NAMING SYSTEMS

In the first four chapters of the book we developed the basic theoretical framework that we need to study and understand organizations from a systemic point of view. Indeed, we started with the notion of a distinction and the process of making distinctions that helped us in setting our epistemological grounding. We then used these notions to construct a definition of a system as a distinction that brings forth a set of parts non-linearly related exhibiting closure. Next, in chapter two we explored in detail the notion of complexity and in particular we distinguished among situational, individual and collective complexity. Those distinctions were useful to approach the issue of complexity management as a way to address the effective performance of individuals in carrying out particular tasks in specific domains of action.

Chapter four was then elaborated to put forward our theoretical underpinnings for organizations, the main objects of observation and study in this book. We defined an organization as a *closed network of relations*, with an identity of its own. We claimed that this identity, in turn, is defined by the set of relationships formed when particular norms, values and meanings emerge as shared distinctions and practices that mediate individuals recurrent interactions in that organization. On the other hand, the particular roles and resources constituting these relationships at a particular time and in a particular context, we said, form the structure of the organization. With these concepts in mind we went on to explore some of the implications of this systemic view of organizations especially those regarding to complexity management. Then we introduced the notion of recursive structures, or recursive organizations whose implications for effective organizational design will be addressed in the following chapters.

The previous chapter can be seen as a bridge between the construction of the theoretical framework and the second part of the book that explores the issue of method. Our main concern in this and the following three chapters is in presenting a method to model an organization. In Chapter 10 we will show how we can use this method for problem solving both in a diagnostic mode and in a design mode.

The present chapter opens up the exposition of a method called VIPLAN[16] by addressing the issue of identifying a particular organization in focus. In other words, we would like to answer the following questions: What is the organisation we would like to model? What does it do? How can we differentiate this organisation from others? The specific tool we will use to answer these questions is called *naming systems*.

We have said that our interest is in modeling (i.e., describing) organizations, which implies that our object of observation is a particular organization. Notice that this, in itself, triggers an interesting methodological question regarding observation. Who is observing the organisation? If we are talking about a hospital, for instance, I certainly may observe and produce some descriptions of the hospital but if I do not have any

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[16] VIPLAN stands for Viability Planning. The interested reader may study this method in much more detailed in a multimedia package that can be found at WWW.syncho.co.uk

direct relation with this hospital, it is quite possible that these descriptions will not affect at all what the hospital is actually doing. However, if I am currently a patient of the hospital it is possible that my observations and descriptions may have some relevance for what the hospital is doing, at least in the immediate services I am getting in the moment of my observations (e.g., complaints). Of course the quality and relevance of an individual observations may differ enormously from one person to another. We could imagine the differences in the descriptions of a hospital produced by its general manager, or by a group of GP's in the community where the hospital is located, or by a doctor who is regularly carrying out surgeries there, or by a group of nurses attending cancer patients, or by a visiting accounting group from the Health Ministry or by a patient that have been treated there regularly during the past six months. All of them, if asked, may produce descriptions of the observations they do regarding this particular hospital. They are what we call different *viewpoints* of this hospital. In what follows we will examine the importance of viewpoints in naming organizations.

As we mentioned in chapter one, different observers may see (i.e., distinguish) different things in the same situation. A very popular way to illustrate this is by looking at the following picture. Take a couple of minutes to observe it. What do you see?

Figure 6.1 An example of different viewpoints[17]

You may see a young fellow with a cowboy-type of hat, wearing a handkerchief around his neck and looking toward the right hand side of this page. If you do not see him, do not worry, perhaps what you are seeing is an old man wearing a similar type of hat instead. If you are able to see both of them it is quite nice but if you are not able to see any of them then you may be worry for the quality of your sight.

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[17] This figure was drawn towards 1917 by Jack Botwinick under the title of "My husband and my father-in-law".

In the following two versions of the same picture we have stressed some of the parts of the picture to facilitate making these distinctions. Try again. Now, do you see both images?

Figure 6.2 A revised version of "My husband and my father-in-law" drawing

If we now ask you what is really depicted in Figure 6.1, what would be your answer? Is it a young man or is it an old man? The point is that it is both; it is an old man if you describe it as such or it is a young one if you are able to describe it like that. In fact, when you ask a group of people what do they see when they look at Figure 6.1 you will find that some of them are able to see the young, some others (usually fewer) will see the old man and even fewer will see both. Different viewpoints will see different things from the same situation. Here the group of people who shares what they observe constitutes a viewpoint, so in this example we may have three different viewpoints.

