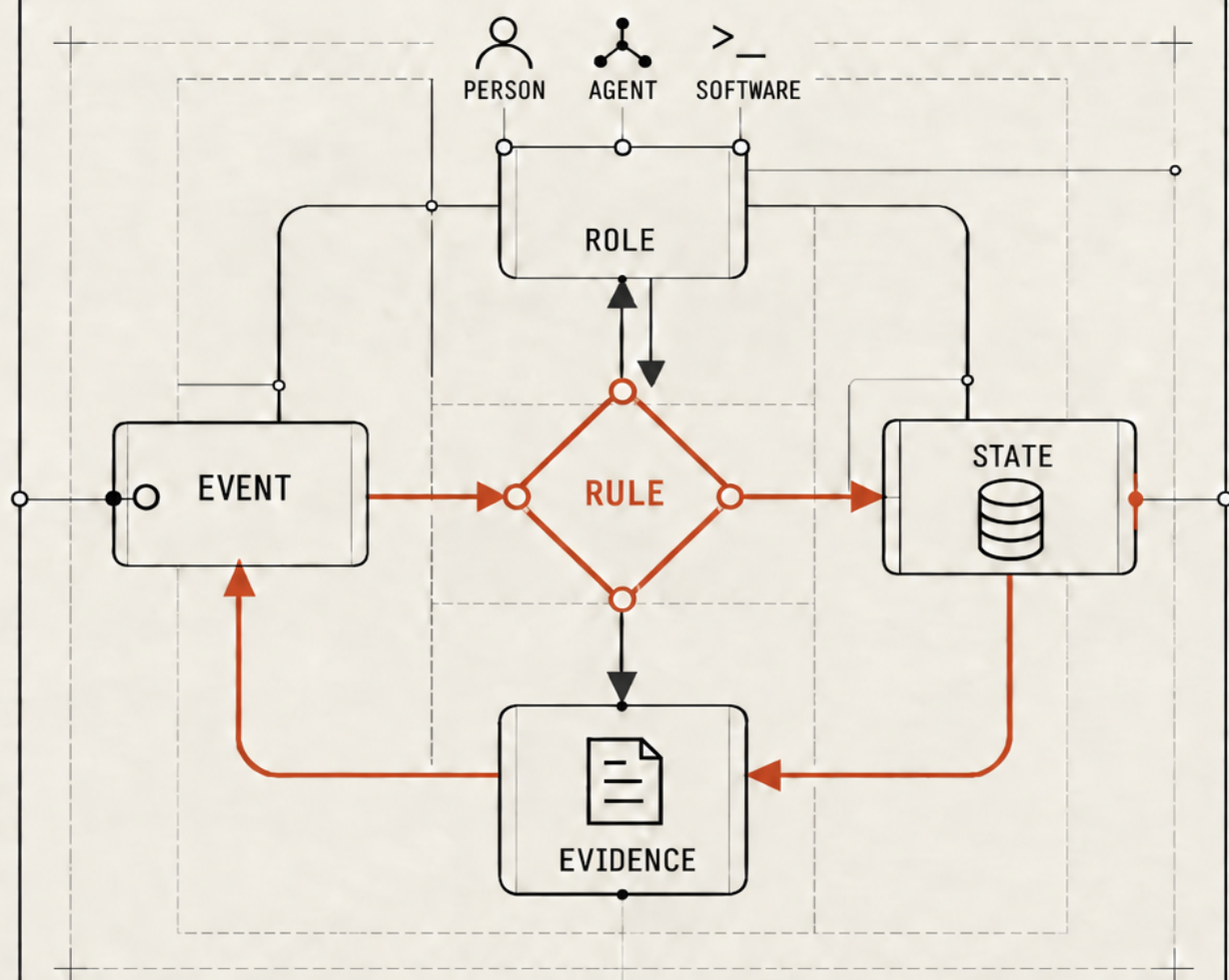


THE AUTOMATED ORGANIZATION

A Practitioner's Guide to Building an Autonomous Enterprise



Kyle J. Tobin

The Automated Organization

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Dedication

To my family. To Evan, Cody, Tom, Jerin, Ed, Todd, Dan, Bob, Ron, Evan (again), Jason, Bryan, and Jatil—thank you for the trust and belief. To PK, JLP, James, Ana, Constant, Anas, Satish, Shawn, Sam, Josef, Sean, Brian, Manuel, Scott, and Suwendu thank you for all the ride or die.

