

The Tyranny of “Community”

By imposing togetherness and teamwork across divisional boundaries, companies risk losing the people whose tacit knowledge actually drives growth.

When I started working in my current location,” a benefits clerk at a major American oil company told me in the mid-1990s,

“there was one man who had been there a long time. William was my ‘answer person.’ He was a rock, the one who remembered the lawsuits and the old deals, and why they were important.” But then William was pushed to another job, at a lower salary, and it was likely he would be laid off. “What are they going to do,” the clerk asked, “when they get rid of the ‘Williams’ and nobody else remembers what they know?”

You might expect to hear this kind of question at a company going through an Al Dunlap–style downsizing. But you wouldn’t expect to hear it at a company like “OilCo,” which, at the time, was actually moving in a more humanist direction. Having been through one severe bout of downsizing in the late 1980s, the top executives were now trying to create a General Electric–style transformation. Following, in part, the playbook

of GE’s Jack Welch, OilCo’s leaders based their change strategy on one key precept: When people make an impassioned commitment to a company, even if they feel forced to do so, performance improves dramatically.

So they pushed decision-making to the lowest possible levels; they promoted executives who led with compassion and awareness, instead of with blind authority; and they tried to get all 22,000 employees to act, in the organizational development jargon, as if they truly “owned” their jobs. Managers like William, who had followed the rules but never embraced the rhetoric about “change” or “commitment,” were lost in the shuffle. In the end, although people who were involved in it remember it as an idealistic Camelot time, OilCo’s “transformation” did not prevail. The people who led the mid-’90s effort have left; many who succeeded them have repudiated it.

I have heard enough stories similar to OilCo’s to believe the company typical. There are tales of disgruntlement circulating around the water cooler. You hear about people like William, who hold the institutional memory in their heads, but aren’t wanted anymore. Or you hear com-

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plaints that the organization now feels like a cult, and a lot of people don’t fit in. Somehow, just when an organization is trying hardest to pull together, people seem to get disenfranchised. It’s as if, by invoking the idea of community, a company swallows something that fundamentally doesn’t agree with it, and that triggers an institutional allergy.

That Small-Town Spirit

For the past decade or so, there has been a great hunger in the business world for corporations to take on the ambiance (along with the politics, the economics, and the morality) of a small-town community. Why can’t we set things up around here, business leaders ask, so people bring a volunteer spirit and energy to work? Why can’t people share knowledge easily? Why can’t they bolster one another’s success, instead of competing for clients or resources? Why can’t decisions be made more democratically, with less bureaucracy? Why can’t companies operate, in short, not like communities as they are, but like the communities of our imagination, the way we would like them to be?

The roots of the “corporation as community” idea can be traced, in America at least, to the humanist

workplace philosophers of the early 20th century: Mary Parker Follett, Chester Barnard, Douglas McGregor, and Robert (“Servant Leadership”) Greenleaf. Each of these people, in his or her own way, spoke out against the abuses of scientific management, and argued that workplaces thrive best not by controlling their members (McGregor’s “Theory X”), but by tapping their desire to be involved and do well (McGregor’s “Theory Y”). When the Japanese management style surfaced in the West, around 1980, one of its core tenets was the workplace as a large community where everyone fit in. The political communarians of the 1980s — scholars like Robert Reich and Amitai Etzioni — were openly inspired by the Japanese management example. Their workplace was a prototype for participative democracy, where everyone could be involved in making the world a better place, even as they went about their daily business.

The community wave was boosted, in turn, by two new factors in the mid-1990s. The first was the New Economy. Young tech-company employees were assumed to be willing to give all of themselves to their corporate endeavors; work and life no longer needed to be separate. Douglas

Coupland’s novel *Microserfs*, published in 1996, exquisitely evokes the hacker yearning for corporate community. The young, semi-alienated geeks of Microsoft look to “billg” as a big brother. When the protagonists realize Microsoft can never be the extended family they wish for, they start a new company of their own. They then do what many computer people (including billg himself) have done in real life: They bring their parents into the business.

