contribution of I&C to the business result. If the organisation is a governmental body it may be an issue how I&C may contribute to its usefulness to the citizens in the society it serves. If the organisation is of another nature it is its particular criteria for effectiveness that it is relevant to look at. Every organisation has its own definition of value creation so it leaves an open space for a great variety (this is actually a topic that will be examined in particular in this paper).

The project is based upon a long and iterative process in which a great number of people participate in the knowledge creation, just as in the case of “Linux”. The more participants in this process and the longer they participate, the better the result will be. Therefore this project is about “mobilising the forces”, within the professional field of I&C, in order to accomplish striking power. As the process is long-term it can be expected that it will develop in several steps:

### Step 1: Contact

Everyone interested in participating in this network for knowledge creation is welcome. There is no restriction for entry. It is easy to enter. Send an email to me at [sven.hamrefors@hhs.se](mailto:sven.hamrefors@hhs.se). I will make contact with the person interested. Let us call her “Lisa”.

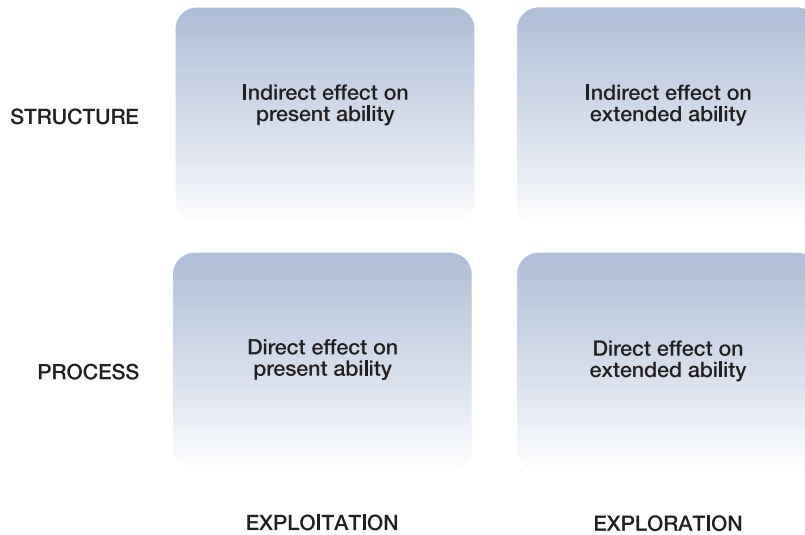
### Step 2: Interview

I contact Lisa to arrange a time for an interview. The interview is estimated to one hour. During the interview Lisa describes to me her own experiences of situations where I&C had contributed to the effectiveness of the organisation. There are no restrictions as to what kind of I&C it may be. Everything goes. To give Lisa the expectations that all kind of I&C is of interest she will get the following instruction before the interview:

## Theoretical fundament

This research process is conducted from the theoretical understanding of what constitutes the business creation ability of organisations. It can be looked upon from a structural perspective and a dynamic one.

The following structural perspective has been chosen:



It is possible to categorize all kinds of I&C in this model. On one hand it may be measures contributing to the present activities (exploitation) and on the other those which contribute to the development of new activities (exploration). The measures could also be aimed to affect general structures or be directed to particular processes. Using this foundation it is possible to form the following categories of measures:

### ■ Direct effect on present ability

This category covers the daily communication activities with direct effect on the way the members of the organisation work at present. It could be the communication of an instruction to a salesperson facilitating his/her work or it could, for example, be a formulation of a letter to the customers. Taken separately these measures may not seem important but taken together they may have a tremendous communication impact.

### ■ Indirect effect on present ability

Here the category consists of measures affecting the structural prerequisites for external effectiveness within

the frame of the present business execution. It could, for example, be the implementation of an intranet enabling the salespersons in the organisation to co-ordinate their activities better. This kind of measures is often about co-ordination and finding synergies within the present business.

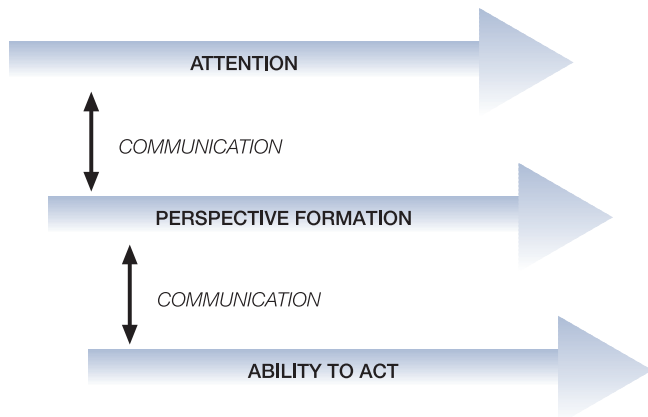
### ■ Direct effect on extended ability

In this case the measures are about directing the processes of the organisation towards new activity areas opening up the possibility for new perspectives and knowledge. For example, it could be the initiation of a sponsoring project enabling a dialogue with new actors in the business environment.

### ■ Indirect effect on extended ability

Measures in this category concern fundamental changes in the activity domain of the organisation creating the platform for long-term development and growth. It could, for example, be communication measures in the context of a merger between two organisations or new partnerships.

If one looks at the dynamic interplay within an organisation producing the prerequisites for business creation it is possible to identify three groups of organisational qualities:



There are three categories of parallel processes going on within an organisation affecting the ability of business usefulness. Firstly, the information processes constituting the ability to attend to the relevant factors in the business environment. Secondly, the communication processes enabling the organisation to form perspectives for potential business activities. Thirdly, the relationship processes generating the ability for action.

