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Second edition

From Silo to Whole

How success thinks in our post-Silo world

We are living in a world of constant change which demands a new kind of cultural thinking and behaviour if our society is to survive and thrive. 'From Silo to Whole' is presented as an invitation to leaders to grow their businesses through leading the necessary shift from silo-thinking behaviour to whole-thinking behaviour, connecting all stakeholders to unique purpose. It describes the story behind the emergence of whole-organisation leadership and co-creation.

The Twelve B.V.

Culture

The world today 'works' profoundly differently to how it used to work, even forty or fifty years ago. We have discovered that our traditional Western ways of thinking, behaving and acting that were successfully effective up until the 1970s now have little traction. This has become most clearly evident in the world of leadership and management, the key purpose of which is to ensure that people work efficiently together towards a common aim. What has happened is that increasingly targets are missed, measures are sabotaged and plans fail, all in a way that is beyond our control. And what we have painfully learned from that is that our culturally inherited styles of thinking and reasoning were designed for a world that no longer exists, and no longer behaves in a predictable way. The world has changed, indeed it seems to be increasingly changing, and we in the West urgently need to adapt to that change.

If Western society is to succeed in these current times of constant change, we all need to fully understand not only that our world has fundamentally changed, but also that our classical Western frame of thinking and reasoning, and our traditional cultural belief-system that underpins that, is no longer fit for purpose. We are in the middle of a truly seismic cultural shift within which we are being forced to move out of the familiarity and comfort of our classical Western belief-system of a silo-world towards a newly emergent belief-system of a whole-world that, although it necessarily grows out of and on the foundations of the past, is itself radically different to the old belief-system.

A cultural belief-system is built around a core gestalt of that culture's philosophical understanding of the natural principles and laws that inhabit and influence everything within its world. It provides the cognitive and experiential frame for the culture's understanding of causality, of how things work, and the often enormous differences in cultures' understandings account for all of their uniquely differing characteristics. And as such the belief-system frames, shapes and directs all of the culture's values, behaviours and actions. It is the basis of a culture's thinking and rationality.

There are as many belief-systems as there are cultures, and by definition at a certain level all are 'true', at least true enough within their respective cultures to operate manageably and successfully. Being 'true' however is not enough – a belief-system has to be shared by sufficient numbers for their values, behaviours and actions to be able to operate coherently within a commonly recognised cognition and rationality. For example Japanese cultural behaviours will not 'work' properly in other cultures, they work optimally only within Japanese society.

Six hundred years ago the West experienced a similarly seismic cultural shift, heralding a radically new belief-system based on the idea that we live in a world universally comprised of separately controllable elements, all operating independently of one another within their own individual silos. The 'truth' of the idea recognised the separability and independence of mankind from God, mankind from nature, individual from individual, plant from plant, element from element. One of its most potent expressions was in the development of the sciences and technology, analysing and penetrating deep into the substance of matter to identify, isolate and control the smallest elements and particles of materiality and physicality. This insight into the potentiality of every individual's humanistic sovereignty over the component elements of nature powered the Western culture towards a political and economic dominance over most of the world, and drove the growth of unprecedentedly high material standards of living for billions of people.

In the very early twentieth century this kind of silo-thinking was epitomised in the Taylorian concepts of scientific management, which underlay and came to be largely responsible for the phenomenal increases in efficiency and innovation of the following decades. Silo-management is characterised by a highly developed expertise in identifying linear causal relationships, reductively analysing problems into their separate component elements. These are typically delegated to independent silos as tasks with pre-planned schedules, targets and objectives, directed by means of hierarchical command-and-control. Management of individuated elements rules.

The Western culture's concept of the separate and independent sovereignty of elements depended, however, on a presumed ability to control and predict the silo behaviours of those individual elements. Although this principle had worked remarkably successfully for centuries, the changes that surfaced during the last decades of the twentieth century began to undermine the potency of silo-thinking.