The second factor to boost the community wave was knowledge management. In 1995, a pair of Berkeley-educated Japanese management researchers named Ikujiro Nonaka and Hirotaka Takeuchi published a book called *The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation*. They pointed out that the truly significant knowledge a company possesses — the make-or-break savoir faire that leads to unassailable competitive advantage — has little to do with formal policies and procedures, and everything to do with the ingrained awareness that people (like William) build up over the course of a career. Such “tacit” knowledge is too diffuse and intuitive to write down or codify in any mass-consumable way,

not even through an expert computer system. But it is far more important to the long-run success of an OilCo than the data in a corporate database, no matter how scrupulously gathered and maintained.

Mr. Nonaka's and Mr. Takeuchi's ideas paved the way for another school of thought — the “communities of practice” school, based mostly in Northern California. This group drew on computer science, anthropology, and the “social development” theories of the early-20th-century Russian psychologist Lev Vygotsky to propose that knowledge is generated not just tacitly, but collectively. John Seely Brown, now chief scientist of Xerox PARC, and his anthropologist colleague Lucy Suchman studied users of photocopiers; computer scientist Etienne Wenger of the Palo Alto Institute for Research on Learn-

ing studied insurance company clerks; and anthropologist Patricia Sachs took a job managing a research lab at NYNEX. They observed people intently and interviewed them about the moment-by-moment minutiae of their work. Whom did they talk to? Where did their work come from, and where did it go? How did they make decisions?

The results suggested that the most critical know-how in any given company is stored not in the company's rule book or even in its computer system, but in its casual conversations. The most highly paid work — budgeting, strategic planning, allocating capital, and making high-level decisions — has less impact on a company's success than the lowly community-oriented arts of gossip and volunteering. People such as William, even when they seem to

outsiders like they're hoarding knowledge, are effective precisely because they are part of an interwoven community of people, who all need each other to understand what they're doing. That's why, when people like William leave the company, others feel so dismal about it. The company has lost more than one piece of its memory. It has lost a piece of its collective soul.

To senior executives, these trends all raise the same difficult questions: Can our performance really depend not just on our capabilities and brainpower, but on our effectiveness as a community? And if so, exactly how committed to our people do we have to be, and who gets included in that commitment?

These are not idle questions. And the most humane and effective way to answer them may be the opposite of what our instincts suggest.

Inside the Gates

“Community” is probably one of the most ambiguous words in the English language. It suggests a sense of responsibility for anyone who needs us — a helping hand to all humankind. For instance, when I recently asked for a definition of community from an activist I know, someone who worked with local people in Belfast during some of its most violent years, she said this: “If my car breaks down and the people who stop to help me actually help me instead of taking advantage of my vulnerability by robbing me, then I know I'm in a place with a spirit of community.”

But there is another form of community spirit: the spirit of a “gated” neighborhood, in which people seek to create an enclave protected from the rest of the world. In such communities the questions of inclusion and exclusion take on para-

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mount importance.

It's hardly surprising that this is the form of community that comes naturally to corporations. The corporate charter itself is a long-distant descendant of the incorporated Medieval monastery, in which groups of monks pooled their resources, lived and worked together, and exercised highly amplified influence on the church and regions around them. At a time when all cities were "gated communities," monasteries were doubly gated; to join one meant renouncing the way of life of one's upbringing and entering a secluded, but powerful, fraternity.

From the 1950s through the early 1980s, OilCo, like so many other companies, had been a traditional gated community. Everyone inside the gates, from the top to the bottom of the hierarchy, enjoyed cradle-to-grave security. That security vanished with the late-1980s wave of downsizing. With its subsequent transformation program, a new sense of "community" was to be inculcated. But what, exactly, did that mean? Would everyone become responsible for everyone else in the company? Or would it mean shrinking the company to the smallest possible group of insiders, and making everyone else expendable?

The tension came to a head when Noel Tichy introduced the slogan "Coach, Coach, Change" to OilCo. Mr. Tichy, a University of Michigan professor who had managed GE's famous executive development center in Crotonville, N.Y., for two years, had initiated and coauthored the first serious book on Mr. Welch's GE strategy: *Control Your Destiny or Someone Else Will*. Ever since, he had made much of his living introducing his version of Mr. Welch's ideas to other companies. One of the perennial

problems he would identify was the manager who didn't "get it" about the company's new values. Such managers persisted with carefully crafted slide-show presentations, hoping above all to look good, instead of taking part in the kind of rapid-fire give-and-take that would genuinely help the business. Or they promoted the people most loyal to them, instead of the people who could do the most for the company. Or they kept shoring up the boundaries between their bailiwick and the rest of the company, ignoring Mr. Welch's mandate for "boundarylessness."

