

School of Fish Strategy

A Note on Kaleidoscopic Organization



Build Smarter Enterprise

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Kaleidoscopic Organization Complements School of Fish Strategy

Kaleidoscopic design of organization naturally complements school of fish strategy. Several studies on structures of successful global enterprises have shown that organizations that are agile, innovative and quality-driven are built on 'learning economies' rather than traditional logic of 'scale economies'. Our research attests to this novel phenomenon of flourishing knowledge-centric global enterprises operating like school of fish in a dispersed and permeable manner. We have observed that the knowledge-era firms are drawing strengths from their organizational architecture that combines flat, flexible, lattice (matrix like) structure, and learning & innovation-driven team culture.

Kaleidoscopic design not only reflects the agile and learning orientation of knowledge-economy enterprises, but also embodies their creative and innovative spirit. To complement the school of fish strategy, structure and culture should render the kaleidoscopic reflectivity, modularity and diversity. Scale economy industrial giants, however, have grown older and their strategies revealing myopic tendencies and structures lacking information processing capacity to handle uncertain business environments. Due to bureaucratic lethargy, attrition, entropy and rigid culture, large integrated structures inhibit adaptation to dynamic changes in technologies and markets. A firm will have limited choices if it cannot adapt to market dynamism, which may result in sub-optimization of resources, direct collision with competition, price wars, and entropy (i.e. depletion of organizational resources).

Kaleidoscope as Metaphor

Kaleidoscope is a simplest system one can imagine; however, it is capable of creating most complex and infinite number of patterns; in a creative sense, it personifies unlimited potential. It embodies a metaphor for flux, changing and seamless nature of markets and organizations.

Kaleidoscopic organizational design will enhance the dynamism and information processing capacity required to implement school of fish strategy. This mode enables an organization to continually renovate resources, seek opportunities across markets / industries, and continually redraw its boundaries. To implement this design, certain principles are required to organizing information, task, technology, resources and employees.

Following six principles of organization are necessary for implementing kaleidoscopic design.

1. Reflectivity & Absorptivity

Organization should have absorptive boundary and high reflectivity for exchanging information and resources effectively across and within.

2. Modularity & Connectivity

Organizational systems need to be modular to connect and collaborate within and outside.

3. Diversity

Organization must allow for convergence of diverse ideas and people.

4. Renewability

Fostering organization culture seeking change and renewal.

5. Symbiosis & Synergy

Design the organization to build synergy through symbiosis among units & processes.

6. Balanced Performance Goals

Organization must set Fair, Ethical, and Balanced Goals.

Kaleidoscopic Organization Characteristics



Benefits of Kaleidoscopic Organization

Specialization and Efficiency

Efficiency through specialization is the hallmark of modern organizations. Kaleidoscopic structure, however, defies the notion of specialization gains. Specialization based on space, process, task or function will hamper the learning and agility necessary to achieve the dynamic capability. A Kaleidoscopic structure - built with higher-order competences, and infused with due processes - fair and balanced norms, however can surpass the specialization advantages, and enhance dynamic capabilities without compromising on efficiency gains. Higher-order capabilities comprise shared-mindset, employees knowledge, high-skill level, job enrichment, knowledge work encouraging creativity, cross-functional coordination of both cognitive & physical dimensions of work, team culture fostering innovation, sophisticated technology that removes drudgery and mundane work.



Organizational Size and Economies of Scale

While large scale organization/production is associated with economies of scale, large size can result in high bureaucratic cost and rigidity, quickly turn an entity into a state of diseconomies of scale, attrition and entropy. Although kaleidoscopic model does not completely synchronize with the logic of economies of scale, modularity & agility of the kaleidoscopic design however can engender the economies of learning which can help a firm to surpass the advantages of scale economies. Kaleidoscopic design can also facilitate a larger organization to operate in smaller, disaggregated formation or allow smaller companies to collaborate in a shoaling form thus allowing for agility and nimbleness to manage dynamic market environments. Kyocera Ceramics and WL Gore Associates exemplify the shoaling strategy with their kaleidoscopic organization.