Let us consider another example. Take some minutes to examine the following picture. What do you see?

Figure 6.3 Another example of different viewpoints.

Do you see the Indian looking towards the left? Notice that if you do, the dark area of the picture is part of the image you see, indeed, it <u>IS</u> the dark hair of the Indian. However, it is possible that you can also see an Eskimo in this drawing, can you?

Look carefully, the Eskimo is facing backwards and is wearing a white coat. In this case, the dark area of the image is <u>NOT</u> part of the figure we are distinguishing now (i.e., the Eskimo). In fact, if we remove this part from the drawing it is quite easy to see the Eskimo.
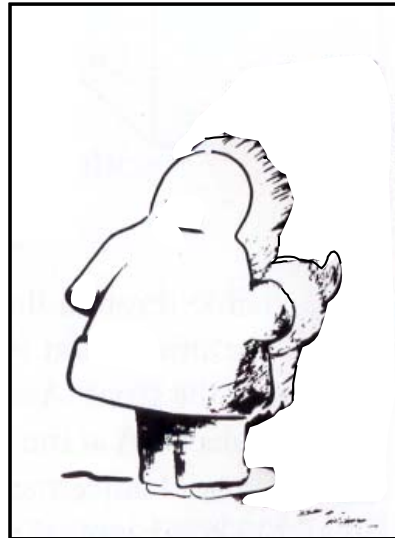

Figure 6.4 The Eskimo.

Therefore, another characteristic of different viewpoints is that they draw the border of their distinctions differently. In other words, by looking at the same situation different viewpoints may recognize some parts as belonging to the distinction they do while others may reject some of these as part of their own distinctions, as the example of the Indian-Eskimo illustrates.

If we now move to the domain of organizations we can see that different viewpoints can ascribe different purposes to the same organisation (i.e., the same network of closed relations) or even they can draw its border in different ways. A simple example of this case is illustrated in Figure 6.5.

Here we have two viewpoints referring to what an organisation does. The first one may see the production of cars as the outcome of a factory while the other may see just environmental pollution. Although both may be looking apparently at the same organisation, their own concerns, values and histories impinge on them to ascribe different purposes. So, what is, at the end, the purpose of this organisation? Well, asking this question is similar to ask what is really in Figure 6.4 an Eskimo or an Indian?

Of course, we can have as many different purposes ascribed to a particular organisation as many different viewpoints are looking at it. So, what can we do? Our claim is that in methodological terms, to answer this question and the one posted at the beginning of this chapter (i.e., What is the organisation we would like to model?), what we need to do is to work out a shared purpose ascribed by relevant viewpoints of the organisation. For instance, producing cars within acceptable environmental standards could be a shared purpose of relevant viewpoints of the car factory.

But who are these relevant viewpoints? We claim that those that have a stake in the organisation, that is its *stakeholders*, are considered as relevant viewpoints. Let us notice that a viewpoint may represent a person or a group and at the same time a person or a group may have one or several viewpoints about a particular organisation.
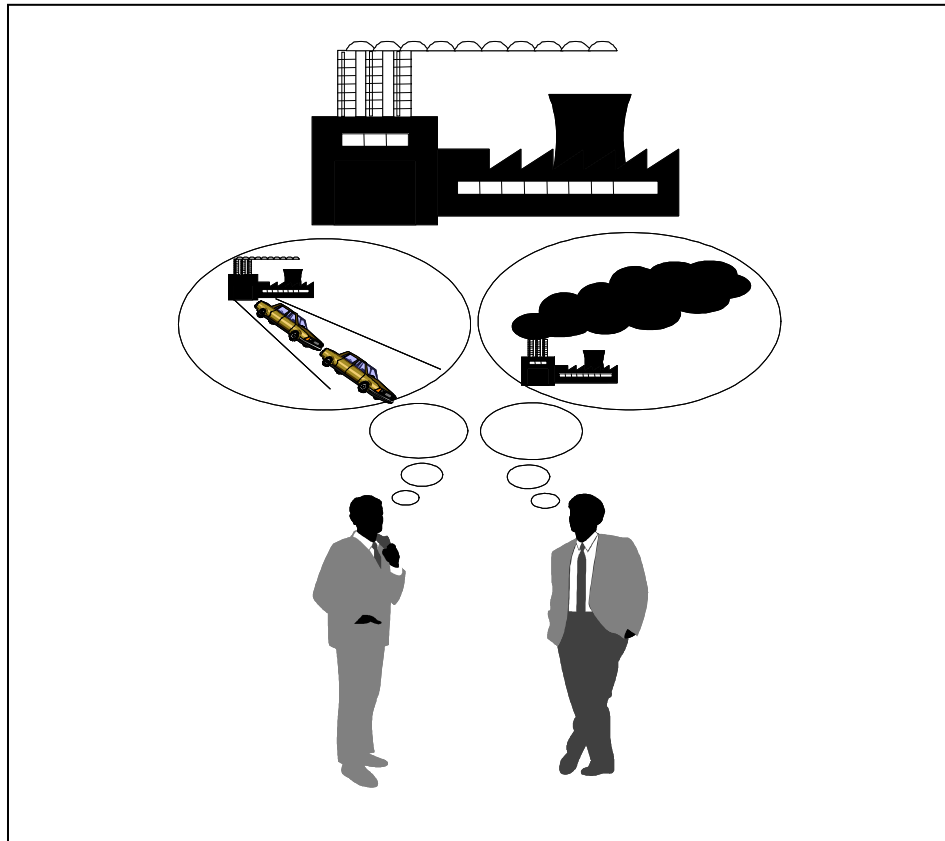

