



SIMPLE RULES: ORGANIZATIONAL DNA

BY ROYCE HOLLADAY, M.ED.

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In today's fast-paced, information-rich, and quickly expanding landscape, organizations face a monumental task. Building and maintaining solid foundations to support adaptable, positive cultures is difficult in the face of a shifting economy, physically separated workplaces, and increasing diversity in the workforce. These changes in the landscape are forcing organization leaders to think about organizational sustainability in new and different ways. The purpose of this paper is to describe a concept and process of developing "simple rules" as a key to establishing the adaptability and flexibility that is necessary in complex organizational environments. After presenting the underlying theory and dynamics of this tool, real-life examples describe how the tool has been used in a manufacturing corporation, a governmental agency, and in a small consulting firm.

ORGANIZATIONS AS COMPLEX ADAPTIVE SYSTEMS

The field of human systems dynamics applies concepts of chaos and complexity science to study interactions of individuals as they live and work together in organizations, communities, and families (Eoyang, 2003). Borrowing metaphors from complex systems in nature, the field applies those concepts to understand interactions and interdependencies in human systems. The usefulness of this work is its underlying assumption that understanding how a system works can lead to knowing how to influence its future behavior.

Human systems dynamics provides a number of metaphors and tools to help organizational practitioners find effective solutions to challenges (Eoyang, 1997). One most common of those metaphors is seeing human systems as complex and adaptive. A complex adaptive system is defined as a collection of interdependent, semi-autonomous agents who have the freedom to act in unpredictable ways and whose actions are interconnected such that they produce system-wide patterns (Dooley, 1997). The individuals in an organization are interdependent; they use self-determination in the midst of the organization's regulations; and their interactions, on a day-to-day basis and over time, create patterns of behavior across the organization. Thinking about an organization's culture as those system-wide patterns, this definition can be shifted slightly. An organization is a complex adaptive system made up of a collection of people who behave as they will and whose interactions are interconnected such that they produce the organizational culture.

How can a leader create an environment where those "people who behave as they will" are able to work together to create a positive, sustainable culture that moves the organization toward its stated mission? The

answer to that question may lie in the application of another useful and informative metaphor from complexity and chaos sciences. This metaphor provides a tool for creating and sustaining such a culture—“a short list of simple rules.”

SIMPLE RULES AS A CONCEPT

The concept of simple rules comes out of the use of computer simulation to recreate system activities and responses to stimuli. These programs have been used to study phenomena in complex systems—shifts in population growth, community development patterns, nest-building behavior of termites, and flocking behavior of birds. In these simulation programs, each individual pixel of light across the computer screen is set with a short list of rules that tell it when to light and when to go dark. This short list is the same for each pixel. Initial conditions are established for the program, and it is allowed to run its course, with each pixel responding to its nearest neighbors as indicated by the simple rules. As the pixels iterate their programmed responses, patterns of light play themselves out across the screen. It is from these generated patterns that scientists are able to explore natural phenomena to look for answers to their questions. One of the most famous and accessible of these programs is called “BOIDS” (Reynolds, 1987), and it is used in computer simulation to describe three simple rules that govern flocking behavior of birds. The lighted pixels represent individuals “boids” that respond to a set of rules that assure alignment, cohesion, and separation within the flock. The continued iteration of the rules by each individual throughout the flock leads to the characteristic V-shaped flocking behavior. These rules are:

- fly toward the center of the flock,
- match the speed of other “boids,” and
- avoid running into other “boids.”

SIMPLE RULES AS A METAPHOR

Because simple rules in these computer simulations guide the behavior of individuals and create patterns in the whole, they have been applied as a metaphor for human behavior. What would happen if individuals in a group agreed—either implicitly or explicitly—to observe a common set of rules? Would that create recognizable, characteristic system-wide patterns? Organizational culture is generally characterized as identifiable patterns of behavior across an organization and is generated by the behaviors of individuals. If the predominant behavior of individuals in a group or an organization is to trust and support each other, the culture of the whole reflects trust and support. On the other hand, unethical or distrustful behavior among the individuals can lead to an overall culture of distrust and unethical behavior.

