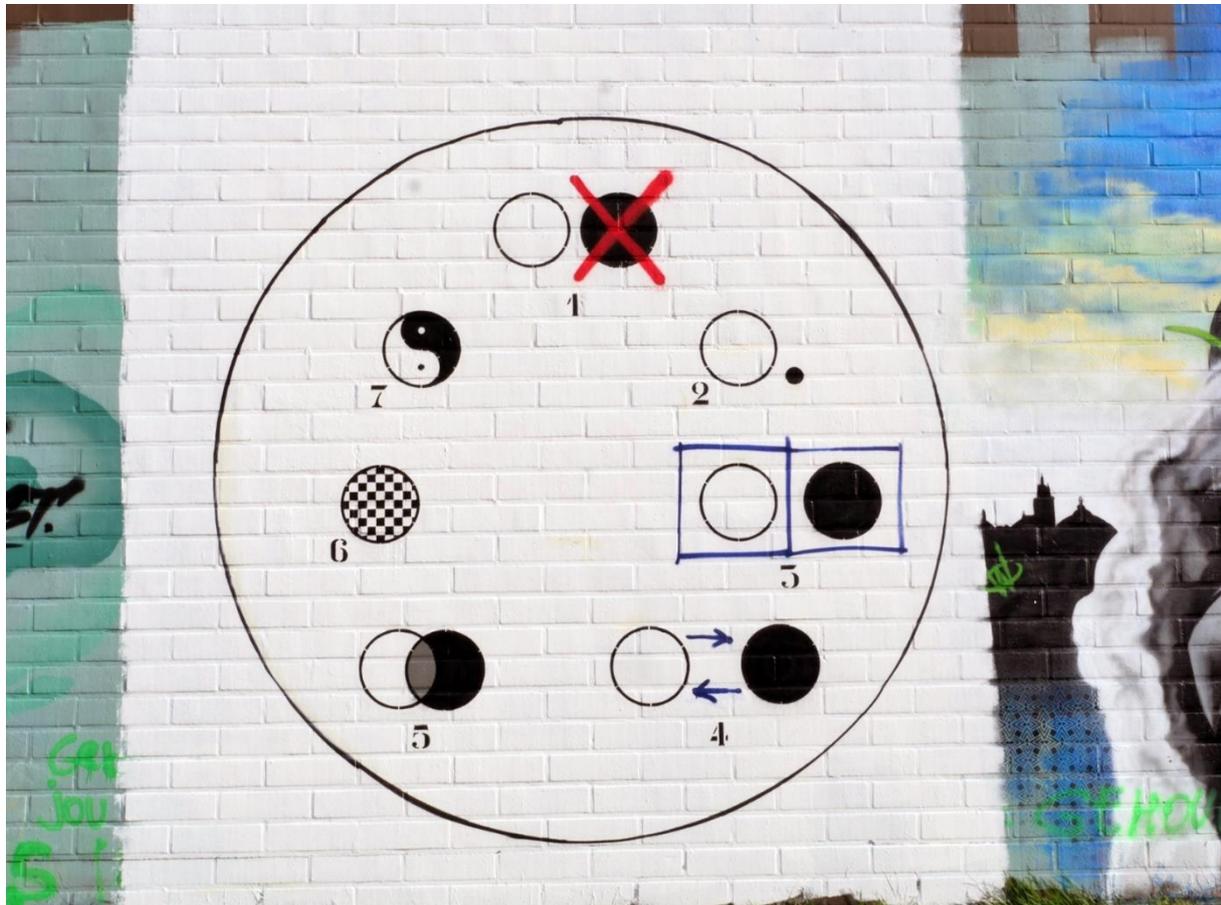


## Standard and customized under one roof?

### *7 ways of organizing complementary functions*

Ivo Brughmans



*How do you organize complementary or even conflicting functions and let them work together? In this article the principles of 'both-and' thinking and paradoxical leadership are applied to organizational design.*

#### **Courtroom at the kitchen table?**

A good example of this topic is illustrated in how the process of court proceedings is developing in The Netherlands. There is a shift away from one standard method to greater differentiation in ways of working. On the one hand, there is the development to strong digitization with digitally competent citizens managing their own legal proceedings online. On the other hand, where this way of working would be efficient for relatively simple and straightforward cases, it is not fit for the more complex ones. In some cases, it is highly likely that the same person will be again on trial for a similar case some time later, as the root cause of the issue is not addressed. Shouldn't the courts invest in the prevention of lawsuits and ensure that the underlying problem is resolved (so-called socially effective justice)? In addition, a two-speed society emerges, where the digitally skilled citizen can find his way around in the virtual courtroom, while the digitally inept person is completely lost. Shouldn't a 'flying judge' feature be arranged to ensure proper legal proceedings at the kitchen table?