Globalisation took hold, restrictive practices and protected markets collapsed, and voracious new competitors emerged who had previously been considered compliant customers or captive dependents. Growth in communications and information technology, with improvements in logistics and transport, transformed the market place. Individuals became more independent-minded, social barriers broke down, and as finance was released from governmental control the old limitations and restrictions on commercial and financial behaviour collapsed. All of which undermined the predictability and controllability on which traditional command-and-control silo-management relied.

What was emerging was a world that failed to respect the boundaries between separate elements, with the inevitable consequences that the planned controls that are intrinsic to silo-thinking began to collapse. It was not that the idea of the separability of elements was suddenly 'untrue', it just failed to work well enough because the boundaries on which the belief-system depended were being constantly penetrated and subverted. And this inevitably collapsed the reliability of a cultural thinking and reasoning that was based on the reality and sustainability of those boundaries.

We in the West increasingly found ourselves in a world of permeable and unprotectable boundaries, but saddled with an inherited and no-longer appropriate cultural belief-system within the frames and parameters of which our rational thinking was unable to effectively manage these new conditions. This implicitly demanded that we identify a new natural principle of causality, a new belief-system and core cognitive frame which could enable us to operate more safely and successfully within such a radically different, fluid, ever-changing and boundaryless world. And the seismic cultural shift within which we are currently immersed seems to embody just such a new belief-system (new at least to the West), one that is founded on the universal 'truth' of the connectability of elements, seemingly the diametric opposite of the separability of elements, and yet also its natural complement.

The insight underlying this emergent new belief-system is that elements within a boundaryless and uncontrollable world can only prosper in mutual interdependence, through their connectedness in some way or another. And the implication of that is that relations of connectedness naturally and most efficiently cohere within wholes, within identities as systems that are whole within themselves rather than discretely separate, and bound voluntarily together by common interest and shared purpose.

Cognition

A belief-system focused around the core concept of the connectability of elements naturally impels us to look for what connects, what unites and what coheres. And that leads inevitably to the concepts of whole-system and whole-thinking.

The shift from silo-thinking to whole-thinking represents a truly radical cultural change, but has been organically underway for some time now, and the concepts and words associated with it are no longer so surprising or unfamiliar. Our lived *belief* in those concepts and words and their underlying core natural principles of causality, will however take a little longer. This is because by their very nature and role in our lives belief-systems are intrinsically resistant to change, and yet change they must. It is not that silo-thinking is suddenly 'untrue' or 'wrong', it is rather that its principles no longer rule and must now subordinate to those of whole-thinking. It is the pre-eminence of the belief-system underlying and framing silo-thinking that has to go, not its impressive intellectual and cognitive expertise, which now has to be directed to *serve* whole-thinking.

Whether we like it or not, we live now in a whole-system world, one that is unsuited to silo-thinking and that demands new philosophical principles, qualities, and concepts that are more appropriate to *whole-thinking*:

SILO thinking	WHOLE thinking
linear	lateral
hierarchical	networked
vertical	horizontal
discrete	whole
separate	coherent
reductive	interrelated
distributed	integrated
individuated	unique
contained	open
delegated	collaborated
controlled	autonomous
specific	associative
directive	co-creative
mechanical	organic
prescribed	authentic
fixed	adaptive
entity	identity
bounded	unbounded
insular	transparent
disciplined	self-disciplined
profit	value
generic	sentient
causal	systemic

Whole-management

A mere forty years ago, many of the qualities and concepts listed in the right-hand column (above) were rarely heard in management circles. The fact that they are now commonplace, at least as words even if not evidenced so much in practice, is largely due to four decades of highly creative management thinking.

Management literature offers any number of new instruments and processes that embody whole-system thinking in one way or another. All of the most significant new techniques reflect this, including TQM, Lean, Balanced Scorecard, Six Sigma, Action Research, Learning Organisations, Blue Ocean, business process re-engineering, scenario planning, system planning, the concepts of the value-chain and the value-stream, the many management tools that emerged from Japan, most organisational development work, and many of the ideas and concepts within brand, customer relations management and marketing.

