The Human Element of Organizations

"Human" Nuances of Organizational Planning one of the Primary Drivers of Decentralization

Highlights

- Major events such as terrorist attacks or health epidemics make even high level knowledge workers question their reasons for working in concentrated environments
- Critical impact of such events often underplayed, thus, it is very important to integrate the human element into large-scale planning initiatives
- A commitment to decentralize will likely create the need for organizations to change some of the fundamental aspects of management structure
- New technologies can help create a virtual face-to-face environment
- If technologies are properly devised, they can minimize "white space" that exists between operational silos

Tony Gill
+1 905 940 5399
www.gillinc.com

Introduction

I was in southern Connecticut on September 11, preparing for a noontime meeting in Manhattan when I saw the first images of the terrorist attacks. Beginning in the early afternoon, dazed commuters covered in dust began disembarking from commuter trains. Over the next two days, local coffee shops became gathering places for those who had experienced the events first hand; discussions on all possible topics associated with the attacks took place. A recurring topic was speculating how many people would actually be willing to venture back to lower Manhattan. Fund managers, investment bankers and brokers alike echoed a chorus of familiar refrains throughout the week: "It's just not worth it", "My family's too important" and "I don't want to be a target" became all too familiar refrains.

More recently, the entire floor of a prominent Toronto office building were put into quarantine because one of the workers on that floor was suspected of contracting SARS. Until then, the public was told that the epidemic was contained within hospitals, and people more or less went about their daily routines. However, when it moved to public facilities such as office buildings, or commuter trains, the human dimension of an event of mass disruption was again moved to the forefront. Reluctant commuters avoided the subways, and devised elaborate hygienic regimens in order to cope. Others merely echoed a familiar sentiment: "It's just not worth it", and just stayed at home.

These anecdotes provide stark proof that no matter how elaborate an organization's planning may be events such as those we have experienced over the past two years point out how important the human aspect to organizations can be. This paper raises several relevant discussion areas that can be used by corporate planners in devising large-scale strategies, that ultimately move into the realm of facilities planning. It specifically identifies how the human element may be addressed by creating decentralization plans that work hand in hand with software solutions, and revitalized management strategies.

The Human Element

The ground-level reactions to the tragedy presented a first hand glimpse into what has become a very important aspect of corporate management, namely, integrating the human element into large-scale planning initiatives. In an era where business continuity planning becomes a mission critical

corporate directive (especially in concentrated city cores that have experienced first hand events of mass disruption, namely New York and Toronto) and organizations devise elaborate strategies involving property, workplace, people and technology, they largely underestimate the human dimension, and generally focus on the physical elements of business continuity.

A research paper written by Keith Alexander and Martin Betts at Salford University in the United Kingdom recently noted how the critical impact of such events on people is often underplayed. Analysis of the after effects minimizes the affects of trauma, the need for counselling and the broad effect these events will have on people's lives. What makes this point even more significant is that business recovery cannot adequately commence until people have dealt with the impact and are able to face work again; some people can be affected for a very long time and that may include those who are vital to the business. Their research suggests that many enterprises adopt a project management approach to corporate property planning and disaster recovery, so employees often get overlooked.

The message is clear: organizations can ill afford to treat facilities planning as an inanimate planning function, as the impact on people must be considered. Numerous studies released after the terrorist attacks have echoed these sentiments and alluded to the need for organizations to incorporate the human element in formulating any type of business continuity plan. Therefore, decentralization, given its ability to scatter people across many locations, (often away from tightly concentrated urban areas), becomes a viable option for organizations to consider in this climate.

New Strategies to Support Decentralization

I f a company is committed to adopting a decentralized facility strategy, it also is committing itself to changing some of the fundamental aspects of its management structure. To illustrate the point, assume that prior to adopting a decentralized strategy, all employees of a particular organization are housed within one facility, and managed by people who are on-site. What happens to the dynamics of management structure and control if a decision is made to break one location into multiple locations, and managers are now required to manage people in alternate locations?

In considering this scenario, we conducted an extensive interview with a senior manager of a Boston-based venture capital firm focused on emerging technologies. It is his belief that the adoption of new technologies and reconfiguration of management structures play an integral part in decentralization.

One of the first key observations he noted in the days that immediately followed September 11, was that institutional meeting patterns began to change as there tended to be less congregation around one central location. Clearly, a certain percentage of face-to-face meetings were always necessary, but meeting places in central locations began to become less important as organizations were finding IT solutions that were intended to make these meeting places less important.

Early advances such as email revolutionized the way business could be conducted from remote locations, however, more recent advances are actually now rendering email antiquated and crude in comparison. Tools are now being born in an age that promotes and practices remote collaboration and technology to a much greater degree as a result of September 11.

Increasingly, firms are implementing a greater adoption of remote access technology such as the Microsoft.net project, which is a collaboration software package that is easily facilitated by Windows XP. This type of platform enables real time collaboration on a number of projects, for example, having a number of people working simultaneously on the same spreadsheet instead of having one person work on it, transfer it to another, and so on until it returns to the point of origin for final changes. Working on an application such as this saves all the time associated with passing that document around by email several times. With this type of platform, a project that would normally take 2-3 days using conventional email could now conceivably be completed within an hour. In this example, solving problems on the spot dramatically reduces the *cycle time*, as it allows participants to review and contribute to changes as they are happening.