Figure 6.5. Viewpoints ascribe different purposes to an organization

We distinguish four main types of stakeholders: those carrying out the work of the organization, that is, those producing its products or delivering its services; those providing the resources needed to produce its products or services; those who are the beneficiaries or victims of these products or services; and those responsible for the management of the organization. In short, the stakeholders are not just the owners and employees of the organization but also those who provide the resources and those who receive its outcomes.

Remember that in Chapter 4 we said that the identity of an organization is what this organization IS in the sense that this identity is constituted, in the operational domain of its members, by the relationships they recurrently produce and reproduce. Stakeholders give meanings to these relationships by ascribing them a purpose. These purposes are important for the organization's performance because they set the context against which organizational members will assert their actions and the actions of others. Indeed, the more those purposes may differ the more likely that their actions will not be coordinated in performing the organization's tasks. In other words, ascribing a shared purpose to an organization with the participation of all its

stakeholders is a way to work out both its complexity drivers and its primary activities (see below). This will facilitate the effective management of complexity of the organization vis-à-vis its milieu.

Assuming that we have reached an agreement on what the purpose of an organisation is, we may represent what this organisation does by using a black-box type of system description as shown in Figure 6.6.
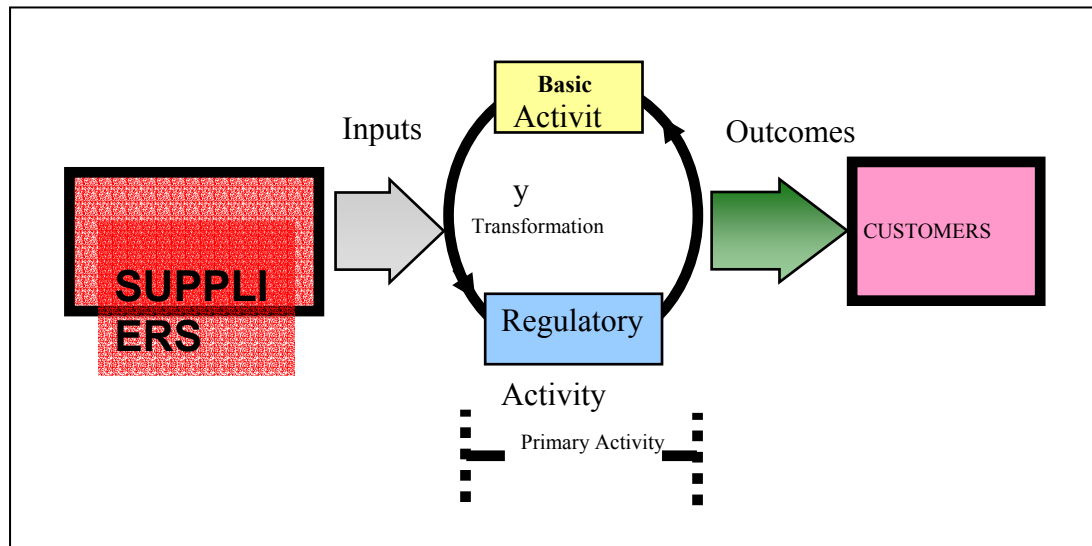

Figure 6.6. An organization as a primary activity

In this case the 'black-box' represents what we have called above a *primary activity*, that is, a set of basic activities and regulatory functions that transform certain inputs into expected outcomes. This transformation process is what adds value to the resources needed to produce certain products or services. Notice that in this diagram we are explicitly showing the four types of stakeholders mentioned before: the suppliers, the customers, the actors who perform the basic activities and the managers in charge of the regulatory activities.