Preface

If you care only about engineering and writing code, this book is not for you.

If engineering and writing code do not interest you, this book is not for you.

In this book I make much less of a distinction between “the business” and “technology” than most organizations do.

In the modern enterprise, we expect technical fluency from business professionals and business fluency from technical professionals. The technology a business employs is not technology for the sake of technology, nor is it meant to be a personal exploration of technical potential. It is business technology. Its purpose is to serve the operation of the business.

That has always been true, but the last half-century created a distortion in how we organize the modern enterprise.

With the rise of information technology, we organized around business and technical specialization. That specialization ossified into a boundary instead of diffusing into the organization. Over time, we came to treat the distinction between “business” and “technology” as though it were inherent to the enterprise rather than a product of how we chose to structure it.

AI makes that arbitrary boundary impossible to maintain.

Not all at once, and not because an AI system suddenly replaces the organization around it. It makes the distinction increasingly incoherent by collapsing the distance between describing what the business intends and encoding the systems through which that intent is executed.

Part I: The Object of Transformation

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Managing Work

Management Begins With a Prediction

Every act of coordinated work begins with a picture of a future that has not happened. Nobody can act on the future without one, and nobody can coordinate with people they will never meet unless the picture is shared. So management begins with a prediction: what will happen, in what order, with what resources, toward what result, by what date. Henri Fayol, who ran a French mining and steel company for thirty years before he wrote anything down, put foresight first among the elements of management in 1916 and said the other four, organizing, commanding, coordinating, and controlling, have nothing to work on until someone has stated what is supposed to happen. He was right, and the reason he was right is not a matter of management philosophy. It is a matter of what action requires.

The prediction becomes a plan when people commit against it. Money is released on it, contracts are signed on it, people are hired into roles that do not yet exist, a regulator is told a date, another team stops building on the thing that will be retired. Those commitments are the whole value of the plan. They are what let a data center lease, a vendor's staffing curve, and a product team's roadmap move as if the people who set them had agreed, when they never spoke. They are also, from the first day of the work, the plan's weight, because every commitment made against a prediction is a cost someone will bear if the prediction changes. A plan is a prediction with commitments attached, and everything in this chapter follows from the two halves of that sentence.

The prediction will be wrong. Not because planners are careless but because a prediction is built from what could be known before the work, and the work is where what could not be known appears. Henry Gantt understood this in 1917 when the Chief of Ordnance retained him to make sense of munitions orders that had jumped from hundreds to millions. His chart drew the work planned for a week as a bar and, on the same line at the same scale, the work done, so that the distance between them was the first thing anyone saw. Gantt did not expect the two bars to match. He built an instrument for looking at the place where they

did not, every day, because he knew that place would exist. The Emergency Fleet Corporation used his chart to coordinate more than twelve hundred ships across three hundred and fifty yards, and what it was coordinating was not the plan. It was the gap.

So the only question a system for managing work ever answers is what it does with the gap between what was expected and what occurred. There are two answers, and the century of management history this chapter covers is the record of organizations moving between them. The first answer brings the work back to the prediction. The second brings the prediction back to the work. Each is right under conditions the other cannot handle, each carries a cost the other does not, and neither is a methodology. They are the two things a system can do when reality differs from its picture of reality.

The Search for Control

The first answer is to make the prediction good enough that the gap does not matter, and the way to do that is to move knowledge about the work out of the hands doing it and into a place where it can be studied, written down, and reissued as instruction.