A balance between these processes is required in order for an organisation to be effective in its business context. If attention processes dominate in the organisation, but the other two are less developed, it may be exploited by its own members using the organisation to scout for business opportunities. That may create a risk for “silent drop-outs”, which means that ideas of possible improvements disappear silently out of the organisation and are being realised somewhere else. If there is a well developed ability of perspective formation, the organisation may run the risk of identifiable drop-outs as conceptualised ideas are disappearing and put into practice somewhere else. If, finally, the ability to act is dominating in the organisation, it may suffer from a tendency of ill thought through actions.

I&C are important ingredients in the co-ordination and development of these three processes. One can regard I&C as the glue holding them together as well as catalysts amplifying them and creating an efficient balance.

The instruction described here is supposed to open up the interview situation and create an atmosphere of mutual knowledge creation. The interview turns out more like a dialogue than an inquiry. I talk to Lisa about her experiences of I&C and together we create knowledge based on her experiences. Any information that Lisa reveals in the interview is subjected to the highest level of secrecy. I will not tell anyone what Lisa has told me – I will not even tell anyone that I have interviewed Lisa at all. She must be perfectly safe in her conviction that I will not reveal anything that may be used against her in any context. This project is conducted at the Economic Research Institute at Stockholm School of Economics, which guarantees that secrecy. If I would like to publish anything of the information Lisa has given me it will be done under Lisa’s full consent. She has the full right to veto the publishing and the forms of publishing information originating from her.

I conduct the same kind of interview with many others, Simon, Charles, Anna, Sophie etc.

#### Step 3: Analysis of themes

Every interview has knowledge components that can be combined into themes. Just as Kaplan, I will combine the various descriptions I find in the interviews and look for common denominators. These make the foundation for various themes that can be analysed further. A theme can be defined as a factor or a phenomenon that can be assumed to be an important aspect of the effectiveness of I&C.

#### Step 4: Communication of themes

At the stage where I have developed a preliminary theme I email it to Lisa and the others I have interviewed. They are given the opportunity to react upon the theme and use the knowledge in any form they may wish. Lisa is free to deny any further participation in the network. In that case I will take out her name from the mailing list and I will wish her welcome back if she changes her mind. I will not make any attempt to bring her back into the network. Participation is voluntarily and so is re-entry. Lisa may choose to be passive in the network. That is also OK. Lisa may choose to react only a few times, which is OK too. Lisa may react in a positive way: “Gosh, what an interesting theme. It reminds me of...”. She may react in a negative way: “This was the most stupid thing I have seen...”. She may be critical: “Interesting thought but I think it is in the following way...”.

No reflections are wrong. Lisa and the others in the network are free to react at their own choice.

#### Step 5: Refinement of themes

The feedback from the members in the network will be fuel for my analysis. It gives me the opportunity to find new angles and I can refine and develop the themes. Perhaps I will meet network members several times for interviews. Perhaps I will use other sources for the theme development. One such source is theory. It is a source I use to find explanations to the themes and further input to develop them.

The process is iterative. Interviews are conducted, themes are developed, they are communicated, reaction, refinement, communication and so on in a never-ending process. So step 4 and 5 in the process is repeated.

#### Step 6: From description to hypothesis

As the network is refining the themes and as they become more and more loaded with theory they will contain elements of speculation. This is caused by the fact that people, more or less, will contribute with their own ideas on how things could be done rather than how they have been done previously. These ideas may therefore lift up the themes from the level of how things have been done to how they could be done potentially. As these ideas become transparent in the network they open up the option for anyone in the network to test them in their own organisational context. If that is being done the outcome of such a test may be communicated to the rest of the network, and empirically tested knowledge has been created. This constitutes a great strength in the research process, and the value of the knowledge is multiplied.

#### Step 7: Publication for practitioners

Once each quarter I will publish a reflection on a particular theme in a publication produced by the Swedish Public Relations Association. This paper is the first of those publications. The papers are also translated into English and conveyed to every other Public Relations Association in the world and they are free to publish them in any form they choose. By doing that we increase the exposure of the themes, new members may join the network, and similar research projects and networks can be developed in other countries too.



#### Step 8: Publication for academics

When the themes have been sufficiently theoretically founded they are ready to be published in the academic community. This will be done through the publication channels available at the Economic Research Institute at Stockholm School of Economics. By that the knowledge will be available for scientific scrutiny within the field organisation governance and development. At the end of the day that will create the prerequisites for an academic network parallel to the network of practitioners generating new opportunities for co-operation.

This is the way the process has been planned for and it has by now started.

There are no risks involved, it is free of charge and it is voluntary. It only requires interest in I&C and some time.

After this presentation of the project it is time to introduce the first theme.

## Creativity and holistic thinking

As I mentioned previously I enjoy reading Dilbert. The other day I read the following:

*Dilbert: May I know my budget, please?*

*Boss: No, if I told you that you would spend all the money!*

*Dilbert: OK, but may I know the strategy of the company?*

*Boss: No, I do not want to make you disappointed!*

And Dilbert is created from stories from reality...

How often does not top management fail to fully comprehend the information needed by the members of the organisation, in order for them to create the value they are supposed to do? The empirical picture is quite gloomy. Many organisations show a profound incompetence when it comes communicating the sense of the business. The attempts to communicate are met by:

“We have all the information already. Now we want to know what it is all about!”

In order to understand how these processes function we must understand their cognitive origin – the human brain.