Any organisation can be considered as a primary activity and as such can be represented by the diagram shown in Figure 6.6. In the method we are presenting, our main interest is to study the effective performance of an organization in its milieu vis-à-vis an ascribed purpose. In terms of the management of complexity developed in Chapter 3 this implies working out the main complexity drivers for the organization in its surroundings.

So far, we have pointed out two main sources of complexity for an organisation: its customers and its suppliers. But of course, there are more relevant complexity drivers. For instance, if the organization we are considering is a company like Coca-Cola, what its main rival does in the same market, certainly Pepsi-Cola, is relevant for its performance. In general, competitors are a relevant source of complexity for organizations. In a similar way, other organizations or institutions may affect the performance of a given organization. For instance, a popular ecological organization (like Green Peace) may have an impact on the performance of a strong organization

like British Petroleum[18]. Similarly, an institution like the Bank of England may impact the businesses of banks by reducing the interest rates. In general, we call *interveners* those institutions or organizations that may affect the performance of a transformation process of a given organization.

Graphically, we may represent the relation between an organization and its milieu, in terms of complexity management, in the following way:
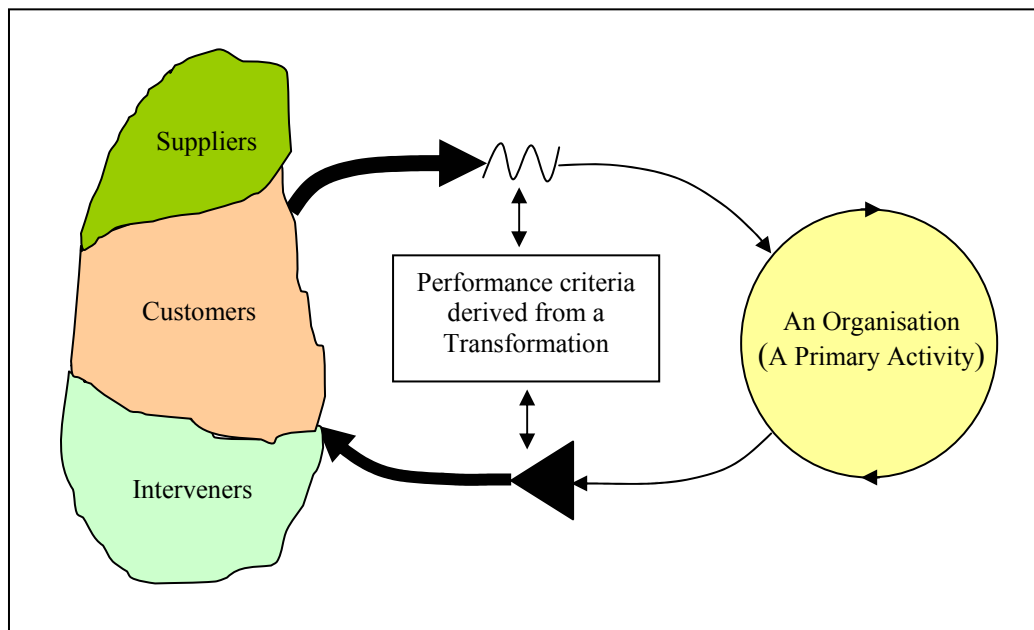

Figure 6.7 Relevant complexity drivers for an organization

In Chapter 3 we said that appropriate sets of pairs of attenuators and amplifiers of complexity should be in place for each complexity driver identified. Those complexity drivers are the main source of perturbations that have to be taken into account for an effective performance of the organization. In other words, given a particular transformation carried out by the organization in focus we always can work out who are its Customers, its Suppliers and its Interveners. One way to do this is by taking the following questions as guidance.