Reconfiguring Management Structures

Given the extent of the proliferation of remote management using technology, it is very important to rethink and restructure the management structure of a particular organization. Thus, it becomes more difficult to rely on a traditional pyramid-shaped structure due to the fact that the more nodes one has in a management network (e.g. a

manager having 80 people beneath them), the more places it can break down; because wider networks also create greater security concerns, new management approaches need to be adopted. It seems clear that the collaborative approach (i.e. one that uses the necessary IT backbone) assumes everyone works for the same goal, and this runs counter to the more traditional management philosophy that advocates a large hierarchy of control.

These factors suggest that management should work on constructing teams that are smaller, more vertical and are assigned a simpler set of required deliverables. There are clearly many benefits associated with remote collaboration, the principle among them is reduction of cycle time – using traditional document sharing protocols, a single document can be exchanged 5 or more times using standard e-mail; this takes time, time that can be minimized if it is done in real time.

Movements to technologies like this or changes in management approaches that adopt this tend to be much more prevalent at the grassroots level as opposed to within larger institutions. It is always the smaller, more nimble firms that adopt these fundamental changes that are over time adopted on a wider scale. Canadians have proven themselves to be trendsetters as they have demonstrated a high propensity to adopt new technologies as compared to other developed nations.

Case Study from "Ground Zero"

O ne of the most revealing interviews we conducted was with a senior executive of a large securities firm that was located in lower Manhattan, and has since adopted a decentralized facility strategy. Our discussion revealed that September 11 exposed several corporate shortcomings that were addressed in the months that followed.

Before the terrorist attacks the firm had adopted a "mega-strategy" facilities model where all employees were centralized in one location - an alternate site was set up in New Jersey that was specifically used for technology, transaction processing and support. On rare occasions when employees at central location had to interface with those in New Jersey, they would shuttle to their operational center. When the lower Manhattan site was damaged, all of the firm's operations were immediately transferred to the operational site, which then became their primary base of operations (this move, by the way, was executed very efficiently as it was one of the planning initiatives that came out of Y2K).

When the firm arrived at the backup site, they had no idea what their next move would be, but knew that any decisions regarding long-term plans were not to be rushed. Over the next six months, while the firm was formulating its long-term strategies, all its employees were concentrated in facilities that were not designed for additional bodies. As a result, employees were so tightly packed they were almost sitting on one another.

This situation was clearly not sustainable over the long term, but it soon became apparent that the tight quarters its employees were forced to work in would positively contribute to constructing a new organizational structure, that would be spread across several locations. Although employees were forced to clamor over one another for an extended period, the experience actually exposed inherent flaws in management policy that existed prior to the attacks, thereby providing management with the ability to enhance the work environment. Armed with these key insights, the firm crafted long term planning strategies that would mitigate these deficiencies, thus creating a more efficient work environment that used decentralized facility strategies as the cornerstone of its business continuity plan. Most of the new planning initiatives were built around enhanced communication.

Human Contact Catalyzes Management Change

The first key observation of this new environment was that the cramped surroundings forced employees to be more communicative with one another. This not only occurred on a one-to-one basis, but also on a department-to-department basis. Additionally, face-to-face interaction between front and back office operations that were previously only connected only by phone was significantly enhanced. As a result, many employees were finally able to attach a face to a name they may have known for years but had no previous face-to-face contact. This factor was important because when issues arose, they were much easier to resolve, remote locations connected with previous-generation technology made this more difficult.

Increased efficiency created quicker turnover of tasks, so when someone in banking operations was sitting next to someone in treasury (and their physical proximity to each other resulted in greater interaction), the banker would acquire a better understanding of the operational flow. When a combination of employees from areas such as fixed income, legal, media & communications and trading all working side by side, their ability

to work on projects together was significantly enhanced, yielding tangible gains for the whole organization.

Managing "White Space"

The most important aspect of this experience was that the setup provided necessary connectivity between different functional areas, and served to eliminate or significantly reduce the white space that had existed between different operational silos and departments. "White space" is a management term referring to communication gaps that exist between departments, or the lack of knowledge one department may have about the functions another department performs. This system created a means to effectively manage the white space.

The irony of the situation was that although their entire lower Manhattan offices were severely damaged by the terrorist attacks, managers and employees of the firm learned as much in 6 months about the inner workings of their organization than they would have learned in five years had the attacks never occurred. They now understood each other much better and had established a much more robust communication flow. They were now well poised to implement a comprehensive decentralization strategy.

The human element, manifested through face-to-face communication was a primary driver in influencing management change, as it made the firm stronger. As a result, these observations were used as a basis to create the technology required to revamp the firm's communication capabilities that would replicate the degree of communication that existed when all employees were grouped together. Using this experience as a foundation, those communication nodes were fortified. Today, they have in fact decentralized operations to several locations; everything they went through prepared them to launch a decentralization strategy that thoroughly addresses the human element of the organization.

Conclusion

Business continuity planning, since its inception, has largely consisted on a set of information technology-based standards set up to ensure the rapid resumption of organizational operations in the case of a sudden event of mass disruption. Until September 11, 2001, this field concerned itself primarily with maintaining up to date electronic records and operations; in the time that has elapsed since, much greater

emphasis has been placed on the human aspect of corporate operations. No matter how sophisticated the electronic protocols of an organization may be, if an event occurs that is so overwhelming that it has the ability to make key knowledge workers question their entire motivation to be working in densely populated urban cores, that organization needs to substantially address this problem. The anecdotes and observations made in this paper point out some of the ways in which selected groups have dealt with the some of the human aspects, and in the case of the securities firm cited above, actually incorporated some of those human aspects in future planning initiatives. IT-based solutions often work hand in hand with strategies set out to spread facilities across multiple locations. Decentralization, whether it occurs on a limited or a large scale is clearly one of the solutions large organizations are using to address these critical human aspects.