Frederick Taylor did exactly that at Midvale Steel in the 1880s, and he did it from the inside: he had been a machinist, he knew how much a skilled worker could do and how much the worker chose to do, and he set out to remove the choosing. Take the job apart into motions, time each with a stopwatch, discard what does not contribute, reassemble the rest as a standard with a specified tool, feed, speed, sequence, and time, write it on a card, and hand the card to the worker before the job starts. His 1903 paper on shop management stated the principle without apology: all possible brain work should be removed from the shop and centered in the planning department, leaving the foremen work that was strictly executive in nature. The planning room held a routing clerk, an instruction card clerk, a time and cost clerk, and a disciplinarian. The decision about how a part would be cut, which a machinist had made at the machine in 1885, was made in that room by 1905 and delivered on paper.

This worked, and it worked for a reason that still governs every operation running today. A shop whose method lives on a card can put a new worker on a machine in days, quote a cost before cutting metal, route a thousand orders through two hundred machines without any foreman holding the schedule in his head, and

tell the owner at month's end where the money went. Interchangeable parts had made products reproducible; Taylor's cards made the work of producing them reproducible. Coordination at scale is impossible without this move, and every organization the reader has worked in has made it.

The cost came with the same move, and it was a cost in where decisions could be made. Once the method is fixed before the work begins, whatever the worker learns while doing the work has no path back into the method except through the planning room, and the planning room's measure of its own success is conformance to what it issued. Discretion on the floor, which had been the whole content of a craftsman's skill, became the name for deviation from the card. The people on the floor understood this before the theorists did. In August 1911 the molders at the Watertown Arsenal walked out when a time-study man appeared in the foundry with a stopwatch, a House committee spent the winter taking testimony, Taylor sat for four days of it, and in 1915 Congress attached a rider to the Army appropriation forbidding stopwatch time study on government work, renewed every year until 1949. The molders were not refusing an instrument. They were refusing a transfer, from the man at the mold to the room that would write his card, and the strike is the earliest clear evidence that the first answer to the gap is a decision about authority wearing the clothes of a decision about method.

The search for control did not stop with Taylor; it changed instruments and scaled up. When the Navy had to deliver the Polaris missile against a schedule set by an estimate of Soviet progress, with thousands of contractors, its Special Projects Office commissioned a method that represented the whole program as a network of events and durations and computed the path that could not slip. PERT was built in 1958; DuPont and Remington Rand had built the critical path method for plant shutdowns the year before, with one fixed duration for every activity and no probability anywhere in it. Both did for a whole program what Gantt's chart had done for a yard. PERT went one step further than any chart before it: three estimates for each activity, optimistic, likely, and pessimistic, combined into a number Gantt never had, the computed probability that the program would meet its date. Harvey Sapolsky studied Polaris in detail and found that PERT contributed little to building the missile, which succeeded on the office's engineering judgment and the political cover its leadership secured, and that PERT's real function was to show Congress, the comptrollers, and the press a program under control. The representation of the work had acquired an audience of its own, one that did not do the work and could not tell when the work left the chart. Every instrument in the search for control moved a decision earlier

in time and farther from the place where the work would first show whether the decision was right, and every one of them left the plan's author as the only party with authority to change the plan.

Reality Breaks the Plan

A plan is built from the past, because the past is the only material there is to build one from, and the work reliably produces knowledge the past did not contain. Hayek made the general point about prices in 1945 and it holds for any coordinated work: much of what matters is knowledge of the particular circumstances of time and place, held by the person on the spot, and it cannot reach a central planner in time to be used because by the time it is reported it has changed. The machinist who feels the tool chatter, the adjuster who has seen this claimant's file before, the engineer who finds the vendor's interface returns the wrong currency for one country, each knows something the plan could not have known. The departure arrives in several forms, and they do not collapse into one. The work is new and the estimate was a guess dressed as a number. The conditions the plan assumed moved during execution. The work itself changed the conditions, as when the first release taught the customers what to ask for. Or the plan was right about everything except a detail known only where the work is done, which is Hayek's case and the most common. What they share is that the gap opens at the point of execution and is visible there first, which is the one place the search for control removed authority from.