- For the Suppliers: Who provide the inputs needed to make the transformation possible? Notice that inputs here are products that are not only necessary to perform the transformation but are also directly negotiated by the actors who carry out the activities entailed by the transformation.
- For the Customers: Who are the immediate beneficiaries (or victims) of the products or services produced by the transformation?
- For the Interveners: Who define the context for the transformation? In other words, interveners are those who can affect the scope of the transformation because they allocate resources, are competitors, regulators or are concerned by some of the side effects, like ecological implications, of the inputs or

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[18] You may remember the closing down of an important oil plant in the ocean near **XXXXX** by continuous pressures from Green Peace in **199X. [Hay que precisar esta referencia]**

outputs of the transformation. Notice that because the number of interveners could be large, generally only the most significant ones need to be identified.

Let us remember that in this framework the role of Clients, Suppliers and Interveners could be played by a person, a group of persons, a collective, an organization, a group of organizations, an institution or a group of institutions. Considering together, the stakeholders and the interveners are called the organization's *participants*.

In any case, the organization in focus relates to them in what we called in Chapter 3 its relational venue. Notice that since the 1980s, especially with the boom of the Total Quality Movement in the Western companies, it has been clear the importance of the "clients point of view" to improve the organization's performance **[XXXX 198X; XXXX 198X]**. Direct communication channels with clients are common in nowadays organizations and a special care is taken for nurturing and preserving a hopefully long-term relation[19].

Similarly, companies have realized the importance of developing a transparent, fair and enduring relation with its main suppliers. Not only the quality of raw materials is a precondition for the quality of the products produced but also the timing in delivering such inputs is quite important for achieving client's expectations. The literature about 'just-in-time management' has stressed the importance of the relation with suppliers **[XXXXX 19XX; XXXX 19XX]**. In some cases this relation could develop in such a way that the supplier is even participating on the costs and profits of the related organization.

But if the importance of developing enduring relations with customers and suppliers is part of the 'common-sense' of managing nowadays organizations, the concern for some of their interveners – leaving aside competitors and direct regulators that are an obvious matter of preoccupation - is still not very well understood. Although ecological issues are growing in importance for some industries (like paper production and oil exploitation) most organizations do not take into account the long-term effects of the strategies they decide to pursue. These issues are triggering many ethical considerations that are giving birth of concepts like corporate responsibility **[XXXXX 199X]** and corporate citizenship **[Cortina 199X ????]**. The point from the perspective of management complexity is that these long-term effects may be major threads for the viability of organizations in the near future when trying to develop appropriate responses could be too late. Reduce or prevent the impact of these side effects is perhaps a more reliable choice and for this recognizing the relevant interveners is the starting point.

From what we have said above, it should be clear that specifying in a precise way the transformation of an organization is crucial to appreciate the complexity of its milieu. One way to describe this transformation process is by using the following canonical form:

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[19] The recent emphasis in developing complex Data Ware Houses with Data Mining Programs to learn about client's buying habits and expectations is a good example of the importance that organizations are currently giving to this relation. The establishment of creative mechanisms to gain and retain the 'fidelity' of clients, like the mileage programs in airlines and customer cards with bonus points in retailers, are another example of this trend.

> *The organization **X** does **Y** by means of **Z** with the purpose **W***

The letter X states for the name of the organization; the letter Y states for the products or services that the organization is providing; the letter Z states for the primary activities that the organization is carrying out to produce its outputs; and the letter W states for the purpose ascribed to what the organization does from a particular viewpoint.

In a sense, this canonical form is answering three main questions regarding the organization in focus: What the organization does? How does it? and with what purpose? Any answer, of course, is done from a particular viewpoint. You may have noticed that in strategic planning a similar set of questions are put forward. However, the emphasis of this planning method is in establishing the desire purpose for the organization. Its *vision* is usually taken as the long-term direction where the organization has to go; whereas its *mission* states the short-term purpose that (usually) corporate managers want to achieve. This desired purpose normally becomes managers' *espoused-purpose* and only may be transformed into a *purpose-in-use*[20] by deploying the appropriate resources and forming the adequate structure to make it happen.

The identity of an organization, on the other hand, as we established in Chapter 4 is defined by the relationships between those roles constituting the organization. In this chapter we are showing how we can identify these roles (i.e., the stakeholders, that is, the customers, suppliers, managers and actors performing the transformation) and how they can make explicit the meaning they ascribe to these relationships (i.e., by using the canonical form of the transformation presented above). This shows the difference between vision, mission and identity.