W L Gore Associates

WL Gore Associates is an exemplary knowledge-era firm that illustrates how to organize a large firm with small company thinking. Gore Associates has a flat lattice (prism like mesh) organization comprising hundreds of decentralized but net-worked small teams. WL Gore boasts of having no conventional organizational charts, no chains of command, and nor it has programmed channels of communication. Team units are organized around business opportunities and projects with complete autonomy. Employees are treated as 'Associates', and Bosses are referred to as 'Sponsors'.

Kyocera Ceramics

The organizational structure of Kyocera Ceramics, Japan offers an interesting example of how a large global corporation of the size of 70,000 people with \$14.5 billion revenue can be designed as a collection of small, customer focused business units. Kyocera's organization structure is known as Amoeba management system or Inamori way developed by its founder Kazuo Inamori, has more than 3000 amoebas (small units), with each unit empowered to operate independently at the same time encouraged to collaborate with other amoebas to achieve synergy and profitable growth. Kyocera believes that this style of management spurs market agility, enhances customer service and entrepreneurial drive, and has helped the company to effectively manage the dynamic technology environment.



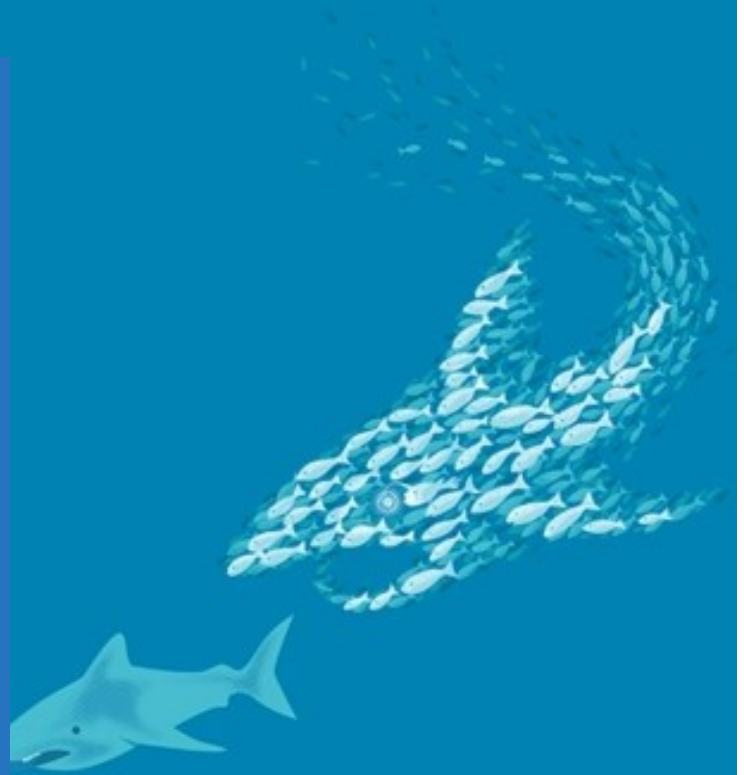
Kaleidoscopic approach to Product Innovation

Samsung Galaxy Gear

Samsung has recently unveiled a Galaxy Gear Smart-watch, a digital wristwatch that can snap photos, answer calls, receive text messages, track workouts and use an array of apps — gadgetry that can enhance cellphones productivity. Smart-watch is the latest wearable tech with e-mails, picture sharing and myriad apps. This innovation crosses the boundaries of technologies, markets, interfaces, and consumer domains & uses. And this product is an outcome of organizational learning, absorptivity, modularity, and synergistic product design, marketing, and technology configuration. Samsung has deployed flexible, cross-functional teams and boundary-spanning experts to design and launch this product.



School of Fish Strategy is a synthesis of state-of-art management research and practice that guides how to build smart, nimble and innovative enterprise. Your organization can be turned into a smart enterprise with the school-of-fish strategy or shoaling formation nested with kaleidoscopic organization design, modular value chain, symbiotic processes and dynamic configuration of product-market domains.



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