What the management system does with the gap is the whole question, and the clearest demonstration of the two possible answers sits inside a single document. In 1970 Winston Royce, managing software for TRW, published a paper whose second figure is the cascade everyone has seen since: requirements, analysis, design, coding, testing, operations, each box feeding the next. On the page after the figure he wrote that he believed in the concept but that the implementation as drawn was risky and invited failure, because testing came at the end, testing was the first time the design met a running system, and whatever it found sent the program back to design with the schedule spent. The rest of the paper is his fix: build it twice, learn from a preliminary version, involve the customer throughout, document so that going back is possible. Fifteen years later the Department of Defense made the figure the required lifecycle for military software, with documents and reviews as gates between the boxes, and left the warning out. That is the record: the figure survived into the standard and the warning on the next

page did not. The explanation this book gives for it, and builds on, is that the figure could be made into a contract and the warning could not. Each box was a deliverable, each transition a review, each review a payment milestone, and an auditor could tell from outside whether the program was where the drawing said. Royce's fix required judgment inside the program, and a procurement standard has no line for judgment. When the audience that checks a representation is the audience that holds the money, the representation that can be checked from outside is the one that gets adopted, and the better one that cannot be checked is the one that gets cited later as what everyone should have done.

That property, checkability from outside, is what turns a management system from using the gap into defending against it. The mechanism is not moral failure and it is not incompetence. Commitments were made against the plan, and changing the plan has a price that the people who made the commitments will notice and the people running the work will pay. So conformance is rational: the variance gets explained rather than acted on, dates move and scope does not, the status stays a color below the one that triggers review, and the information the variance carried, which was that the plan's model of this work was wrong in some specific way, is consumed by the labor of justifying the plan. Conformance stays rational right up until the cost of being wrong about the plan exceeds the cost of changing it, and that crossover is always visible late from where the commitments sit, because the evidence for it is being generated somewhere else. The central failure of the search for control is a failure of the loop: the plan's own preservation becomes the thing the system measures, and the gap Gantt drew on purpose so that someone would look at it every day becomes a discrepancy to be closed by adjusting the report rather than the work. The plan still coordinates commitments. It has stopped doing the other job it was drawn for.

Feedback Restores Contact With Reality

The second answer to the gap is to keep the prediction and reverse the direction of correction, so that a difference between expectation and observation becomes a reason to investigate the expectation rather than to discipline the work. This answer is older than any methodology that claims it, and it began in the same decade Taylor testified to Congress, in a plant that was trying to do what Taylor did and could not make it work.

Western Electric's Hawthorne plant built telephone equipment to specifications that assumed every part would be identical, and the parts were not. On May

16, 1924, Walter Shewhart sent his manager a memo of about a page, a third of it a diagram that plotted measurements from a process over time between two lines computed from the process's own past behavior. The chart carried no target. It showed whether the process was behaving as it had been behaving, so that an operator could tell variation the process had always produced, which no adjustment would remove, from a change in the process, which was worth stopping to find. Taylor's card told a worker what to do. Shewhart's chart told a worker when what they had been doing had stopped producing what it used to produce. The standard was retained, and the discrepancy could now end with the standard changing. That reversal is the whole of the shift, and it is smaller than the word revolution suggests. By 1939 Shewhart had drawn it as a cycle, specification, production, inspection, feeding back into specification, and Deming carried it to Japan in 1950 and taught it in Tokyo as plan, do, check, act, to engineers rebuilding an industrial base from nothing who could not afford to build the wrong one twice.

The second answer has a cost the first does not, which is the cost of running the comparison, and what Toyota did in the 1950s and 1960s was drive that cost down until the comparison could be run continuously. Taiichi Ohno's plant at Toyota pulled parts through on cards that recorded what the next station had consumed, so production answered observed demand instead of an issued schedule, and inventory between stations was small enough that a defect at one station was found at the next within minutes rather than at final inspection weeks later. None of that was possible while a stamping press took hours to change dies, because slow changeovers force long batches, long batches mean large inventories, and large inventories mean slow discovery. Shigeo Shingo cut the changeover on a thousand-ton press from four hours to three minutes in 1969, and that number is what let the batch shrink, the inventory shrink, and the interval between making a part and learning whether it was right shrink with them. Toyota did not choose feedback over planning as a philosophy. It made the comparison cheap enough to run continuously, and once it was cheap, running it was obviously better than not.