Some researchers in the field disagree with the concept of simple rules because of their origins in computer simulations. There is no evidence that birds in nature really follow those three rules to form a flock. Other researchers human systems dynamics have generalized the concept as a metaphor to explain observable organizational and individual behaviors. From this perspective, behaviors of people are shaped by a short list of simple rules. The simple rules help individuals know how to function together to live out the foundational beliefs and values of the organization. They also inform the organizational work so that it conforms to those same foundational beliefs and values. (Holladay, 2000)

If an organization has a belief that people are of inherent worth and it values the contributions of individuals, then a simple rule about that value can inform individual and organizational behavior. “Honor the expertise and contributions of individuals,” is a rule that might emerge from that belief. Based on the beliefs and values, simple rules inform behavior in specific and operational ways. “They make the beliefs and values actionable without codifying every decision or action that might emerge in day-to-day operations. If an employee knows that he is to honor the expertise and contributions of individuals, he: make choices about

staff development for himself and others, respond to customer needs in myriad ways, supervise individuals in supportive and appreciative ways; provide feedback to those above and below him in the organizational chart in ways that are helpful and productive. At the same time, when policies and procedures are developed to align with that simple rule, they will establish formal expectations for decision making that honor individuals' expertise and contributions.

SIMPLE RULES AS A TOOL

Simple rules are like the DNA, carrying the code that governs how organs and cells are built and how they work in the human body. As the code is generated and copied, it leads to differentiation and development. In much the same way, simple rules can be thought of as carrying the codes that make up relationships and work expectations as they are iterated through organizational and individual decisions. What offers hope for organizational work is that, in addition to using simple rules to examine past and current behavior, people can use simple rules to build productive relationships, establish expectations for behavior, and enhance organizational systems.

In complex adaptive systems, simple rules provide guidance for “decisions” about how best to adapt to changes in the environment. By using one list of rules as a screening mechanism when approaching decisions and planning, an organization reap multiple benefits.

- Individuals are better able to anticipate what other members will do, resulting in greater cohesiveness and consistency in decision making.
- Individuals are better able to anticipate and understand what supervisors are expecting in decision making. This increased understanding engenders greater security and confidence of employees.
- There is reduced need for layers of bureaucracy that attempt to codify all decisions and any possible contingencies.
- Organizational structures support interactions and behaviors throughout the organization in alignment with the simple rules.
- The simple rules continue across time, assuring continuity through periods of change.

Simple rules make up the “code” that helps people know how to act and interact in any group. As individuals interact according to these rules, patterns of behavior emerge, forming the culture that permeates the organization. Using the concept of simple rules, a leader can understand the foundational elements of the culture as it exists, communicate organizational values in actionable ways, and establish organizational expectations for performance and behavior in such a way that they are “portable” and can be shared throughout the organization and across lines of differences.

Understanding simple rules that underlie the current culture is the first step. In any organization, regardless of what the culture is, one only need talk with a handful of people about what gets noticed and rewarded to gain a sense of the simple rules that created that culture. “What do you pay attention to?” “What would an outsider say the rules are?” “What would the receptionist say the rules are?” These questions trigger conversations about unspoken rules that govern organizational behavior. These rules are not always explicit or even present at a conscious level, but they are powerful forces.

When these rules are unspoken, people may not understand the dynamics of their interactions, causing uncertainty and distrust. In working with a group of mid-managers in a large manufacturing plant, a consultant recognized that ongoing conflict and lack of teamwork among these leaders was a symptom of a larger, underlying problem. She could not, however, get enough information to articulate the specific problem. In a session with all mid-managers in the room, she taught them about simple rules, and asked them what rules guided their actions. She gave them a few minutes to work in small groups to name the rules they could. The first group reported out using all “politically correct” rules that an organization would

want. Their list included “Work together. Contribute to the mission. Communicate openly.” When they finished, silence in the room was palpable. No one looked at each other, and no one made eye contact with the consultant. She took a deep breath and asked the second group to report. Their list had only one rule: “Protect your boss’s behind.” At that announcement, everyone in the room burst into laughter and applause. This group, by being courageous and telling the truth, got to the core of the organization-wide conflict. Without realizing it, these mid-managers had brought a common set of expectations to their work and established patterns of high competition, win-lose attitudes, and turf issues. The culture became toxic, stunting real growth and creativity. After the consultant helped them name the existing rule, she helped them identify the ways that rule had contributed to day-to-day petty arguments and competitions that characterized the culture. She then engaged them in conversation about developing rules they wanted to live by in their professional lives together.