### The brain

The human brain is a remarkable machine. It is both limited and unlimited. The limitations are, for example, its capacity to handle large loads of information. It is simultaneously almost unlimited in its ability to combine elements of information. Often these two aspects are in conflict with the effect that creativity can easily be killed by information overload.

In the management discourse a few years ago there was a lot of talk about the left and right side of the brain. The left side takes care of the orderly analysis and the right side is good at the chaotic associations. That gave birth to the idea that it is possible to make people more creative by teaching them to use more of their right side of the brain. There were even consultants specialised in supplying services helping people to do that. I think they are out of business now because it does not work. A person programmed to use the right side more than the left exhibits certain symptoms, such as left-handedness. It is a fact that left-handed are on average more creative than right-handed people, but they exhibit an overrepresentation of lunatics as well (I may add that I am left-handed

myself). So there is no guarantee that you will become more creative by using more of the right side of the brain. What is missing in this reasoning is the insight that the brain is working through its entirety not through its parts. The scholar in cognitive science, Peter Gärdenfors, has written a lot about this. In contrast to computers the brain works in parallel processes affecting each other in numerous feedback loops. The processes in computers are serial. The implication of this is that a human cannot make sense of a situation if it is not possible to see it from a holistic point of view. If it is not possible to see the whole the brain cannot use the variability in the situation for creating associations and that will limit its capacity to make sense of reality. In other words the brain needs an environment of stimuli that delivers both focus and variability simultaneously in order to use its creative potential.

Another aspect of the human mind is that we are programmed as opportunistic animals. We want rather to see opportunities than threats. What would you do if you should come across a threat? Be honest now, what would you do? I am sure that you would not be honest in your answer if I asked you, because we have this idealistic image that we will do something about it. But if you are like the rest of us, chances are that you, in the first place, will try to avoid seeing the threat at all. If you cannot avoid it, you will probably try to reason that it will not affect you (the favourite rhetoric of the smokers). If you realise that you cannot avoid the risk connected to the threat you will try to roll parts of that risk on to others. That is what you have friends for (that is the reason why the usual category of first financiers of start-ups are called the three F's: Family, Friends and Fools). And if you have no friends there are insurance companies selling this service to you. Finally, if you cannot share the risk with anyone you will try to do something about it.

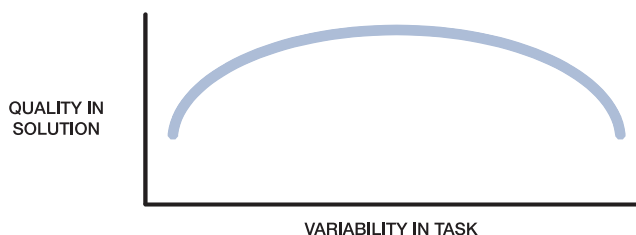
If one reads the literature in the popular management discourse one discovers that a different picture emerges. The “big” leaders identify the problems instantly and do something about them without delay. If they cannot do that they will try to find ways to share the risk with others. And if they cannot do that, they will change strategies and try to leave the problematic area. So they do the opposite to all the rest of us.

How come that these two descriptions do not match? We do not behave in the manner prescribed by the literature. The difference is that this literature is taking for granted that managers can see the opportunity in the risk. If you

can do that it is of course ideal, but it is not self-evident that the situation you are in always allows that. In other words: The prerequisites for opportunity perception are necessary conditions to be able to see, not only opportunities, but also risks. Because it is only when you can see the opportunity in the risk you will be inclined to see it and do something about it.

Therefore it is a vital task for I&C in an organisation to facilitate the members' possibilities to utilise and refine their ability to detect and evaluate opportunities.

If these two factors are combined, our need for balance between focus and variability and the facilitation of opportunity perception, we can conclude that there is an important effect. In an experiment a few years ago, conducted by some students of mine, people were tested as to their ability to solve strategic problems under different conditions of variability. The result looks like this:



With low variability in the task the solutions were not very good. As the variability increased the quality of the solutions also increased. But above a certain level of variability the quality started to decrease. The explanation is that if the variability increases the task becomes more interesting but if the variability becomes too high the task is felt more confusing and it will be difficult to remain focused.

I myself made another experience as I designed a new pedagogics for the education in entrepreneurship at my school (it is now run by an organisation called Stockholm School of Entrepreneurship – [www.sses.se](http://www.sses.se)). In that pedagogic design I worked with the idea of offering courses to very different participants. The courses were very practically oriented and had, each one of them, a very concrete purpose. The combination of a great diversity in the profile of the participants and a much focused course content gave a very dynamic environment and the students revealed an astonishing creativity in their performances.

From these experiences and other results that can be extracted from various research results it is possible to conclude the following connection between focus and variability on one hand and creativity on the other:

The more variable a situation is the more focused the task must be in order to constitute a prerequisite for creative performance.

One may ask what this has to do with I&C and I will soon revert to that question. But before doing so I would like to mention something about leadership, as this project is about looking at I&C from a leadership angle.

## Leadership

Leadership has for many years been a beloved theme in the discourse of management literature and according to my opinion often with a touch of romantic perspective. Often it is about men (not often women) thinking great thoughts arousing admiration in the public. This perspective is rather irritating, as it seems to imply some “übermensch” ideal in the description of leadership. Certainly leaders may possess some extraordinary qualities, but it strikes me that good leaders often tend to behave like ordinary people. It even seems that the more ordinary they are the better they function as leaders. One of the most fruitful attempts I have seen describing the nature of leadership has been made by my colleague Mats Tyrstrup. He studied what leaders actually do and came to the conclusion that there is a profound difference between leadership and management. Leadership is conducted in ambiguous situations (situations under great uncertainty) and management is conducted in situations characterised by low uncertainty.