One of the fundamental questions here is how to organize these different ways of working or, if you like, 'service delivery channels'. Do you then have two service channels captured in two entirely separate organizational units: the 'digital proceedings' department and the 'kitchen table proceedings'?

department? The 'factory' and the 'mobile brigade', a curative and a preventive department? And do they work more or less separately or do they have to coordinate on a daily basis? Or are you going to integrate all these functions in one organization with both courtroom and kitchen table judges? Are you considering temporary roles or permanent functions? Or perhaps a judge holds court on Monday and Tuesday and is on the road for the rest of the week? Or are these very different ways of working and competencies that are hardly compatible in one person?

### Innovation within the daily operations?

This organizational puzzle is of course much broader than the example mentioned. It is the age-old issue that you'll find almost everywhere. For example, are you planning to try and develop the innovative capabilities within the daily operations? That would be great, but doesn't it bear the risk that innovation would get snowed under in the issues of the day or stays limited to minor adjustments to what already exists? Or wouldn't it be better to set up a separate innovation cell that can think freely and independently, but at the risk of becoming a disconnected unit that has no impact on the core business? As a large multinational, are you planning to fully integrate the recently acquired start-up or leave it for the most part untouched? Are you going to set up a program team to implement a major change or are you going to do this through the regular line organization?

### The wheel of possibilities

It may seem like this issue is limited to an 'either-or' choice: either separate or integrated. But there is in fact a whole range of possibilities for organizing complementary functions. The polarity wheel is a useful tool for exploring these different options.

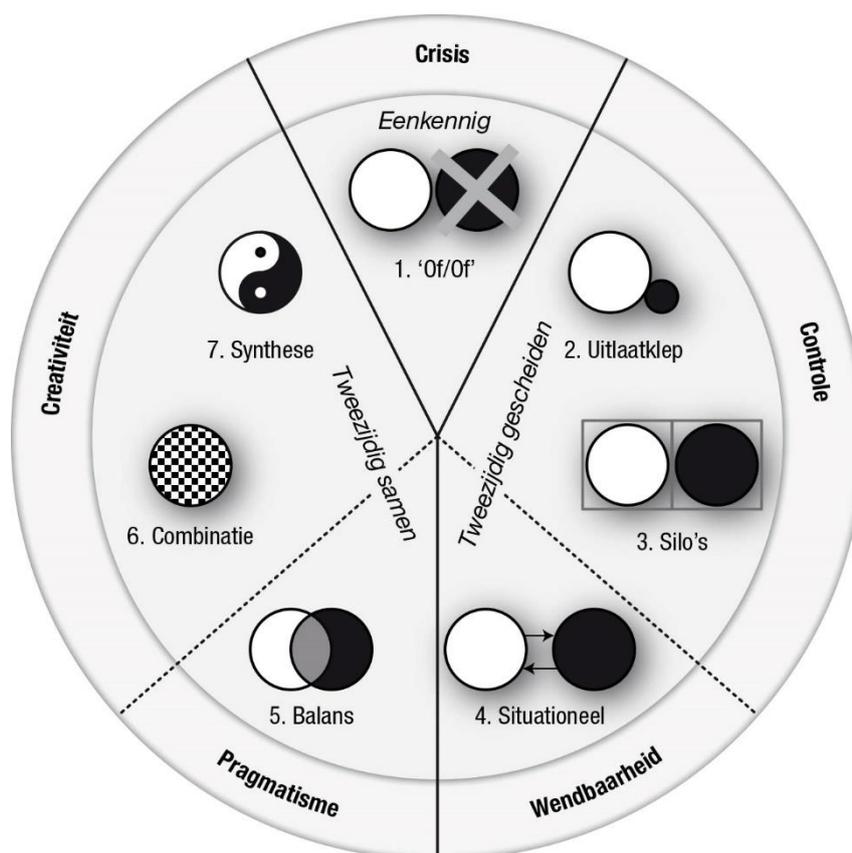


Figure: © the polarity wheel, from Ivo Brughmans, 'Paradoxaal Leiderschap', Boom, Amsterdam, 2016