If we translate the contrasting philosophical principles, practices and concepts of silo-thinking and whole-thinking into comparisons of *management* principles, practices and concepts, again we see radical differences:

SILO management	WHOLE management
command-and-control	invited co-creation
performance management	capability leadership
parameters of solutions	parameters of capability
managing planned output	leading emergent output
managing problem-solving competency	leading value-creation capability
commodity value-creation competency	unique value-creation capability
driven by problems and needs	pulled by opportunities and potentials
focused on targets and outcomes	focused on capability
reactive and growth focused	empathic and developmental
growth directed by circumstances	growth organic from within
surface appearance and phenomena	inner dynamic energy and potency
linear and causal	complex and emergent
separated functions	cross-function collaboration
lean cost-cutting	creating added-value
task-oriented operations	process-oriented operations
generic metrics	unique metrics
generic value	unique value
brand as marketing tool	brand as identity standard
unique selling point	brand authenticity
commodity sales	category-of-one
adapting to market needs	identified with market needs
shareholder rationale	whole-organisation rationale
investment in profitable results	investment in sustainable results
directed performance	emergent performance
hierarchical structure	flat networks
vertical leadership	horizontal leadership
organisation optimising its efficiency	organism optimising its capability

Whole-value

The core question facing every CEO is how to lead the perfect performance of the organisation's strategic objectives in a post-silo world of constant change within which command-and-control no longer works.

The CEO's prime task is therefore to lead the transformation from silo to whole, to invite and incorporate whole-systems thinking and co-creation throughout the organisation, encouraging the development and introduction of strategies, structures and processes that can operate fluidly across silos, functions and boundaries. These need to carry a coherent understanding of whole-organisation uniqueness, so that the whole becomes visible and experiential within all silos. Silos will not disappear nor should they, it is rather that the whole is recognised and represented within every part of every silo. It is the pro-active consciousness of whole-organisation uniqueness throughout and across all silos that offers the only stability, consistency and coherence that can enable all stakeholders to co-create autonomously, and that can connect everyone to corporate purpose with reliability, clarity, authenticity and integrity, all within the midst of the unpredictability and chaos that characterises the modern business environment.

The organisation's entire value-stream must carry this uniqueness and connection to purpose, and this is overtly expressed and articulated in the company's brand identity. A company does best what it does uniquely, and its brand purpose is always to achieve peak performance of its unique value-creation capability within all of its decisions and actions. A company can outgrow its competitors usually only through whole-organisation differentiation, building its unique brand value into its product or service from the ground up, from 'root to fruit'. If brand value is not being created on the factory-floor then it is unlikely to be coherently carried within the end-product.

We describe companies that consciously live their whole-organisation uniqueness as *sentient*. A company that is thoroughly brand sentient is one that pro-actively lives its brand uniqueness, all the time, at all levels and in all departments. Every stakeholder knows 'who' the company is, what it uniquely does and how it does that at best, i.e. how everyone connects to its purpose to deliver the optimal experience of unique brand value to every customer. Leading companies is about leading whole-organisation value-creation.

Principles in Whole-organisation value-creation

- All value is ultimately experiential, even money. A business must intimately understand its customers' need for experiential value if it is to be sustainably successful.
- A business exists to bring optimal unique value into the customer's life for the benefit of all stakeholders – dissatisfied stakeholders can never create optimal customer value.
- A successful business is one that is becoming all that it is capable of becoming in terms of bringing its unique experiential value into the lives of all of its customers, performing at peak to the benefit of all of its stakeholders.
- A company's stakeholders include its customers, employees, leaders, suppliers, distributors, lenders, investors, shareholders, partners, associates, competitors (who share in creating a market), the organisation itself, and its host community and society.
- A business can be defined primarily as the relationship between a company's unique value-creation

capability and its delivery of value that satisfies customer needs – without customer satisfaction there is no business.