The same answer reached product development in 1986, when Takeuchi and Nonaka described how Fuji-Xerox, Canon, Honda, and five others were building products with overlapping phases, a team that carried the product from concept to launch as a unit, and a specification developed alongside the product rather than frozen before it. They compared the old sequential form to a relay and the new one to rugby, and the comparison is where the word Scrum comes from. In February 2001 seventeen people who had each built a version of the

same idea for software met at Snowbird and wrote the manifesto that made it a movement. Everyone remembers “responding to change over following a plan.” Fewer remember the sentence after it, which says the items on the right have value and the items on the left have more. The plan was retained there too. Every adaptive method ever devised kept an expectation, because there is nothing to compare an observation against without one. What each of them changed was the interval between expectation and observation, the cost of running the comparison, and the direction the discrepancy was allowed to travel.

An engineer reading this has run the loop at a shorter interval than any of these. A canary deployment sends a change to one percent of traffic, watches error rates for ten minutes against the rate the system had before, and rolls back on its own if they diverge. That is Shewhart’s chart with the operator replaced by a script and the interval cut from a shift to a minute: expectation stated, observation continuous, comparison explicit, response wired in. The reason this counts as engineering rather than management is a boundary the preface of this book has already declined to respect.

Adaptation Redistributes Authority

Feedback alone does not produce adaptation, and the reason is a law rather than a preference. Ross Ashby stated it in 1956 for control systems of every kind: a regulator can hold a system within bounds only if it has at least as many distinct responses as the disturbances it faces have distinct forms. He called it requisite variety, and it has never been repealed. A plan is a regulator with a fixed set of responses, the ones its authors foresaw, and the work presents disturbances the authors did not foresee. That much is the theorem, and the theorem says nothing about where the responses sit; it says only how many there must be. The organizational consequence comes from adding two things this chapter has already established. Hayek: the knowledge needed to choose the right response is particular to the time and place and is stale by the time it is reported. The history: every instrument of control added distance and delay between the disturbance and the decision. A regulator that must supply a response to each disturbance, from knowledge that exists only where the disturbance is, inside the time before the disturbance spreads, has to place the response there. So either the plan gains responses after the fact, which is what a change control board attempts and is slow at, or the response is supplied where the disturbance appears, by someone who was not consulted when the plan was written. That is this book’s inference

from Ashby's law, not the law itself, and the cord in the next paragraph is what it looks like in practice. Shortening the feedback loop, which every method in the previous section did, raises the rate at which disturbances become visible, and each one requires a response from somewhere. When the loop runs in minutes and the approval runs in weeks, the difference accumulates as a queue, and a signal that nobody may act on is not feedback. It is reporting.

Toyota's answer to Ashby is a cord. Every worker on the line can pull it; pulling it lights the station on an overhead board and calls the team leader, and if the leader cannot clear the problem before the vehicle reaches the end of the station, the line stops. What is being granted is the authority to halt a line that costs a large sum for every idle minute, and it is granted to the most junior person in the building because that person is standing where the defect is. When Toyota and General Motors opened their joint plant at Fremont in 1984, in a building GM had closed two years earlier, with more than eighty-five percent of the workforce rehired from the people GM had laid off, the cords were the part of the system GM's own managers found hardest to accept, harder than the layout or the inventory, because at GM plants stopping the line was reserved for supervision and a worker who did it without authorization could expect discipline. The cords went in. Within months the cars coming off that line had defect scores among the lowest in the country, absenteeism fell from a quarter to two percent, and by 1986 the plant was the most productive in GM's network, with the same people on the line who had been there in 1982. The workforce had not changed. Who was allowed to stop the line had.

This redistribution is a cost, and the reader who grants authority will feel it before they see the benefit. Delegating the response means decisions will be made that the grantor did not see in advance and could not have predicted, by people trusted for their position rather than their rank. What is given up is the predictability of decisions, and predictability was most of what the search for control was for. The reader who seeks authority carries the other half: accountability for a response made on incomplete information under time pressure with the grantor's name on the outcome. Organizations already price this, and the instrument is the limit. An adjuster may settle up to a stated amount without referral. An engineer may roll back a release without a ticket. A buyer may accept a substitute below a stated cost. A team may reorder its backlog and may not move its committed date. Each limit is a statement of how far from the plan a person may go on their own reading of the situation, and each is a decision about how much variety the organization will absorb at the point where the disturbance appears.