The wheel works like a menu that allows you to choose the right 'mix' according to the specific context. Different strategies to combine complementary functions and representing different levels of

integration, numbered 1 to 7, are distinguished in the wheel. However, that doesn't mean that the highest level of integration is the best solution for every situation. Sometimes a high level of integration is not feasible or costs too much effort and resources and a lower level solution is at that moment the best option. Take for example the polarity between order and freedom. Recent history shows all too clearly that overthrowing a dictatorial regime does not immediately lead to open dialogue and democracy, but rather to chaos and civil war. Perhaps the transition should take place via an intermediate step of a milder dictatorship, with just a gradual introduction of freedom. Just as the China of the brutal Cultural Revolution of the 1960s and 70s was successfully replaced by a dictatorial regime with strong restricted political freedom, but with a considerably large economic freedom. Choosing the right blend between order and freedom is determined by the situation. Maybe having just a very small dose of the opposite pole is for now the only feasible option. At a later phase, somewhere in the future, it might be possible to have a more balanced mix of both aspects.

### The 7 levels in the polarity wheel

If we take the example of the polarity between innovation and running daily operations, the 7 levels of the polarity wheel could look like this:

**Level 1** is the level of the pure **either-or way of thinking**. All efforts and resources are concentrated on keeping the current operation running and there is no room for innovation. Or the reverse: a creative start-up that continuously launches new ideas but does not have the discipline or implementation power to develop into a stable business. This is actually level zero with respect to integration, where there is no question of two complementary functions. Nevertheless, at a certain phase, it solution can be a conscious and beneficial choice to do so. 'We have hit a patch of bad weather and survival is the message, so forget all innovation and re-focus on the core tasks.' This level cannot be maintained for long because without innovation you cannot survive, just as you cannot keep experimenting in your garage as you need some bread on the table. That is why sooner or later the shift from level 1 to level 2 is inevitable.

**Level 2** is the level of the '**sanctuary**'. 'We are actually a rather traditional, business-as-usual organization, but we ought to do something with innovation.' That is why a small innovation cell is being created alongside the regular organization to stimulate the rest. Because of its isolated character, this cell has the space to come up with out-of-the-box innovations without being engulfed by daily operations and without being restricted by the traditional way of thinking and acting. But often there is also a slight sense of being that small Gallic village within the great Roman Empire. It is in fact, all on its own, without connection or substantial impact. A cell like this is sometimes no more than a management team toy or a PR-showcase. Nonetheless, this 'sanctuary' can have a positive role of protected testing ground where experiments can be carried out and where not everything has to run according to strict processes and well-defined procedures, a feasible and controlled first step to making the entire organization more innovative.

**Level 3** is the level of the **silos**. At this level, for example, a traditional and an innovative organization co-exist in separation, managed as two carefully delineated organizational entities. Like for example, an internet bank alongside a traditional bank, or a standard product organization and a more customized service organization. In contrast to level 2, both sides are considered as equal, although they are kept clearly separate. This can work really well because, in this way, every organizational component has its own specific focus and can develop its own well-fitting work processes and methods. It often takes different, not interchangeable, competencies and both components are managed in their own way. But in many cases, cooperation is unavoidable, for example, because the service units have to maintain the products of the product units and/or both units serve the same customers. In that case, organizational walls can constitute a major obstacle that often can lead to conflict and competition.