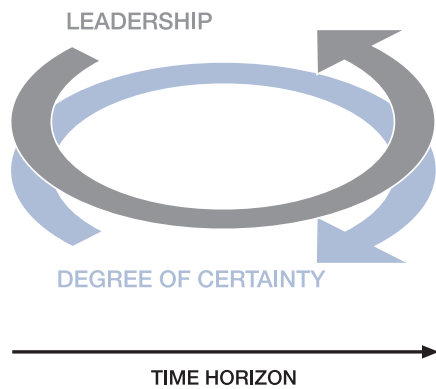
The main factor creating the prerequisite for a degree of certainty is the time horizon.

Mark Twain once said: “It is hard to predict especially about the future”. The situation that is very far away in the future offers a high degree of uncertainty. The relevant questions on this time horizon are where the organisation is heading, what long-term goals it has, what the vision is, how the macro economy is developing etc. All this can be compiled under the label vision.

The medium-term situation offers a higher degree of certainty. In our culture this medium period is often defined as 12 months. We make our budgets within that time

frame, for example. In the old Soviet Union they tried to make budgets that covered five years but they were not very successful. Uncertainty killed that societal construction. Reality has shown that we can reasonably well control certainty at the horizon of maximum one year and the more that model is being used the more predictable it becomes. This is, in other words, what we call a social construction that can be expressed in rules that make it possible for people to follow them. On medium-term there is therefore a certainty created by the self-fulfilling prophesy of these social constructions enabling the implementation of programmed activities with the possibility to control them.

In a very short-term situation the uncertainty increases again. What will happen today? What will happen the next minute? What is he/she going to say now? All these daily surprises, events and turbulences make it hard to predict the situation and therefore limit the possibilities to program and control it.



Mats Tyrstrup found in his studies that leadership is executed at the very long-term horizon and in the very short-term situations, while management is executed at the medium-term horizon because it is only in that situation the certainty is high enough. Another colleague of mine, Gunnar Ekman, has reinforced this picture of leadership by pointing out the importance of “small talk” in the leadership of the daily affairs.

One can contemplate a bit on why the short- and long-term perspectives are connected in the leadership. My interpretation is that they represent the same combination of focus and variability. They are both high at the very long and very short horizon. One knows what is on the agenda but not what is going to happen. At the

medium-term the ideal is to know what is going to happen, and there are social forces and rules making what is planned to happen.

Another question is what performance we tend to measure. When do we know we are efficient? It is very hard to measure the effectiveness of the small talk. It is very hard to measure the effectiveness in the visionary work. The medium-term programmed work is, however, easier to evaluate. Therefore we have created social constructions for that as well. We measure economic outcome, we measure quality, we measure customer satisfaction, we measure the effect of communication efforts etc. They are all medium-term.

The conclusion is therefore that we can measure the effectiveness of management in a direct manner but we can only measure the effectiveness of leadership in an indirect manner.

The majority of conventional measures in I&C are conducted at the medium-term horizon and therefore they can be categorised as management rather than leadership. Many of the attempts to measure the effect of I&C are therefore not of any guidance concerning I&C as an instrument for enhancing leadership. One can even see the perspective of I&C as a management issue rather than a leadership issue. By saying that, I do not claim that measurement is a negative activity. On the contrary, the effectiveness of a CEO is often measured by economic ratios (today often on a quarterly basis, which can be questioned). It is not the leadership, however, that is measured but rather the indirect effect of leadership on a certain organisational factor (in this case economic performance). This leaves the door open for the influence of various factors affecting the economic performance in an invisible way. My colleague at the University of Lund, Lars Oxelheim, has developed a model showing how an economic result may be influenced by macro economic factors to a greater extent than is commonly understood. So many top managers have been earning high rewards based on the influence of interest levels, exchange rates of currencies and inflation rather than excellence in their decision-making.

There is an old truth in leadership: “There is more than one way to skin a cat”.

On one hand this means that there is a great latitude of actions – anything goes, on the other it implies that there are no simple recipes applicable to all kinds of situations – one size does not fit all. The common denominator is

rather to do the right thing in the right situation at the right moment. And by all means it makes sense to let yourself be inspired by what people have done before, but always put your own brand on the action so that it will fit you and the situation.

The total of this reasoning about leadership gives us an image of I&C leadership as activities using a broad set of tools applied in an individualised manner fitting the situation and the organisation, enabling external effectiveness to create value for the organisation and its stakeholders. I&C must be a resource enabling the organisation really to make a difference vis-à-vis its environment in a constructive manner.

This organisational quality is becoming more and more desirable in our modern society and is emerging as a criterion for survival. Organisations not doing that die quickly.

After this rather extensive start-up (future papers in this series will not have that as it has already been done) I will now address the actual contribution; how the choice of a formulation of company policy may affect the prerequisites for focus and variability and in turn affect the effectiveness of the organisation.



## Policy statement

When it comes to leadership I have two role models: Richard Branson and Ingvar Kamprad. They have shown remarkable abilities to bring their organisations to unprecedented levels of value creation. If we take a closer look at their way of acting we can identify a pattern of how they define the role of their organisation in its business environment.