There is one test for whether a feedback loop is closed, and the seeker and the grantor should apply the same one. For any signal the system produces, name the person or mechanism permitted to act on it without asking, and the bound within which they may act. The seeker asks it of every dashboard, alert, and report they are handed: on seeing this, what am I allowed to change? The grantor asks it of every signal the organization pays to collect: who acts on this, inside what limit? Where the answer is that nobody acts without escalation, the loop is open at the point where it was meant to close, and the instrument is decoration however accurate its numbers are. Feedback without authority is reporting.

Work Becomes a Learning System

For most of the century covered here, planning and adaptation were presented as opponents, and most readers were trained on one side. The opposition is false. Every plan since Gantt's carried a second bar for what happened, and every adaptive method since Shewhart's kept an expectation to compare against. The two traditions disagreed about four things: the interval at which the comparison is made, the cost of making it, the direction a discrepancy may travel, and who is permitted to respond. Put those four beside the expectation and the observation and one mechanism remains. State what is expected. Observe what occurs. Detect the differences that matter. Decide. Change what the system does next. That is what it means for work to stay coupled to reality, and it is the primitive the rest of this book will scale upward.

Once the mechanism is stated, the methods organizations argue about become configurations of it, set along the four dimensions the history exposed. A program run to the 1985 defense standard compares expectation with observation at phase reviews months apart, at the cost of a formal review each time, lets the discrepancy travel only toward the work, and locates the response in a change board above the program. A pull system on a factory line or a product team compares daily, cheaply enough to do so, lets the discrepancy reach the standard, and locates most responses on the team inside a limit. A control chart compares every measurement, lets a run of them change the process, and locates the response with the operator. A canary deployment compares every request, at almost no cost per comparison, and locates the response in software that was given the authority to roll back before the release began. Projects, products, operations, and engineering differ in many other ways, and the differences that decide whether the work learns are these four: how often the comparison runs, what it costs, which way the discrepancy may travel, and who may respond.

Each instrument the reader holds is one part of that loop, and naming the part changes what the instrument is for. A service-level dashboard is an observation, and its value is decided by what the supervisor on shift may change on its account. A system of record holds the organization's authoritative state, what a claim, an order, or an account is now, while the expectations live elsewhere, in plans, targets, policies, and workflow definitions; the loop closes only where the two are compared, so the architect's design questions are where that comparison happens, how often, and what may change on its account, not only the schema. A roadmap is a prediction with commitments attached; its estimate will be wrong, and the failure is never the estimate but a governance structure that can only receive the news at a quarterly review. A deployment pipeline is the one place in most organizations where the loop is fully closed, with a response already delegated to software, and the reason it is treated as a technical detail rather than a management precedent is the boundary the preface named.

Managing work is the design of a system that learns while it operates. A century of method has refined that design until the interval at the sharp end is measured in seconds and the authority to respond sits with the person or the program nearest the disturbance. The organization around the work runs on its own setting of the same four dimensions, and the reader can now read it off. Its expectations are the budget, the operating plan, the org design, the targets, and the decision rights. In most organizations those are compared with what happened on a slower cycle than the work, at a reconciliation cost high enough to keep the cycle slow, with the discrepancy allowed to travel mostly toward the work, so that the variance is explained and the plan kept, and with the response held by people farther from the point of departure than anyone on the line. Not every organization sits at that setting on every variable; some reconsider parts of their rules quarterly, monthly, or locally. But the reader who applies the four dimensions to their own budget, targets, and decision rights will find, on most of them, the configuration the work abandoned a century ago. Why do we design work to learn while leaving the organization around it comparatively fixed?