In methodological terms we need a tool that helps these stakeholders to articulate their viewpoints in order to reach agreements and align their purposes to coordinate their actions. This tool is called *naming systems* and is used in a dialogical process by which stakeholders negotiate their viewpoints about the organization in focus to align their purposes.

The outcome of this process is one or more *declarations of identity* that will be used as hypothesis to explore its structural consequences in further steps of the method. We will see how this exploration is done in the following chapters. By now, let us exemplify the process of naming systems.

A declaration of identity is a name that we give to a system that we distinguish by looking at, in this case, a particular organization. It is expressed in written by one or more paragraphs where the transformation, in its canonical form, is made explicit along with the identification of all the relevant *participants* (i.e., the stakeholders and the interveners relevant for this transformation). Again, notice that each declaration of identity reflects a particular viewpoint.

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[20] These distinctions are similar to the distinction between espouse-theory and theory-in-use mentioned in a previous chapter [Argyris and Schon 1978].

The following is an example of a declaration of identity for a particular prison from the point of view of its governor.

> 'This prison is an organization that provides a service to the community by receiving and maintaining as inmates people convicted by a criminal court, for as long as established by their sentence, in order to protect the community from their wrong doings. We have a group of well-trained lawyers and guards who carry out this service under the regulations of HM Prison Services'.

In this declaration of identity we may identify the six elements mentioned before. Certainly, the transformation is realized by taking as an input convicted people and 'transforming' them into people with completed sentences. The actors who carry out this transformation are mainly the lawyers and guards; the community is its main customer; the criminal courts are their main suppliers (apart from suppliers of raw materials needed to run the prison, like food and surveillance equipment); HM Prison Service Office is the main intervener and the governor of the prison is, of course, the person responsible for the transformation as an overall.

One way to remember the basic elements of a declaration of identity is by using the mnemonic *TASCOI* where T stands for the canonical form of the *T*ransformation, A stands for the *A*ctors performing the transformation, S stands for the *S*uppliers, C stands for the *C*ustomers, O stands for the *O*wners and I stands for the *I*nterveners. Notice that what we call 'owners' here are those persons in the organization that have an overview of the transformation and must ensure that this is being carried out. In this sense they 'own' the transformation.

By using this mnemonic we can synthesize another example of a possible declaration of identity for the prison. But this time let us do it from the point of view of one of its inmates. Suppose that this person has been in prison three times for the last ten years always for participating in car robberies.

- Transformation: taking a person convicted for regular crimes and improving its criminal techniques by providing time and space for learning from the most experienced prisoners.
- Actors: the most experience inmates.
- Suppliers: the criminal courts.
- Customers: regular inmates with, probably, shorter sentences.
- Owners: indirectly (and perhaps unaware of it), the governor of the prison.
- Interveners: the staff of the prison, particularly the guards.

It is interesting to note in this example – originally taken from a real interview to an inmate in a South American prison in the 1990s – that the prison is viewed (and used) by some of the inmates as a center to update their criminal techniques and to develop new contacts to improve their 'businesses' whenever they go out to the streets again. This is, of course, a totally different viewpoint for a prison that the one produced above by the governor of the prison. Assuming that both viewpoints refer to the same prison, which one is the 'correct' one? Notice that this is the same case of the pictures (e.g., the Indian and the Eskimo) shown before. What image is the correct one? Of

course, both of them are valid viewpoints and so are the two viewpoints of the prison presented above.

This example also illustrates the importance of recognizing the stakeholders of an organization. In the first one, the inmates are seen as 'inputs' to the transformation and not as relevant stakeholders. Remember, in this case the customers are members of the community, not the inmates! This implies that it is quite possible that the viewpoint of the inmates are not being taken into account for the organization of the prison and, therefore, the unintended (and certainly undesirable) consequences of the operation of this prison, as stated by the inmate in the second declaration of identity, will be totally blurred for the staff and the governor. We will go back to this discussion about the relevant stakeholders towards the end of this chapter.

Naming systems, in general, is a process to facilitate open and structured debates among different relevant viewpoints regarding an organization's identity. It should be stressed here that each one of the declarations of identity produced in this process is an articulated statement of a *grounded* idea [Espejo 1994]. The viewpoint is describing the organization "as it is", indeed, he or she is naming a *system*[21], a Human Interaction System. Root definitions, on the other hand, as a methodological tool offered by Soft Systems Methodology [Checkland 1981] are used to explicitly name *ungrounded* ideas, that is, to show new possibilities, to offer holons. They are useful to describe the organization "as it could be", "as it ought to be", or "as it should be". It is in this sense that while the latter are useful to orchestrate conversations for possibilities, the former are useful to orchestrate conversations for actions.

