

# Contents

<b>1</b>	<b>Organizational Intelligence in Systemic Terms.....</b>	<b>1</b>
1.1	The Need for Organizational Innovation.....	1
1.2	An Innovative View of Organizations.....	2
1.3	Related Streams of Inquiry .....	6
1.4	What Makes an Organization Intelligent? .....	7
1.5	Purpose and Scope of this Book .....	8
<b>2</b>	<b>Complexity and Understanding .....</b>	<b>11</b>
2.1	Two Crucial Concepts: Complexity and Variety .....	11
2.2	Ashby's Law of Requisite Variety .....	14
2.3	The Conant-Ashby Theorem: Models are Crucial .....	20
<b>3</b>	<b>Management – A Distributed Function.....</b>	<b>23</b>
3.1	On Leadership and Management.....	23
3.2	On Control Loops .....	25
3.3	Control Versus Pre-control.....	28
3.4	Extrinsic Versus Intrinsic Control .....	28
3.5	Hierarchy Versus Heterarchy .....	29
3.6	Distributed Management .....	32
<b>4</b>	<b>Intelligent Organization – A Systemic Framework.....</b>	<b>35</b>
4.1	Postulates .....	35
4.2	Introducing the Framework .....	36
4.3	Dimensions of the Framework .....	38
4.4	Theoretical Models to Enhance Organizational Intelligence .....	42
4.5	Relationships Between the Models .....	43
<b>5</b>	<b>Activities: What the Organization Does.....</b>	<b>47</b>
5.1	The Model of Systemic Control (MSC) .....	48
5.2	Operative Level .....	51
5.2.1	Profit and Liquidity .....	51
5.2.2	Creating and Delivering Value.....	52
5.3	Strategic Level.....	53
5.3.1	Existing Versus New Value Potentials .....	55
5.3.2	Strategic Business Unit Versus Whole Firm.....	58
5.3.3	Core Competencies .....	61
5.3.4	The Linkage Between Strategy and Profit Revisited.....	63

5.4	The Normative Level.....	.64
5.4.1	Viability.....	.64
5.4.2	Beyond Viability .....	.65
5.5	Relationships Between the Three Levels .....	.67
5.6	Criteria of Systemic Effectiveness .....	.69
5.7	Insights Based on the Model of Systemic Control.....	.71
5.8	Revisiting the Feedback Cycle .....	.75
5.9	An Application Perspective.....	.76
5.10	Intermediate Summary and Outlook .....	.79
<b>6</b>	<b>Structure – Preconditions for Effective Action .....</b>	<b>.83</b>
6.1	The Viable System Model (VSM).....	.83
6.2	On Recursive Organization Design .....	.86
6.3	Recursion and Hierarchy .....	.90
6.4	Embodiments of Recursive Management.....	.90
6.5	Virtual Organizations as Viable Systems .....	.91
6.6	Networks as Viable Systems .....	.94
6.7	Networks of Viable Systems .....	.97
6.8	Viable Systems: Hierarchy, Hierarchy or Both? .....	.100
6.9	Criticisms and Beyond.....	.102
6.10	Autonomous Agents in Viable Organizations.....	.103
6.11	An Application Perspective .....	.105
6.12	Intermediate Summary and Outlook .....	.107
<b>7</b>	<b>Behaviour – The Control of Cognition and Emotion.....</b>	<b>.109</b>
7.1	Behaviour in and of Organizations.....	.110
7.2	Participation and Authority – Social Behaviour for Complexity Absorption .....	.114
7.3	The Team Syntegrity Model (TSM) – An Architecture for Large Groups.....	.115
7.4	The Team Syntegrity Process .....	.119
7.5	Applications .....	.120
7.6	Case Study: A Collaborative Global Research Project .....	.121
7.6.1	Purpose .....	.121
7.6.2	Design of Project .....	.121
7.6.3	The Process .....	.122
7.6.4	Results .....	.124
7.6.5	Some Insights .....	.125
7.7	Further Empirical Evidence .....	.128
7.8	Outlook .....	.130
<b>8</b>	<b>Ethos and Identity: Basic Parameters of Organizations .....</b>	<b>.133</b>
8.1	Organizational Ethos .....	.134
8.1.1	Change Versus Timelessness .....	.135
8.1.2	Normative Management: Ethical and Esthetical Imperatives....	.136

---

8.1.2.1 Ethics .....	137
8.1.2.2 Esthetics.....	138
8.1.3 Task and Responsibility of the Firm .....	138
8.1.4 After all, What is Good and What is Bad?.....	142
8.1.5 Orientation, Explicitness and Reflection .....	146
8.2 Organizational Identity .....	147
8.3 Theory of the Firm.....	149
8.4 Some Empirical Evidence .....	152
8.5 Immoral Organizations .....	157
8.5.1 Are all Viable Organizations Intelligent? .....	157
8.5.2 Are all Virtuous Organizations Intelligent? .....	158
8.5.3 Are all Non-Viable organizations also Non-Intelligent? .....	158
8.6 More Empirical Evidence.....	159
8.6.1 Ideal-Type More of the Same .....	160
8.6.2 Ideal-Type Disrespect of Heritage .....	160
8.6.3 Ideal-Type Greed to Corruption.....	160
8.7 Immoral Actors in Organizations .....	162
8.8 Intermediate Summary and Outlook .....	163
<b>9 Time and Organizational Dynamics .....</b>	<b>167</b>
9.1 Transformation Over Time .....	168
9.2 A Practical Example .....	169
9.3 Lessons from Computer Simulations .....	170
9.4 Intermediate Summary .....	178
<b>10 The Framework Revisited .....</b>	<b>181</b>
10.1 Systemic Features.....	181
10.2 Organizational Principles in the Framework .....	183
10.2.1 Activities .....	183
10.2.2 Structure .....	183
10.2.3 Behaviour .....	184
10.2.4 Basic Parameters .....	184
10.2.5 Time .....	184
10.3 An Integrative View of the Dimensions and Models.....	185
10.4 Change and the Fundamental Parameters Revisited.....	189
10.5 Applications of the Framework .....	191
10.5.1 Case 1 .....	192
10.5.2 Case 2 .....	193
10.5.3 Reflection .....	193
10.5.4 Case 3 .....	194
10.5.5 Case 4 .....	197
10.5.6 Reflection .....	198
10.6 Relevant Empirical Work by Other Authors .....	199
10.7 Intermediate Summary and Outlook .....	200

<b>11 Outlook: The Way Ahead .....</b>	<b>203</b>
<b>Appendix.....</b>	<b>207</b>
<b>Reference.....</b>	<b>211</b>
<b>Index.....</b>	<b>231</b>