- No long-term successful entrepreneur started his or her business solely for the money – there is always a driving desire to make a difference in the world, to bring new experiential value into the world of the customer.
- If a business is about bringing experiential value into the world, then the value-stream is the set of processes that translates an idea of value into experience of value.
- The value-stream starts with the need of the customer (whether conscious or not) – if there is no customer need there will be no viable product or value-stream.
- A business *is* its value-stream – any activity that does not contribute value to the value-stream has no justification.
- Most value-streams are fragmented, intentionally so within silo companies – that is precisely how silos work. A principal operational task of the whole-organisation leader is to ‘defragment’ the company, by co-creating with all stakeholders an autonomously *connected* value-stream.
- A business’s value-stream grows sustainably only through innovations in vision, processes or products – and only then if there is enhanced experiential value.
- Silo-managed businesses rarely succeed nowadays – we live in a post-silo world that only responds to whole-systems, whole-organisations and whole-thinking.
- In our post-silo world of constant change, whole-organisation thinking and autonomous co-creation is essential for any organisation to survive and thrive.
- How an organisation thinks is revealed by the design of its structures and processes, and is inspired and determined by its leaders.
- Whole-organisation structures and processes frame and focus a company’s thinking, invite co-creation, and empower the leadership of sustainable innovation and growth in times of constant change.
- Every business *is* a whole-system of its whole value-stream, and which is definable as its coherent unique identity, its wholeness in terms of its unique value-creation capability in service of all of its stakeholders.
- A company that is consciously aware of and pro-actively lives its uniqueness is what we call a *sentient* company.
- A sentient company is wholly focused on its core purpose of unique value-co-creation, and connects all of its propositions, decisions and actions to that purpose at every level, ‘from root to fruit’, operating as one animal with many legs.
- A company’s brand identifies, expresses and communicates its uniqueness – unique value *is* brand value, and is usually the company’s most valuable asset.
- A sentient company is brand-authentic. Lived uniqueness is living the brand – brand is who you are and what you uniquely do, throughout the company: unless brand value is created on the shop-floor it is unlikely to be carried in the end-product, and brand coherence, integrity and authenticity will be lost.
- Only a sentient leader can develop and grow a sentient company.
- We live in times of the *sentient generation*.

Whole-purpose

If a company is to consciously live its uniqueness as a whole-organisation all of the time, at all levels and in all departments, it needs to be able to define and map that uniqueness as a frame for all of its propositions, decisions and actions.

