

BOTALI

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BOTALI — Problems and Solutions

- BOTALI
 - B ig (and other)
 - O rganizations
 - T hat
 - A ct
 - L ike
 - I diots

Why am I the guy to talk about these things?

- IBM Consulting
 - Many large clients

... plus, I worked for IBM

- Sun Microsystems
 - Visited about 200 startup companies

... plus, I worked for Sun.

- Department of Defense.

... any questions?

Why big organizations act like idiots

- The information-theoretic SNAFU Principle
- The multivariate Peter Principle

But I'm in a *small* organization, why should I care?

- Because you hope to *become* a big organization
- Because you must *deal* with big organizations
- Because a surprisingly small organization can be big enough to act like an idiot.

What's new here?

- Not much, maybe.

What the hell, it'll be over in 3 $\frac{1}{2}$ minutes.

- ... but I have some explanations of *why* it happens that I think are informative.
- ... and I'm convinced it shows the way toward making organizations act *less* like idiots.

Charlie's First Observation About Consulting

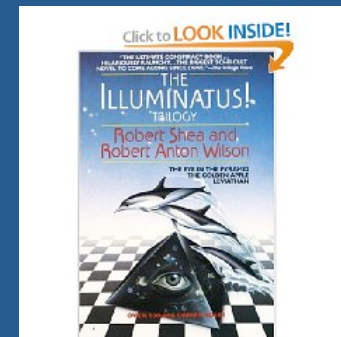
In many cases, it is the consultants job to be paid \$300 an hour to ask questions the CEO could have asked, had the CEO only been talking to people in the self-same organization.

The SNAFU Principle

- “Situation Normal — All Fucked Up”
 - (feel free to bleep this in your head.)
- Stated by Shea and Wilson*:

In a hierarchy, complete communication is only possible between equals.

- * *Illuminatus!*, Robert Shea and Robert Anton Wilson, Dell 1983.



CIA

- How the intelligence community works:
 - Data is collected
 - Summarized by an analyst
 - Then by the area desk
 - Then into the Daily Briefing book
 - Then summarized by the DDI into the Daily Briefing
 - Which is then presented
 - At which point it says exactly what the DCI thinks is most politically advantageous

The *Information Theoretic* SNAFU Principle

- “Any hierarchical organization forms an ultrametric space with ultrameasure $d(n_0, n_1)$, where d is a function of number of steps in the hierarchy, weighted by perceived risk in the relationship.”
- In any communication, noise is proportional to d .

I love doing that.

- In other words, communication gets worse, the farther information must travel.

Fear

- Why does this happen? Fear and fuzz
- Fuzz:
 - ever play “rumor” or “telegram” — whisper a message from one person to the next and see what happens?
- Fear:
 - You don’t want to look like an idiot to your boss
 - Your boss doesn’t want to look like an idiot to your boss’s boss.
 - Your boss’s boss doesn’t want to look like an idiot to those above.

The (Generalized) Peter Principle

- "In a Hierarchy Every Employee Tends to Rise to His Level of Incompetence."
- Generalized, people rise in an organization until they fail.

The Multivariate Peter Principle

- People have many distinct skills in which they may be more or less competent.
- Ability to rise in a hierarchy is itself a distinct skill.

Therefore:

- People rise in an organization until they fail *at the skill of rising in an organization.*

They may well have passed their level of competence in other skills long before.

Carl's Corollary

- “So in any big organization, decisions are made by increasingly incompetent people using increasingly bad information.”
- You now have ten seconds to contemplate Carl's Corollary.

*See the alliteration?
That's a literary technique.
I'm a pro, I tell you.*

So, are we just permanently screwed or what?

- No. But we have to observe that these are *natural laws* and build our hierarchies with them in mind.
- Rule One: Reduce the hierarchical distance between problem and decision
- Rule Two: Reduce the risk.
- Rule Three: Reinforce often.

Reduce the distance

- *Decisions move down*
 - If we know the higher a decision goes, the worse it's likely to be, the obvious solution is to let decisions move down.
- But how will we *manage*?

Don't manage, mentor.

Reduce the risk

- *Make truth cheap*
 - What's risk? The probability of a bad outcome times the cost of the bad outcome.
 - Reduce the cost, reduce the risk
- Remember, everyone was a third grader once.

And still is.

Reinforce often

- *People or pigeons*, reinforcement works.

Summary

“In any big organization, decisions are made by increasingly incompetent people using increasingly bad information.”

- The more you fear your boss, the worse off the boss will be.
- The farther up decisions are made, the worse off the organization will be.
- Small organizations *can* be “big”.
Dysfunctional organizations are *always* “big”.

Postscript

- Will geek for food.