To begin a conversation about developing simple rules, questions are key to identifying what people value. “How do we want to operate with each other around here?” “What is really important to us as a team?” “How do we want to treat our coworkers and our community or customers?” These questions will lead to those few critical ideas that are the simple rules.

There are a few “rules” to remember about developing simple rules. (Eoyang, 1997) The rules should be designed to amplify and reward what is desired behavior across the organization.

The rules should be kept to “Minimum Specifications.” The statements should be brief and powerful. They should also be transferable across the organization. If a rule applies only in one or two places in the organization, then it is an instruction, not a rule. To identify the rule underneath that instruction, people should ask why that is important. What is the ultimate goal of such an instruction? The rule that underlies that instruction will become explicit.

- The list should be short. There should be seven (plus or minus two) rules as a maximum, and the fewer that can be named and still capture the intent of the organization, the better they are. A short list is important for a couple of reasons. Humans cannot remember more than about seven items in a list, and if it is to guide individual behaviors, then it has to be easily remembered and shared. Additionally reducing the list to such a small number forces groups to clarify what are “instructions” and what are the real “simple rules.”
- Simple rules should address three important areas of relationship within the organization. First at least one rule should address how people come together and who they are as a group—the container that bounds them. Second there should be at least one rule to address the differences that exist in the group. Then at least one rule should focus on how those in the organization exchange information and other resources. Each rule should begin with an action verb. Most values statements are passive descriptions of what is important, leaving a gap between them and the action of the organization. As the focus shifts from values, however, if there are action oriented statements about how to live those values, then people in the organization are clearer about what is expected.

Communicating the simple rules is the next step in implementing them as a tool of organizational change. Stating the list of simple rules is not enough to create the desired patterns of interaction across the organization. It is critical that the rules be communicated and implemented in myriad ways over time. In a county government human services department, leaders are using simple rules to support a significant change process. Moving from traditional silo structures to an integrated services model, they recognized a need to create a culture that embodied cooperation and customer focus required in the new model. By working with consultants, they used input from the 3000–member workforce of the department to develop a set of simple rules. They identified creative ways of communicating with staff to share the rules and to

engage individuals in reflecting on how the simple rules played themselves out in their work. In the first three months after implementing their simple rules, they took a number of steps.

The simple rules served as section headings in their department-wide employee survey, with relevant questions in that section. They held conversations with the two levels of mid-managers concerning how the simple rules played themselves out in different areas of the organization. The top leadership engaged mid-managers in reflection and dialogue about ways in which they, as individuals, did or did not “live” the simple rules in their work. The top management used the simple rules to reflect on their own practices as individual leaders and as a management group as a whole. They provided materials and training for mid-managers to hold conversations with their staff members to talk about the simple rules and to apply them in their various areas of responsibility.

This group of leaders is continuing to explore ways to institutionalize the simple rules in their organizational practices as well as their day-to-day work. One area of resistance they have encountered is the aversion to the use of the word, “rules.” Some people in that organization express concern that this is “just one more list of rules” in a bureaucratic organization that is already overrun with regulations and procedural requirements. Perhaps “simple rules” can be called something else. Some suggestions from within this organization include “norms,” “expectations,” “beliefs,” or “values.” The difficulty with those words is that, just as with “rules,” each has an existing connotation to most listeners. Norms may seem to be too informal or too much like short-term expectations created for a meeting. “Expectations” may work, but they are often more specific than the simple rules. “Beliefs” or “values” are different in kind. They name concepts—“Here is what I believe or value,”—while simple rules indicate behavior—“Here is what I do to live according to a particular belief.” Simple rules begin with action verbs to say that they are about doing, rather than passively believing. Names carry weight, and it is important that simple rules retain their power to inform and influence behavior, regardless of what they are called.