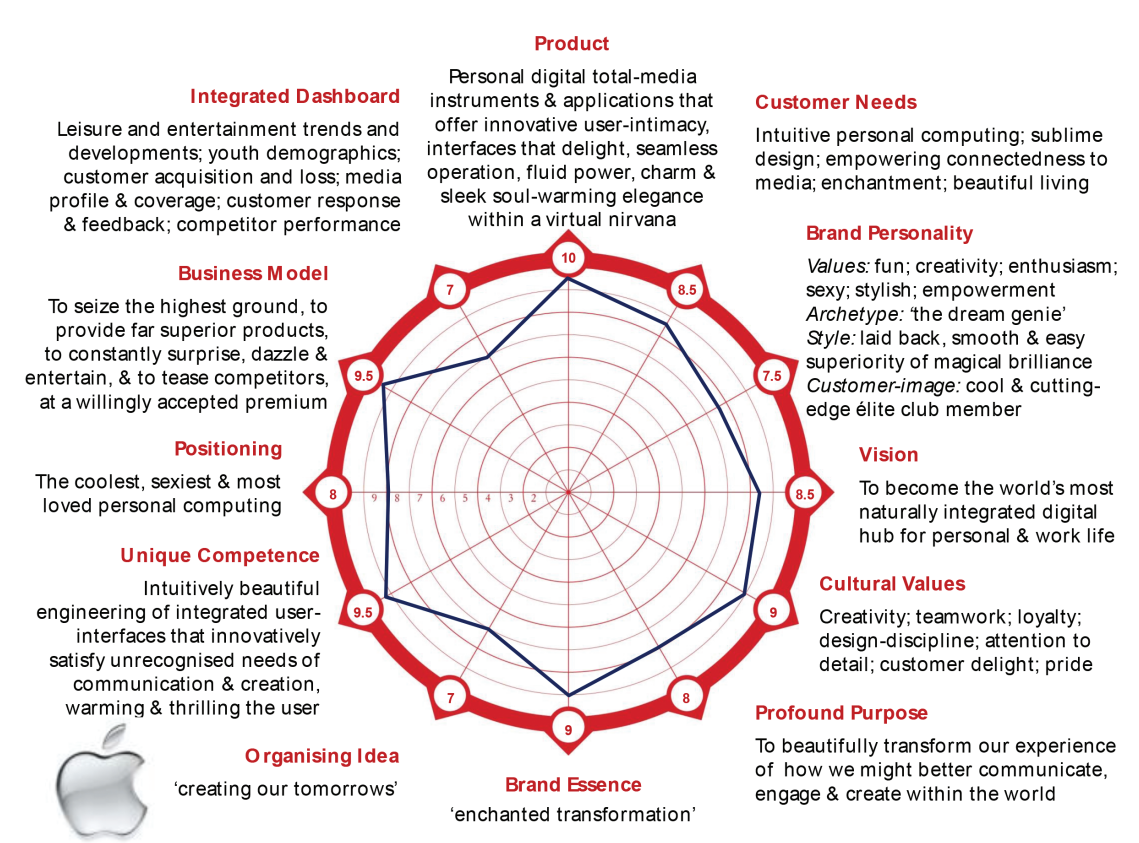
An example is the unique business capability architecture, an open source twelve-domained frame of a company's unique value-creation capability, with each domain defined at peak performance (as achieved in reality, however briefly, and not as an imagination, ambition or wish-list). The twelve domains are MECE – mutually exclusive and collectively exhaustive – that is, they are all different to one another but together they embrace all that is possible.

By defining these domains at peak performance, they serve as the core parameters of the value the company is capable of uniquely creating. A company can only do what it is capable of doing and its objective is always to perform at best, and as such the domain definitions together comprise the optimal purpose of the company.

There are two principal challenges in identifying one's unique business capability – firstly, understanding with clarity the differences between the twelve domains, and secondly, defining the uniqueness of the company's value-creation capability at peak performance within each domain. A mapping of one's unique capability not only articulates clearly, potently and coherently the core uniqueness of the company, it also allows corporate performance to be evaluated in terms of the potential for whole-organisation development and growth within these parameters of uniqueness.

A radar can either score overall company performance and direction in relation to peak, or evaluate how well any individual proposition, decision or action might be expected to contribute to the unique purpose defined within each domain (and thence to overall performance). In both cases the resulting radar gap indicates what is capable of becoming, and invites re-evaluation, refinement, re-design and enhanced connection to unique purpose.

Apple's unique business capability at best, with a radar evaluation of current overall performance