Richard Branson has created a company group under the brand “Virgin”. His model is created in the British context and is based upon his discontent with the traditional way of governing organisations in that context. Therefore he has created an organisation under the concept of “doing things differently”. Thus Virgin establishes its operations in mature businesses in which people work in a very traditional way and very few others find any exciting opportunities. It could be commuter trains, airfare, record stores etc. Branson identifies these kinds of business areas where Virgin may make a difference to the traditional way of conducting business. Then he identifies a suitable leader for the business he wishes to establish and that person gets a “piece of the cake” (for example partnership) and an unrestricted mandate to run the business. The leader also gets instant help by the licence to use the brand “Virgin”. Branson himself personalises that brand by travelling in air balloons around the world and other spectacular achievements. So Branson creates a conceptual frame for the business but allows a great variety within that frame.

Ingvar Kamprad has also created a large company empire in which IKEA is only a part. It works under the name IKANO (it is said to stand for Ingvar Kamprad And No Others). The “name of the game” in that operation is “We shall save money together with our customers”. It has become the general guidance for all activities; long-term development, programmed activities as well as all spontaneous managerial measures.

In what way do these two examples differ from many others? It is of course possible to problemize this question very much but there is a simple answer, a common denominator, and that is the way they have formulated their policy statement: A visible role.

What are the alternatives to define the role in the policy statements? Organisations have tried various definitions during history. About 20 years ago it was common to formulate company statements that focused on the goal to be the “biggest, best and most beautiful”. It could sound

like: “We shall be number one”, “We shall have a profitability exceeding XX%” etc. Some intelligent companies used that propensity of the competitors to their own advantage. For example Avis said: “We are number two so we try harder”. This company fashion not only hit commercial activities hard but the public sector as well. Once I saw a research showing that the Swedish municipalities’ expansion plans compiled together vastly exceeded the capacity of the Swedish economy. There are no limits to the unrealistic dreams if one has this kind of company policy. Many organisations were inspired to develop all kinds of activities that had no connection with each other at all. Not long ago a well-known Swedish car manufacturer was dealing with food-stuff and pharmaceuticals without any common denominator at all. The problem with these “biggest and best” formulations is that they create a lack of focus and let the variety play freely. The result becomes dispersed.

During the 1990’s formulations talking about “back to basics” became popular (and is still quite frequent). Companies were not supposed to do many things but concentrate on what they were best at.

Consequently companies started to outsource and downsize their operations and by doing so they started to expel those operations they evaluated as not compatible with the core business. The messages in these organisations became very clear, concrete, goal defining and even extremely instructive. Communication in these organisations was centred on clarity. If the communication was clear enough it was believed to solve all problems. As a version of this philosophy the “new economy” emerged. That was a dream based on the notion that certain activities on the Internet would revolutionize the prerequisites for every business. However, the messages continued to be very “do-oriented”. So people devoted much energy to work through the instructions what to do and quickly launch the business on the market. The name of the game was to be first at any cost. There was a common weakness in the traditional slimming operations and in the new “dot-comers” and that is the inclination to stick to one way to skin the cat. By focusing on the core business people stopped caring about developing the core competence. When tomorrow came they were no longer competent enough to meet the requirements and take advantage of the opportunities. In the beginning of this century the system collapsed and we still suffer from that in a society with high unemployment. Even if we now experience an economic recovery we still have many qualified applicants for every vacant job.

Today’s situation has of course many points of origin and

I am not going to make a broad analysis of them all but rather concentrate myself on pointing at the lack of progressive policy statements in many organisations. In that respect I&C may play an important role.