One methodological question that triggers the paragraph above is who should participate in these conversations or debates? The straight answer to this question is, of course, that they should be representatives of the stakeholders of the organization in focus. However, you may have noticed that there is a sort of a circular causality implied by this answer. Indeed, the stakeholders are implied by the declarations of identity that are produced by the same debates we want to orchestrate.

To sort this out we will distinguish the *enabling viewpoint* from all the other relevant viewpoints of the situation under consideration. The enabling viewpoint (that could be a person or a group) is the one who is using the Viplan method to approach a particular issue of concern. In this case it is the one that enables these debates to happen. This viewpoint starts by producing a name for the organization in focus (i.e., a TASCOI) as an initial hypothesis. If the enabling viewpoint considers itself also as a viewpoint of the organization in focus, then it could produce this hypothesis straight away; otherwise it would need to gather some information (perhaps through interviews) before producing this initial declaration of identity. In any case, this initial statement is used to identify the stakeholders for the first of a series of debates about the organization's identity.

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[21] Perhaps it is useful to remember here our distinction between systems and holons that we made in Chapter 1. While a system is a *distinction* that brings forth a set of parts non-linearly related exhibiting *closure*, a holon is a mental construct, an idea or a hypothesis of a whole triggered by observations in the world, regardless of whether it has as a referent a closed network of interacting people.

These series of debates are run normally as workshops facilitated by the enabling viewpoint. They will act as a learning mechanism regarding the organizations identity. This learning implies that all the elements of the declaration of identity may change from the original statement along the process. A very important issue of these discussions is an open debate to consider in detail who are and who ought to be the main stakeholders of the organization. Notice that this consideration relates not only to the purpose stated in the transformation but also to the values hold by the people participating in the debates. As we said in Chapter 1, drawing borders for social systems is more that the outcome of a logical proposition; it is making boundary judgments [Ulrich 2000].

In the case of the prison system mentioned above, for instance, we could ask why local schools and universities are not considered as relevant stakeholders of this organization. They could provide teaching material, advice and even some services to allow the prison to offer a permanent and specially oriented learning opportunity to some (probably most) of the inmates. Notice that behind this consideration is the judgment that a prisoner, in most cases, is a person that, after having being found guilty for breaking the law, needs an additional support to rejoin society as a productive individual once s/he recovers his/her freedom. Training and learning in aspects related to his/her individual skills in areas with a demand from the labor force may provide this additional support. If this question is raised during any of the debates regarding naming the prison system, it may produce and agreed change in the declaration of identity. The reader may find useful to produce this new name and to compare it with the two offered above.

This series of debates or *identity workshops* will stop when they reach stability in the names (one or more) being produced by the stakeholders. These names will be taken as hypothesis to study its structural implications. We will see this in the following chapter regarding the unfolding of complexity.

Summarizing, naming systems help us to visualize the complexity of an organization by identifying their relevant participants (i.e., owners, actors, customers, suppliers, and interveners) and by making explicit the *primary activities* that have to be effectively carried out in order to achieve the ascribed purpose (i.e., the transformation). They also enable us to design effective structures to support the primary activities of the organization. This connection between structure and purpose will be at the core of the next chapter.

But before we finish this chapter, let us mentioned two more methodological aspects regarding naming systems. The first one is that this tool could be used by the enabling viewpoint in two modes: a diagnostic mode or a design mode. In fact, the whole VIPLAN method could be used in these two modes. The purpose of this chapter was to introduce the method and to explain the process of naming systems as its first tool. The application of this tool, as well as the others of the method, will be addressed with some specific examples in Chapter 10 when we shall present a set of current Archetypes in organizational diagnosis and design.

The second aspect is a clarification about the scope of the tool. We presented naming systems as a way to explore the identity of an organization from relevant viewpoints. It follows that, in general, it could be used to explore the identity of any primary

activity. However, it can also be used to name *regulatory functions*, like auditing or planning in a company, or even to name transversal processes, like quality control or any logistic process. We can use naming systems in all these cases in the same way as we use it to name primary activities, however, we will take some time to explore these particular cases later on in the book in Chapter 11 when we will see the whole VIPLAN Methodology.