The Program That Actually Runs

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The Room

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The Foreman

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Govern Outcomes, Keep Execution Local

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Governance Has a Job

Look at what your organization calls governance. An operating review walks through milestones and asks a team to explain a variance. A steering committee hears three presentations and endorses them. A portfolio council approves a reallocation that two executives settled in a corridor the week before, and its minute records the settlement as a decision. A senior leader asks to see a design before it proceeds, and from then on every design of that kind waits for her. All four are called governance. The first two supervise work, the third ratified a decision made elsewhere, and the fourth created an approval right out of visibility. Meanwhile some of the decisions that most changed what the organization is bound to appear nowhere on the governance calendar. This chapter gives you a way to tell these apart, then has you find one place where governance is real, constitute it, and run it.

Governance exists to maintain five conditions. The organization knows what it is trying to make true, and the parts of it that must act together hold the same picture. Every decision that matters has someone who can make it, at the lowest level with the context, authority, and scope to make it responsibly. The consequences, constraints, dependencies, and obligations that could hurt the organization are visible and held within a tolerance someone chose. Scarce capacity is directed toward the outcomes worth the most now, and can be redirected when that changes. Evidence changes commitments before the divergence between commitment and reality becomes expensive. Call them coherent direction, clear decision rights, manageable risk, efficient allocation, and rapid correction. Every mechanism you find in this chapter is judged against these five.

The five objectives draw one line. Governed state is anything whose creation or change binds something beyond the local executor: commitments to outcomes,

allocation commitments, authority and its delegation, constraints, the obligations and interfaces between units, externally binding dates and expectations, and any other commitment someone else may rely on. Operating state is how a unit currently intends to accomplish its work: tasks, sequencing, experiments, prototypes, implementation choices, alternative designs, estimates used for local reasoning, detailed plans, work in progress. Direction has to be shared across units that do not talk daily, so the commitments the organization makes to outcomes are governed. Capacity is scarce and more than one outcome wants it, so allocation is governed. A decision needs someone able to make it and have it hold, so authority is governed. Units that own different things have to interact, so the commitments between them are governed. Some limits bind everyone regardless of local judgment, so constraints are governed. Nothing in operating state binds anyone beyond the unit, so none of it enters governance, and it does not enter because the work is important, visible, expensive, or late. A task's completion changes no state anyone outside the unit needs authority over, unless the task was itself a commitment to someone else, in which case the commitment is the governed object and the task is how the unit meets it. An outcome by itself is a desired condition and an object of direction. It becomes governed state only insofar as legitimate authority has committed the organization to it.

The rules of the system follow from the line. Keep them where you can see them while you work. They are also printed as a reference card in the appendix, [Instrument 1: Governance Rules](#).

The eight rules

1. Governance owns what binds the organization.
2. Local operation owns how the work gets done.
3. Authority is presumed inside a legitimate delegation envelope.
4. Work is not a governance item.
5. Only a legitimate decision changes governed state.
6. Evidence may reopen a commitment; it does not change the commitment itself.
7. Interfaces carry recurring interaction between independently governed units.
8. Repeated governance demand is evidence about organizational design.

The architecture those rules describe is in the figure. Governed state sits inside a boundary and changes only by decision of legitimate authority. Operating state

was tested. If those three decisions fall in a period unlike what the mechanism ordinarily handles, a year-end freeze or a crisis week, take the shortest recent run that is representative enough to judge by. If you cannot find three, write down what you can find.

Mechanism	Supposed to decide or control	Last three decisions	Governed state each changed
-----	-----	-----	-----
-----	-----	-----	-----

For the second list, write down the consequential changes of the last few months to outcomes, allocation, authority, constraints, or cross-unit obligations, whether or not any passed through a mechanism on the first list: the people an executive moved between teams, the priority a function leader changed outside any review, the authority a senior operator granted by saying yes, the cross-unit commitment two leaders settled privately that the forum learned of afterward. For each, record what governed state changed, who made it binding, where the decision was made, whether any further approval was in fact required before it held, and the evidence you have that it happened. These are governing acts whatever they were called, and this list will hold decisions the first list cannot see.