Whole-process

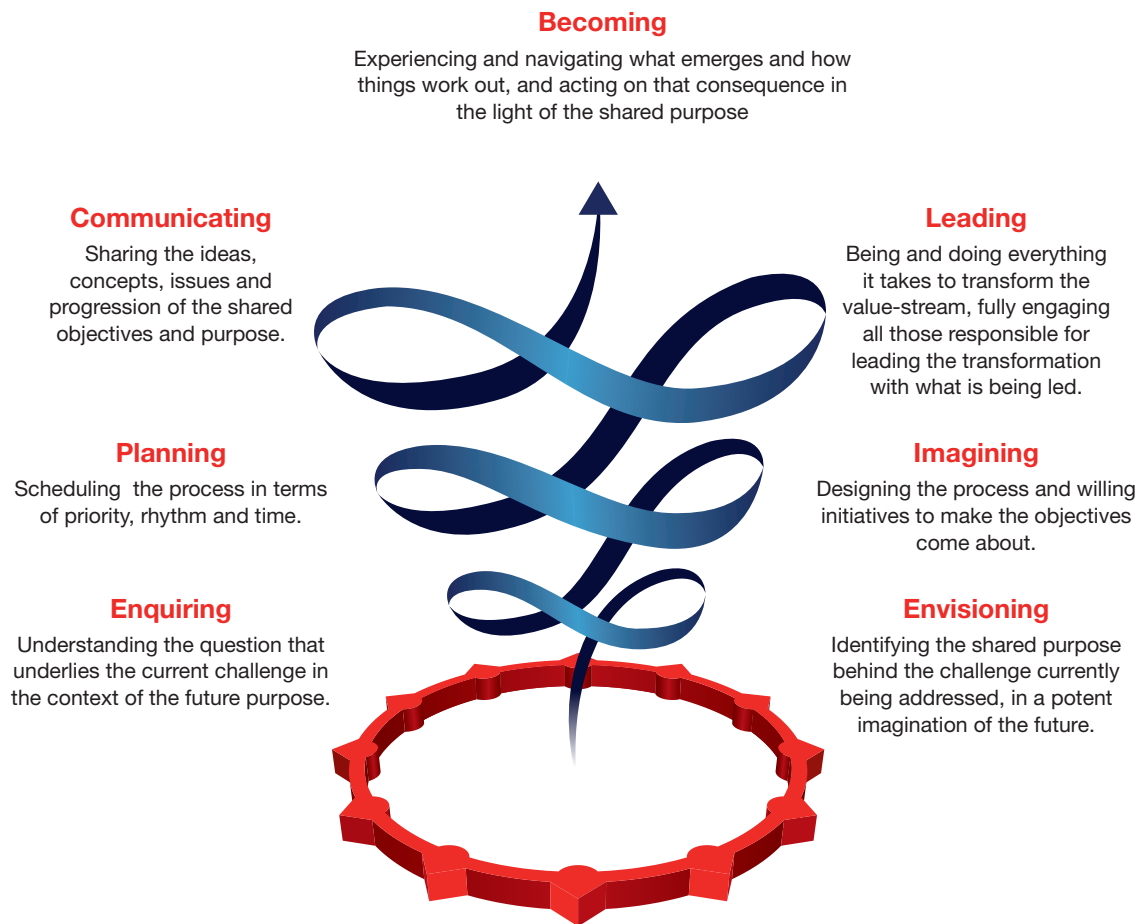
Engaging with the radar of a company's unique business capability can be richly rewarding for the insights it stimulates and for the improvements in strategy that it elicits, but it also has a profound effect on the whole-organisation consciousness of stakeholders.

By exploring and evaluating a proposed decision or action within the frame of twelve domains, decision-makers experience standing within a perspective of the whole field of corporate capability, recognising the mutual interactions and interdependencies between all of the domains, and understanding the importance of the delivery of value to all stakeholders. All of this both shapes and lays the foundations for the whole-organisation thinking that is essential for the emergence of a sentient company that consciously lives its uniqueness, connecting all stakeholders to purpose.

The heart of every company's operations, however, lies in *process* – the question of *how* purpose is achieved. And within a sentient company that requires processes that both rely on and carry whole-organisation thinking. The sentient company lives or dies by autonomous co-creation, by a willing and committed whole-organisation connection to purpose across all silos, functions and boundaries, and which is fluidly and constantly iterative in execution. No process can rely on linear stability or predictability, and it must be continuously re-visited, re-assessed and re-designed to adapt to and accommodate an ever-changing environment, endlessly iterative.

Just as engaging with the unique capability architecture invites and helps to build a constant consciousness of the sentient company's parameters of purpose, the Iterance® open source architecture is an example of how to map *processes* of whole-organisation co-creation. It invites and helps to build ways of thinking and acting iteratively, holding all of the elements and all of the stages of a process continuously inter-related within the minds of those involved in its design and implementation, all within the contextual frame of the organisation's unique business capability.