**Level 4** is the level of **serial or situational switching**. In successive periods the organization shifts the focus from innovation to stabilization and back to innovation in a cyclical movement. For each phase the organization exchanges old methods for new and develops or buys new competencies. Once a new product or service offer has been developed and finalized, it is put into production and it is then all about volume and operational excellence. Just like a theater company that, after developing and rehearsing a new piece, performs it for months in every neck of the woods. Or a biotech start-up that invested years in the development and patenting of a revolutionary drug and then markets it on a large scale. Ideally, to safeguard the continuity of income, the development of new products/services should be started while the existing ones are still going strong, but sometimes the organization is too late and its survival may be compromised. In those overlapping periods, both daily operations have to be run and new products/services have to be developed, which puts significant pressure on the organization. In order to absorb this pressure, you can work with a separate development and production organization, like at level 3. The disadvantage of serial switching is that it costs a lot of energy and money, especially during the changeover periods. The advantage is that the smoother an organization can switch between exploration and exploitation - for example through a good mix of widely deployable employees or a large flexible resources pool - the more agile it is and the faster it can respond to changes in the environment.

At all previous levels the complementary functions were never really dealt with simultaneously. They were always separated, either in space or in time. From level 5 onwards they interweave.

**Level 5** is the level of **balance or compromise**. Innovation is no longer a separate thing but belongs to the integral responsibility of the operation, for example as one of the objectives in the balanced scorecard. Since attention must be divided over both and you can't go full out on either one, it often means finding a feasible and pragmatic mix. The advantage is that innovation is permanently on the agenda of everyone and that the innovations that are developed probably fit well with the needs of the operation. The disadvantage may be that innovation gets diluted or snowed under day-to-day operational work, and as attention is divided, there's a real risk of the organization doing neither really well. The question is also whether real breakthrough innovations can be achieved in this way.

**Level 6** is the level of **creative combinations**. At the previous level both goals were slightly watered down to find a workable in-between solution. At level 6 they are present in their pure form... and come together in a creative tension. You can think here of dual roles or functions, where staff members can focus both on the operation and can fully participate in innovation projects, so that the transfer from one to the other can also run smoothly. The well-known example in this instance, is of the IT company that pays its employees for 5 days per week, but only deploys them for 4 days to work on the projects of the organization. On the one remaining day, the employees are free to work on their own projects, using the company's infrastructure. All they have to do is share their progress and results with their colleagues. This generates a creative tension, out of which new initiatives emerge. 'Agile' product development is also a way of putting this into practice: (IT-)developers and business people each have their own role but work closely together as part of one team, in short-term cycles. Level 6 specifically needs employees who are really passionate about their work; if this inner inspiration is lacking it probably gets bogged down in a bureaucratic tick-the-box-exercise.

**Level 7** finally, is the level of **synthesis**. Where with the previous level, clearly delineated roles and functions and formal KPIs were still required, at level 7 the employees have fully integrated innovation and efficiency in their thinking and acting. It has become second nature to consider both values in each situation, to switch smoothly between one and the other, and where possible to connect them with each other at a higher level. In this way, the innovation process gains in efficiency and the operation is continuously seen through an innovative lens. The two goals coincide, in the same way as a line manager doesn't consider caring for his staff as an incidental HR activity alongside his operational task, but as essential to achieving his operational objectives. This level requires that the organization mainly specifies

the overall framework, and in particular establishes the playing field between exploration on the one hand and exploitation on the other. Employees are empowered to develop initiatives on the axis between these two values and are able to determine themselves the exact moment of transition from exploration to exploitation. It requires employees to have a high degree of self-knowledge, self-confidence, initiative, situational flexibility and communicative skills.

The principle is that the higher the level of integration, the more sustainable the anchoring of both functions in the organization will be. But this is not always feasible. Sometimes a level 2 solution ('Sanctuary') is the highest achievable or a compromise at level 5 costs less energy than a synthesis solution at level 7. Perhaps it is a well-considered step in a gradual growth scenario. It is always important to make a conscious choice in your design and offset the pros and cons of every level with each other.

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[Ivo Brughmans](https://paradoxical-leadership.com) is a philosopher and management consultant. Ivo is fascinated by paradoxes and the challenge to bring together opposite approaches, both in personal leadership, organisations and society as a whole. Ivo has written several books on this theme, developing a 'both/and' perspective as a radical alternative to our current way of living, managing, governing and coaching. Ivo lives in Antwerp, Belgium and works with public and private organisations around the globe. See also <https://paradoxical-leadership.com>.