What changed	Who made it binding	Where it happened	Further approval required before it held	Evidence
-----	-----	-----	-----	-----
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Work retrospectively where records let you. Minutes, decision logs, budget changes, staffing moves, and contract dates are enough to reconstruct most of the second list. Where they are not, switch to prospective observation: keep both lists open and add to them as ordinary decisions occur, until you have enough to judge the pattern. Do not announce a governance redesign before you have

the baseline. The announcement changes the behavior you are observing. People start routing decisions through the formal mechanism, documenting choices they normally leave informal, and performing the system you are trying to find. Observe through records and normal work.

When the lists are full enough, write one line for each of five things:

- a formal mechanism that governs;
- a governing act that occurred outside formal governance;
- a mechanism performing status review or supervision, not governance;
- a decision that appears to lack legitimate standing;
- a decision normal operation could not obtain when it needed it.

Expect the allocation decisions to be thin on the first list and dense on the second, because capacity moves through budget negotiations and private conversations that no named mechanism owns, and expect the first list to be full of operating state: whether a milestone slipped, whether a deliverable is on track, whether a team should explain a variance. That combination, operating state governed heavily and allocation governed nowhere except privately, is what a governance system built from accumulated meetings looks like.

If you run a function by its dashboard, the lists tell you which of the numbers you watch has ever changed a commitment at a level above you. If you own the architecture, they tell you whether any mechanism holds authority over which system is authoritative for shared state, or whether that is settled by whoever built the last integration. If you hold a funded line, they tell you whether the body that approved the estimate can move the money once it is committed. If you are an engineer, they tell you which of the approvals you wait for changed anything that binds. Keep both lists. Stop when they hold enough evidence to locate one real boundary; you do not need the whole organization.

Find Where Governance Actually Happens

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Constitute the Boundary

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Make Local Operation Independent

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Control Commitments, Not Work

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Route Only What Crosses the Boundary

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Let Evidence Reopen What Binds

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Remove the Causes of Governance Demand

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Practitioner Instruments

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What These Instruments Are

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Working-Surface Rule

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Instrument Rule

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Anti-Bureaucracy Rule

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How to Read the Appendix

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The Instruments

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Instrument 1: Governance Rules

Used in: Chapter 3, from [Governance Has a Job](#) onward.

Use this as a working reference while operating a governance boundary.

Rules

- 1. **Governance owns what binds.**
- 2. **Local operation owns how the work gets done.**
- 3. **Authority is presumed inside a legitimate delegation envelope.**
- 4. **Work is not a governance item.**
- 5. **Only a legitimate decision changes governed state.**
- 6. **Evidence may reopen a commitment; it does not change the commitment itself.**
- 7. **Interfaces carry recurring interaction between independently governed units.**
- 8. **Repeated governance demand is evidence about organizational design.**

Route the Change

Whose envelope holds it?	Then
Mine	Act locally
Another boundary's	Route there
This boundary's	Governance item
Nobody's	Authority-design defect

Keep Out of Governance

Unless a required change to governed state is involved, keep these in operating state:

- tasks;
- milestones;
- experiments;
- prototypes;
- implementation choices;
- sequencing;
- estimates used for local reasoning;
- detailed plans;
- work in progress.

Reopen, Do Not Gate

Evidence may trigger a reconsideration condition.

The condition **reopens** a commitment at legitimate authority. It does not pre-terminate the decision and it does not stop work merely because a calendar point has been reached.

Instrument 2: Governance Observation

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A. Declared Governance Mechanisms

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B. Governing Acts Observed

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C. What Is Now Visible?

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Observation Discipline

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Instrument 3: Boundary Discovery

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Start With One Consequential Case

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Operative Authority

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Legitimate Standing

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Binding Effect

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Operability

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Boundary Hypothesis

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Instrument 4: Governance Boundary

Definition

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Boundary

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State

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Commitments

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Allocation Commitments

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Constraints and Obligations

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Rights Over State

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Delegation Envelopes

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Interfaces

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Open Governance Items

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Instrument 5: Commitment Audit

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Audit

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Correct Questionable Rows

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The Discipline

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Instrument 6: Governance Item

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The Item

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Instrument 7: Governance Demand Register

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Register

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Instrument 8: Recurring Governance Demand Trace

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Pattern Observed

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Trace the Mechanism

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Structural Correction

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