The Iterance® architecture of whole-organisation process



Sentience

Any culture's cognitive frames, styles and habits are by their nature deeply embedded and resistant to change. So inevitably we in the West have difficulty in stepping out from our inherited silo belief-system towards engagement with a new whole-organisation belief-system, even with the best will in the world. The task is made harder in that all of the structures, terminologies and functions that conventionally define and delineate companies are historically rooted in the silo belief-system, and they are unlikely to change much. There are many such obstacles to the desired transformation of our thinking, but nevertheless change is happening, and has been for many years. The Stellar® and Iterance® architectures have proven to be successful in overcoming these kinds of obstacles to cognitive change, but they are only two examples among very many. There are huge numbers of evolving sentient whole-system organisations which have never heard of or needed Stellar® or Iterance®, and there are co-creative whole-organisation instruments, techniques and processes operating in some degree or another within most companies around the world.

Come what may, sentient enterprises are on the move. They are those companies which have achieved a degree of whole-organisation thinking, in that they consciously live their uniqueness throughout the organisation, with everyone co-creatively connected to common purpose. Most commonly found in the ranks of SMEs, sentient companies are rarer in MNCs, whose huge size and the length and complexity of whose value-streams create particular problems. But even there we find companies which one could properly describe as 'becoming sentient'.

Sentient companies can be identified most readily by their products or services, every aspect and element of which carries the company's core brand value. Such companies are Amazon, Apple, BMW, IKEA, McDonald's, Microsoft, Nike and Unilever. Everyone within the organisation understands the uniqueness within both the design and execution of every product or service. For example, within BMW every single one of thousands of components within a car adheres to and carries their brand uniqueness, without which BMWs would not look, feel, smell, sound and drive as they uniquely do.

In principle if a company consciously lives its uniqueness optimally connected to purpose, it will pragmatically work to the benefit of all stakeholders. At its simplest, the reason for this is that if any stakeholders are short-changed, whether financially or in terms of work-satisfaction, that will inherently affect their connection to purpose and resulting products will be less than optimally unique. The value-stream actually becomes fragmented (and loses the coherence of connection to purpose), and when that reveals in the output it is inevitably damaging to the brand. But even where the end-product functions perfectly, if its means of production are perceived to be offensive then brand value will suffer. So for example although Apple's designers, engineers and marketers are all connected to purpose, profoundly understanding and executing Apple's uniqueness, other stakeholders such as the US Treasury (and therefore the tax-paying public) and Foxconn employees in China seem to be treated with indifference. The infamous use of child-labour still haunts Nike. And Amazon's stock-pickers by many accounts are managed as if they are robots (by which they will no doubt soon be replaced, as is already happening in Tesco's warehouses). All three brands, previously considered by many to be exemplary, have consequently sustained damage, losing much of their magic. There is something obscene to customers about production-line blood on their chips, the sweat of children on their trainers and the tears of casual workers on their books. Customer loyalty, trust and admiration have been seriously tarnished, storing up all kinds of ill-will for the future. We

shall have to wait and see how well such companies perform over the years to come, and whether or not they will become more stakeholder-conscious.

There is strong evidence that those sentient enterprises which seriously engage with the principle of co-creating value for all stakeholders are exceptionally successful in the long-term. But co-creation and the principles it carries can be a delicate matter. A policy of co-creation focused around an organisation's uniqueness which is nevertheless seen by the world to exclude certain weaker or exploitable stakeholders from proper benefit means that brand value is damaged not only in terms of product uniqueness and customer respect, it also in many ways makes co-creation itself more difficult to sustain internally within the organisation, as it fundamentally contradicts precisely what it claims to stand for. For example, although Bill Gates has committed much of his immense wealth to good causes in the interests of creating a better world, he has done so while lecturing emerging countries on the dangers of corruption and their need for good governance, and developed nations on their obligation to use tax revenue for the benefit of others, yet seemingly ignoring Microsoft's own strictly legal but ethically unjustifiable avoidance of tax around the world. What looks like a case of double standards inevitably undermines the validity and the benefit of what Gates preaches, and can only breed cynicism and damage brand authenticity, both his own and Microsoft's, not only outside Microsoft but also internally.