If simple rules are to become the way of life in an organization, there must be procedural and policy shifts incorporating the simple rules and assuring accountability for each individual to use them. Following is a description of how a small consulting firm used simple rules from its inception to guide development and decision making over time. The management group established a set of simple rules and used them to develop performance standards for individuals and for the organization itself. These are the measures by which they assess individual performance, they are a part of customer feedback processes, and they are the standards by which the organization assures generative relationships with individuals and other organizations.

Within this firm’s organizational structure, there are four distinct departments, each with a critical role in carrying out the mission. Currently three directors and one executive director conduct the central work, with two administrative support staff members and a number of independent consultants who contract with them to provide services. No individual is employed by the organization; each works according to a contracted agreement. This is a “virtual” organization in that there is no “office.” Each person conducts business from his or her home or other offices. The executive director, directors and administrative staff meet face-to-face once per month and by conference call once per month. The executive director has a weekly appointment with each of the directors and each administrative staff member to review current work assignments and challenges.

This organizational structure, while reducing costs and allowing for independent development of programs and ideas, presents challenges in its loose structure. How can such an organization assure cohesiveness among its staff as decisions are made and as clients are served? How does such an organization maintain integrity of services? How does a fledgling organization build a culture of service and support that will be sustained over time?

To build that kind of cohesiveness and integrity, the founders identified simple rules for the initial organization and to provide guidance as the organization grows. The rules are elegant in their simplicity and address each of the various areas of relationship in the organization.

- Teach and learn in every interaction.
- Reinforce strength of self and others
- Search for the true and the useful.
- Apply learnings in reflective practice.
- Make expectations explicit.
- Give and get value for value.
- Attend to the part, the whole, and the greater whole.

As the founders developed structures and services, they were guided by these rules. When decisions were made, when gaps in services were identified, and when they wanted to build productive relationships, those individuals returned to these rules for guidance. For each of the seven rules, performance standards describe how individuals in the organization will interact, make decisions, and provide customer service. The following example reflects this relationship for the first rule.

SIMPLE RULE: TEACH AND LEARN IN EVERY INTERACTION.

PERFORMANCE STANDARD

HOW IT IS USED

Associates indicate that staff listen in every interaction and look for ways to learn from every situation.

Surveys ask for feedback from members of the organization.,

This measure is a part of the individuals' personnel performance feedback.

Staff members provide each other feedback about this informally.

All learning experiences provide participants multiple opportunities to share knowledge about human systems dynamics.

Evaluation forms at the end of training sessions ask for feedback about this.

Staff members use this as a guide in instructional design.

Published materials are informative, high quality documents that contribute to the field of knowledge about human systems dynamics.

This is a decision factor in evaluating all materials published by the organization.

Interactions are thoughtful and respectful of diverse points of view that are pertinent to the field of human systems dynamics.

Surveys and evaluation documents that are provided to customers address this issue.

Client/customer evaluation forms ask questions that provide information in this area.

Board meetings provide multiple opportunities for Board members and Institute staff to learn together and from each other.

This is a decision factor in planning for Board meetings.

Board members are asked to provide feedback about this question as the organization conducts any self-

evaluation activities.

SUMMARY

Whether or not birds in flocks truly obey short lists of simple rules, the concept has become a useful metaphor. Simple rules are used to look retrospectively at past behaviors in an organization and to plan prospectively for increasing cohesiveness across the organization. They also provide valuable insights into organizational behavior. As a metaphor, the concept provides a valuable three-pronged tool for leaders in organizations.

First, the simplicity of the metaphor makes the concept easy to communicate and remember.

Second, the applicability of such a list of rules throughout the organization offers direct alignment between the principles of the organization and behavioral expectations at every level.

Finally the use of a short list of simple rules can assure consistency across the organization in terms of performance expectations, individual and group decision making, and customer service.

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