#### Who defines the role?

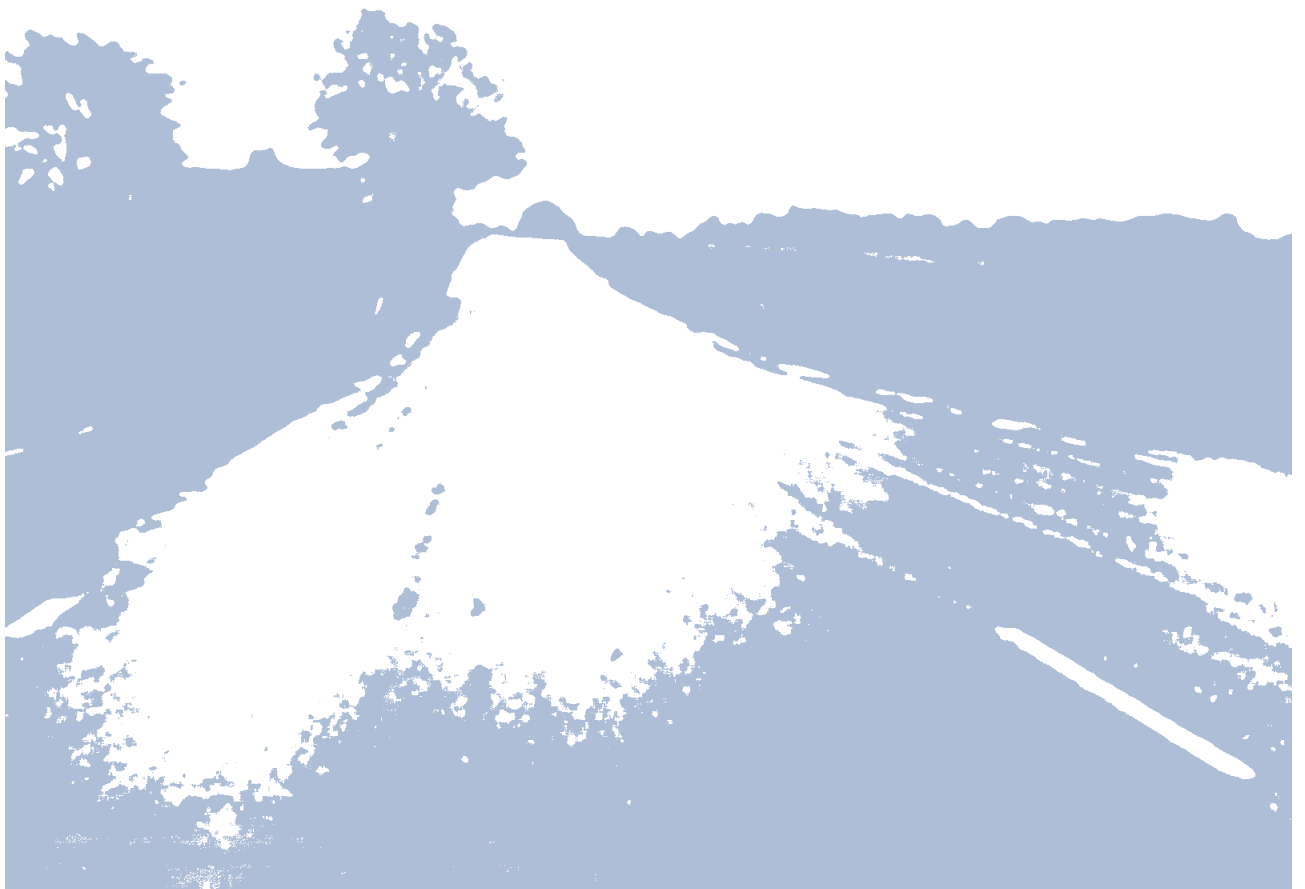
Traditionally top management has the responsibility to define the company policy and that is probably the way it has to be. However, this group of people usually introduces a limited perspective as they often represent only the economic and technical perspective of managing organisations. As persons with a background in I&C are not often represented in this group the communicative aspect in the formulation of the company policy may not be fully addressed, at least not as well as the instrumental, or directly descriptive, aspect of the policy. Therefore there may be reasons to address these communicative issues better. My conclusion is that I&C must have a greater influence on the formulation of company policies and here I intend to give some contributions of ideas how that can be accomplished.

#### The functionality of the policy

I have earlier in this paper indicated that an organisational context should contain elements supporting the holistic thinking among the members of the organisation as well as elements supporting the creative initiatives. The organisation must be able to communicate the whole and support variability simultaneously. Only the intelligently defined organisational role is able to accomplish that. The million-dollar question is then how this can be done. It is a matter of how the policy of the role is formulated, conveyed, maintained and challenged.

#### Formulate the company policy

As the policy is defined the two aspects, the whole and the variation, must be addressed in a forward-looking perspective. The basic question is then how it will be of guidance to today’s variation of immediate actions, how it will prepare for the competence for tomorrow’s activities and how it will constitute a platform for supporting activities to the core business. This requires a broad enough role definition to cover all eventualities as well as enough focused not to create space for non-productive, or even contra-productive, activities. To accomplish that, the role definition must incorporate an address to an external part, not within the organisation itself. It must fully communicate how the organisation relates to all



relevant stakeholders in the business environment. On one hand that means a focus on categories of people such as customers, patients, citizens etc. The danger is then that the focus becomes too narrow. Let me take an example: To many companies in the dot-com-era, a few years ago, the focus was on the “first-mover-advantage”. The “name of the game” was to be first on the market. However, in the marketing of this kind of hi-tech products (and most other products and services for that matter) you meet another customer in the early market (which is usually small) than in the more mature market (which is usually bigger). They are the “early-adopters” and they like content, technical specifications, high performance and the like. Later, in the mass market, you will find the “late-adopters” and they are mainly interested in convenience, simplicity, user-friendliness, design and such things. So, if you start early in the market development you may socialise too much with the extreme and you will become like them. Later you may have difficulties in understanding the needs of the average customer. So there may even be a first-mover-disadvantage. Many companies have made that mistake and have taken on the burden to plant the crops and made room for others to harvest.

Another aspect of the formulation of the role is that it must be fully anchored in the organisation’s daily activities. One mistake is to relate the definition to certain activities. In some organisations the marketing people are the “heroes” and usually that is correlated with the fact that the CEO has a marketing background. That may paradoxically make the organisation less market driven because it has become too much marketing driven; it communicates mainly the values of the marketing people. Others will stay on the side and not influence the focus of the organisation. So people that could have an enormous influence on the market orientation of the organisation, such as service technicians and receptionists, may not find any inspiration or guidance in the policy. The behaviour of the organisation may because of that be very confusing in the eyes of the market. There will be a vast discrepancy between what the organisation communicates through its saying and doing.

Often organisations must drive influential processes toward certain segments of the business environment not directly related to the core business, for example through lobbying. In that case it is important that the policy also fully supports such activities. Usually those processes must be run in parallel and if there is not a good sense-

making policy to lean on they will be too complicated to handle.

The policy must also be of guidance to other peripheral activities that in one way or the other support the main business, such as sponsoring. If the organisation has a weak policy there, people may be tempted to engage in sponsoring activities that lack relationship to the idea and mainly reflect the interests of certain decision-makers. They may sponsor a golf tournament because the CEO likes to play golf.



A crucial point to make here is that the policy must possess the qualities to penetrate the whole enactment of the organisation and tie all the various activities together in a sense-making web and simultaneously create the prerequisites for entrepreneurial initiatives. That quality depends very much on how it is formulated but also how it is communicated.