Looking at the behaviours of otherwise impressively sentient companies such as Apple, Amazon, Nike and Microsoft, particularly in relation to their exploitation of low-paid workers and in their attitude to tax, we surely have cause for serious concern. It is clearly not that they cannot afford to pay what is properly due, and it is beginning to look like naked greed. It seems that at the very moment when sentient companies are beginning to demonstrate the significant success of their whole-organisation thinking, there is a real danger that as a consequence of their own success and dominance they might become corrupted, to nobody's benefit other than shareholders and a few senior executives.

The dangerous paradox is that as dominant companies grow ever larger and more successful, often exercising extensive power over the societies within which they operate, they run the risk of adopting if not double standards at least partial standards, becoming selective and discriminatory in their whole-organisation thinking and co-creation, a concept which is itself a contradiction in terms. The bigger they get, and the more invulnerable they feel as they overwhelm the competition, the greater the temptation to revert to an exploitative insensitivity towards other stakeholders, and to a corner-cutting agenda which can all too easily lead to the re-introduction of elements of command-and-control silo management. The increasing emergence of near-monopolies, cartels and powerful politically protected companies merely adds fuel to the fire. And all of that will almost inevitably involve the eventual abuse of stakeholders.

Most of us want to work for, or to be supplied and serviced by, companies that are efficient and that work to the benefit of all of their stakeholders. We are living in times of massive and unprecedented change, up to our necks in the midst of this seismic cultural shift from silo to whole, and the task ahead is surely to try to ensure that this new cultural cognition is truly, deeply and authentically embedded. The role that corporate enterprises play in modern society is vastly more powerful than at any other time in history. They fundamentally affect every part of our lives, and their influence inhabits every corner of our societies. We need to be explicitly clear about the kind of culture that we want to live within, and to do all that we can to ensure that it is coherently and comprehensively carried throughout all of our society's aspirations, policies, strategies, decisions, behaviours and actions.

A culture is profoundly shaped by its leaders' behaviours and actions. Whole-organisation leadership is surely key to our future social and cultural health, inspiring the emergence and growth of a pro-active sentient consciousness that is shared by all stakeholders throughout all levels of society.

The whole-organisation company

- Within what is now a truly global market, unless a company's product is uniquely differentiated it is unlikely to survive the ferocious competition. A whole-organisation company is one in which all stakeholders actively co-create to deliver differentiated uniqueness throughout every part of the product or service.
- To be coherently unique the product or service must have its uniqueness built into every part of it through constant co-creation at all levels, within and across all boundaries, silos, functions, departments and teams, and by all stakeholders at every step and stage of a connected value-stream.
- Silo companies can rarely achieve this precisely because their value-streams are designed to be fragmented within self-contained silos, and as such they are unable to adapt responsively to our present world of constant change. Silos were never designed for either change or co-creation.
- Whole-organisation companies attract sentient leaders who want to inspire co-creation throughout a value-stream that is wholly connected to unique purpose. One of the more shocking statistics records that on average only around 30% of employees feel engaged with their company's strategic purpose, and a full 20% feel actively disengaged. The sentient company converges everyone's actions around its strategic purpose of delivering unique customer experience for the optimal benefit of all stakeholders.

The Twelve B.V.

The Twelve B.V. work with leaders and boards on how to lead their organisations sustainably from fragmented silos to coherence, within a world that is changing faster day by day. Solutions are not to be found in smarter structures and systems, but in enabling the organisation to learn to adapt coherently to this constant change as a *whole*. We support the development of the future-proof organisation, within which everyone understands that what connects and inspires them is what differentiates it from all others and empowers its continuous innovation and growth. And within which people develop the coherence of agility and stability that will be the hallmark of all highly successful organisations into the future.

We coach how to lead by connecting everyone within the organisation to its core purpose, how to ensure that everything contributes, from idea to execution, how the whole becomes far greater than the sum of its parts, and how to thrive in this whole new world in which we live.

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