

Executive Summary

The Emergence of Organizational Intelligence

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Organizational intelligence is a new way of looking at business improvement and survival, combining the latest management thinking with advanced software technologies to produce highly effective organizations. People and technology have complementary forms of intelligence, and in an intelligent organization these abilities are coordinated and mobilized to the best advantage.

To make an intelligent organization, it isn't enough to recruit the brightest people, locate them in state-of-the-art buildings, and provide them with the smartest computer tools and networks. Super-intelligent individuals are often poor at talking to one another and sharing knowledge, let alone coordinating work effectively.

Therefore, achieving and enhancing organizational intelligence typically requires organizational change (both structural and cultural) as well as technological change. A wide variety of software products and platforms are being promoted for their contribution to various aspects of organizational intelligence, and there is already a proliferation of jargon — agile enterprise, collaboration networks, Enterprise 2.0, smart work, and so on. The concept of organizational intelligence provides an architectural framework within which all of these ideas can be integrated and managed. Organizations often fail to use the tools that are available, or (worse) waste effort and resources on a random collection of expensive tools without appreciating how they will work together in the specific organization.

At the same time, there are profound pressures and transformations in the business world. Businesses today need to operate as agile, knowledge-based learning organizations, but specialist functions across the business typically fail to support this agenda. For example, the typical IT portfolio is ill-aligned to the notion of organizational learning and concentrates instead on increasingly complex and sophisticated automation of routine operations and transactions. So where do we look for strategic leadership? As you will see in the accompanying *Executive Report*, organizational intelligence provides a focus for the next generation of innovation.

HOW CAN WE RECOGNIZE ORGANIZATIONAL INTELLIGENCE?

An intelligent organization is characterized by the following collective abilities:

- Making sense of complex situations and acting effectively
- Interpreting and acting upon relevant events and signals in the environment
- Developing, sharing, and using knowledge relevant to its business purpose
- Reflecting and learning from experience

What's it like working in an intelligent organization? If you've ever worked in a successful startup, you'll recognize that there is a real desire to understand what the customers want and a strong commitment to collaborative problem solving. Meetings are focused on solving real issues, and there is little tolerance for the kind of unproductive games that people play in larger and more established companies. In principle, it should be possible to have this kind of positive experience in any organization; in practice, these aspects of intelligence get rarer as an organization gets larger and older.

It is a popular idea that large organizations should behave like small organizations; one way to achieve this is to look at the way successful small organizations practice organizational intelligence. As with any new



way of looking at your organization, which may produce new insights about strengths and weaknesses and opportunities and threats, organizational intelligence is a new “lens” for understanding and improving the way your organization uses information and intelligence for strategic advantage, business improvement, and survival, as well as a lens for understanding the contribution of specialist functions (including IT and HR) to this agenda.

ASSESS YOUR ORGANIZATION

You should ask several questions to see if your organization is achieving its potential, including: Are you able to anticipate the future demands of your customers and other stakeholders? Are you able to respond in a timely fashion to threats and catastrophes? Are you developing the collective intelligence you will need to compete effectively in increasingly turbulent conditions? Does everyone have the opportunity to contribute to the collective intelligence of their unit or the whole organization?

As you look at your organization, see if you recognize any of these symptoms in your organization:

- **Choke** — inability to access capability when needed
- **Denial** — “the problem doesn’t exist, and anyway it isn’t a problem for us, and anyway we’re already dealing with it”
- **Guesswork** — acting in the dark
- **Meddle** — tinkering and management interference without real understanding
- **Muddle** — confusion from many overlapping and conflicting narratives

- **Panic** — taken by surprise, responding in haste
- **Policy-based evidence** — finding data to support or justify an existing decision or state, while ignoring any data that might contradict
- **Repetition/oscillation** — repeating the same mistakes without learning
- **Shortsighted/tunnel vision** — narrow focus on short-term goals, inability to consider broader or longer-term vision

BALANCING THE ELEMENTS OF INTELLIGENCE

Organizational intelligence calls for six connected capabilities, which are discussed in detail in the report:

1. **Information gathering** — How well does the organization collect and process information about itself and its environment?
2. **Sense making** — How well does the organization interpret and understand itself and its environment?
3. **Decision and policy** — How effective are the (collective) processes of thinking, decisions, policy, and action?
4. **Knowledge and memory** — How does the organization retain experience in a useful and accessible form?
5. **Learning and development** — How does the organization develop and improve its knowledge, capabilities, and processes?
6. **Communication and collaboration** — How do people and groups work together? How do they exchange information and knowledge? How do they share ideas and meanings?



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