### ■ Communicate the policy

Research has shown that policy statements are usually poorly communicated. At the level of top management the awareness of the policy is at best around 80%. Thus, not even at the top they are fully aware of what they are doing! When the awareness at lower levels has been measured, the corresponding percentage goes down to 5-10%. Some of these deficiencies may have their origin in the lack of anchoring in the daily activities, as I have described above. In that case the communication of the policy will be like throwing water off a duck's back.

Another reason for lack of communication may be the extensive usage of "cold" media. TV-screens, intranet and computers may be efficient tools of communication but they are not too personal. They must be used in combination with "warmer" means of communication. That can be accomplished by applying more or less organised dialogue events for the members to exchange perspectives. One way to do that is to organise practices where they get to know each other's action environments. It increases the understanding of the other person's situation and how the policy of the company can be applicable in all parts of the company. Many companies I interviewed have implemented these kinds of practices with very good results. A similar approach is to carry through training sessions where the members are given increased latitude of action. This is what usually is called "empowerment". In order to make this strategy efficient it is important to communicate these changes to the stakeholders in the environment so that they (often customers) can demand this kind of "liberated" action and creativity.

Managing the organisational play is another way to create some warmth in the communication. Play is something that is always spontaneously present in the organisation. Often it emerges as a frustrated reaction to the circumstances. It may take the shape of funny jokes about the boss or the company's procedures. That is what Dilbert is created on. The destructive play, however, may take a more serious form. Many years ago there was a play among the workers at the car manufacturer Volvo. The game was: "Who can steal the most valuable Volvo part and get away with it?". A worker walking out of the company gate with an extremely bent back and using very small steps won the competition one day. He had a windscreen for a Volvo 245 taped on his back... I am sure that the workers at Volvo do not play that kind of games any more. The play should be integrated in a con-

structive way into the organisation. At IKEA they have developed lots of games that daily communicate the company policy. It is very powerful to turn the play into something constructive. If play and work can be integrated, the prerequisites for feeling proud of your organisation increase and you do not have to drink Coca-Cola to have fun.

As the policy must be communicated to very different groups, it has to be very pedagogically designed. Every receiver of the communication must fully understand, not only what the policy means to them, but also what it means to the others whom they are in some ways dependent upon. As the policy will be communicated to different parties in different ways, the organisation will not only be able to convey the meaning of its focus but also highlights the latitude for initiatives allowed within that particular focus. By doing that I&C may contribute efficiently to the entrepreneurial development of the organisation.

### ■ Maintain the policy

Ideas in organisations often tend to live their own lives high above as an abstraction without contact with reality. Reality tends to change continuously in an, at the moment, unnoticeable way. It is therefore important constantly to brush up the meaning of the policy in its context in a proactive manner. Basically this can be accomplished in two ways. One is to expose the organisation to new challenges making the members attentive to the way they operate and if that is in line with the policy. The other is to communicate hypothetical demands that the future may be expected to bring.

There are many examples of the first strategy, to expose the organisation to new demands. At the Toyota car manufacturing plant every worker has the mandate to stop the assembly line if they notice something is wrong. Some problems will not emerge unless there is a certain degree of stress in the system. Therefore the company daily increases the push in the input of the processes so that the workers stop the line twice per day. This is a way to make potential grave mistakes show themselves before they cause serious damage. By fixing the problems in time the company can better live up to its standards. Another example is from IKEA. Ingvar Kamprad has minted a concept he calls "dropping-chin-prices". It means that some products at the IKEA stores should

be priced so low that the customers “drop their chins” – unbelievably low prices. Now and then Kamprad initiates development projects where they create the prerequisites for such prices, and that helps the organisation to audit its ability to do things in a more cost effective way. If one applies this strategy it is important not to use too much force. If too much stress is communicated into the system it will have the opposite effect – the members will realise that the role defined in the policy statements is incompatible with reality. We see too much of that in today’s organisations. People are confronted with goal conflicts impossible to handle.

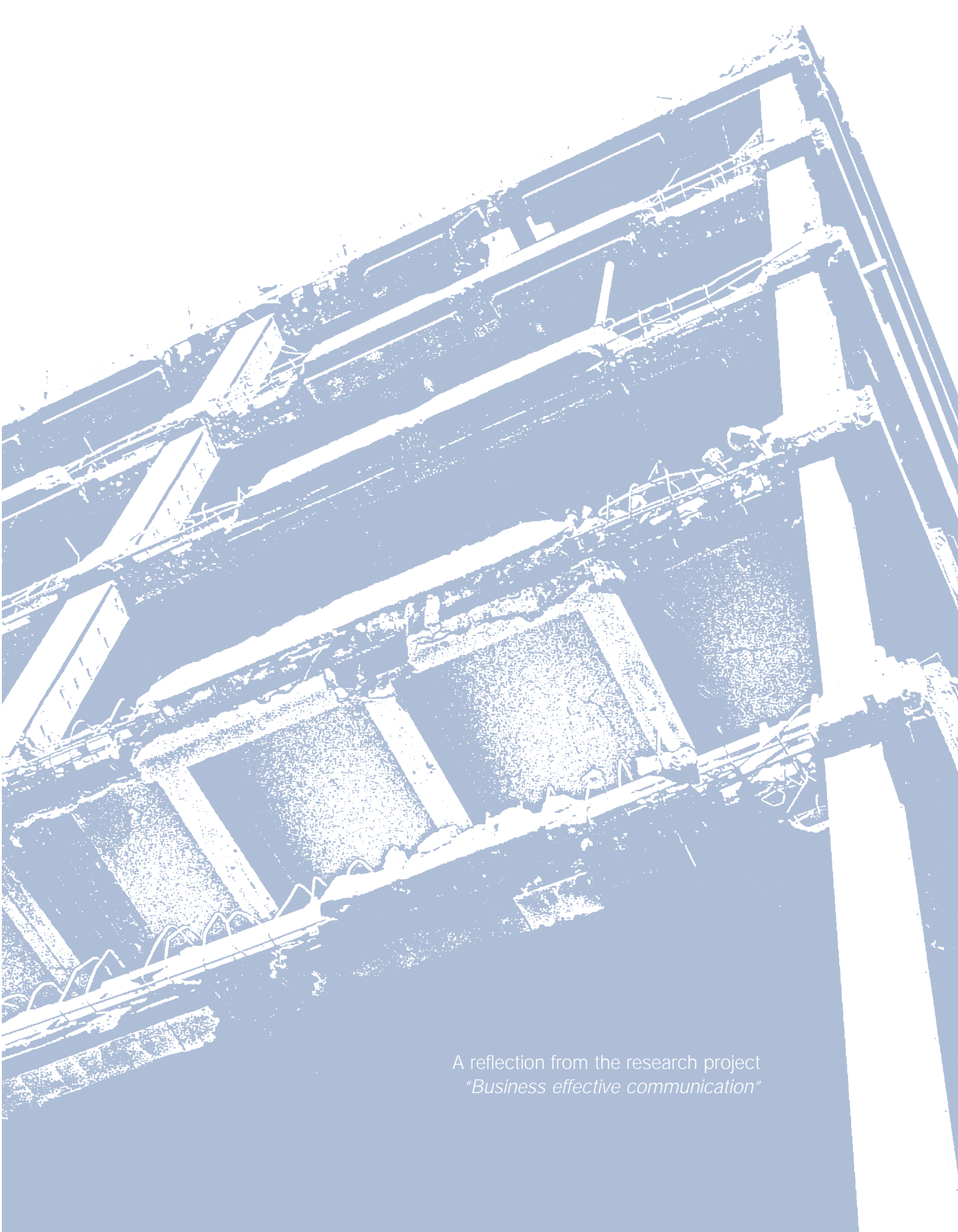
The other strategy is to communicate future demands into the organisation of today. This is based on various education strategies. If the members of the organisation attend courses and educational programmes, it is important that they fairly close to the training get the opportunity to use the knowledge in reality. Otherwise they may become bored. An important I&C issue therefore is to create the right timing between the education and the opportunity to use the acquired knowledge. An example of this strategy is Manducer, a French manufacturer of plastic components to the European car manufacturing industry. It has installed PC- based training stations at the shop floor where the workers may train new skills that will be important to have when the customers will demand new products (these demands have been understood by Manducer through good intelligence procedures). The workers are rewarded monetarily as they acquire the new skills and the supervisor gets the same reward as he implements the skills into the production. By doing that Manducer minimises the risk of boredom and maximises the probability of proactive competence development. And the awareness of the company policy is maintained.

#### ■ Challenge the policy

Policies may not only become separated from reality; they can also create internal “truths” that may come very close to organisational superstition. It may create a culture in the organisation nourishing ideas that the organisation is immune to changes in the environment. This kind of perverted self-confidence is usually the first step to defeat. Attitudes like that are usually connected to the organisation being opportunity attentive, but it has not the ability to transfer perceived risk to perceived opportunity. In order to develop that ability it must implement some functions for environmental scanning and analysis with the purpose to identify threats in the environment

and transform those images into perceived opportunities. An important part of that mission is to identify the trends in the environment that are incongruent with the policy of the organisation. If the role definition of the organisation is well worked through it needs, in most cases, not be revised but rather put another perspective on the environmental changes in order to make them being perceived as opportunities within the scope of the organisation’s role definition. But it gives the organisation the possibility to revise the definitions and make adjustments. The more the role definition is formulated as a journey rather than a final goal, the more susceptible it will be to environmental impact.

This is the first perspective I have chosen to convey in the research project. Some of the components I have touched upon here will be elaborated further on in later papers, as the leadership using I&C is a matter of holistic thinking. I do invite anyone who is interested to join the network for the development of knowledge in this field.



A reflection from the research project  
*"Business effective communication"*



Business effective communication is a five-year research project with the purpose to develop knowledge about how information and communication can be used in the leadership of organisations in order to achieve a higher degree of external effectiveness. It is a co-operation between *the Swedish Public Relations Association (Sveriges Informationsförening)* and *the Stockholm School of Economics (Handelshögskolan i Stockholm)*. The project was initiated in autumn 2003 and the position as research leader is held by Sven Hamrefors, assistant professor at Stockholm School of Economics. Every quarter for the duration of the project a paper will be published.

The project is financed by contributions from a consortium of organisations; *Alecta, Ericsson, Folksam, Hyresgästföreningen, JKL, NCC, Observer, Skanska, Vasakronan and Vattenfall.*

**Swedish Public Relations Association  
(Sveriges Informationsförening)**

Visitors Hantverkargatan 71, Stockholm  
Postal address Box 12230, S-102 26 Stockholm  
Phone +46 8 653 18 00, Fax +46 8 651 10 88  
E-mail [info@sverigesinformationsforening.se](mailto:info@sverigesinformationsforening.se)  
[www.sverigesinformationsforening.se](http://www.sverigesinformationsforening.se)