Coach, Coach, Change

For managers who made the numbers but didn't seem willing to give their all to a new form of behavior, Mr. Tichy (and Mr. Welch) had a formula: Coach them once in the new corporate values. If they didn't get it, coach them again. If they still didn't get it, then "change" them: Move them out of the company, and give someone else the job. Like many of Mr. Welch's innovations, this first was applied at the senior-most levels of the company, and then cascaded down quickly through the echelons of GE's various businesses. Then, through Mr. Tichy, it cascaded to other companies.

A lot of OilCo people welcomed the idea; they looked forward to getting rid of the recalcitrant old-school executives who blocked their ideas. "I'd have changed some of these people out a long time ago," complained one senior manager in exploration and production. A member of the corporate staff said, "This isn't a Sunday tea social. It's an economic war. If someone is not on board, there has to be a consequence."

But the "Coach, Coach, Change" ethic also made it easy for a company

like OilCo to discard someone like William, almost without thinking, certainly without direction from the top, and all in the spirit of building a new, fierce, communal entity that could win the economic wars. These people weren't being removed because they couldn't do their work, or because the company was being forced into layoffs. They were being laid off because they didn't fit in with the new values of the company. Nobody was safe; everyone in the company, all the way up to the most senior levels, felt equally at risk. To his credit, OilCo's CEO repudiated the "Coach, Coach, Change" ethic. ("I don't believe that people are permanently 'on the bus' or 'off the bus,'" he said.) But that left the company with an equally dismal alternative: "Coach, Coach, Coach," in which people took on the trappings of the new community values, but continually whispered that others weren't living up to them. Today, if you talk to OilCo people, you will learn that the gumption and initiative they felt at first began to dissipate when they realized the community values were a lot more arbitrary, and hierarchical status a lot more important, than they had hoped when they first heard of transformation.

I write all this with trepidation because I have a lot of friends at OilCo, and at the time, I believed wholeheartedly in the spirit of what they were doing. But gradually I came to the conclusion that their excellent intentions had put them on a dangerous path. It's even easier — almost too easy — to criticize some of the other companies that trade on the idea of community to drive their businesses forward. These are the companies that try to make employees feel a sense of kinship with the company, so that they may be moved to work more hours. At worst, this is exploitative, a new version of forcing the employees to go and wash the boss's car on Saturdays. But even at best, this frivolous kind of community-building is rife with disappointment.

"I see culturally mainstream people with names like RedFeather laying down a feather, lighting a candle, and urging people to be part of a community, as if it's all about pretend ritual," says Ms. Sachs, one of the leading exponents of the "communities of practice" theory. "It's a deep misuse of anthropology and an incredibly superficial view. I'm worried that the concept of communities at work will get a bad rap, and as a result, companies will throw out their

emerging understanding of the authentic community-based nature of work." In other words, she says, when the "allergies" kick in, and corporate leaders get fed up with the counterreactions that their superficial community-building has engendered, they might abandon any real community-building that has taken place. For that is much harder to do, and more effective in the long run.

Where Community Starts

If there is a sustainable way for corporations to embrace community, it starts, paradoxically, with the understanding that companies can never be communities themselves. People expect that a community will be committed to them, nurturing them and responding to their needs wholeheartedly. Corporations can't make that kind of commitment. They are too tied to special interests: the major stockholders, chief executives, and other "core groups" who must be satisfied by every corporate decision. Any company that pays its top executives more than, say, 25 times what its lowest-level people make will have a hard time casting itself credibly as a "community."

What, then, can you do to foster commitment among your people?

You can start by living up to your contracts with employees. Make minimal promises, and keep them. If new values are important, set an example of them without holding other people to them. Give employees opportunities to take on new profit-and-loss experiments, and the wherewithal, including the training they ask for, to accomplish them. Be clear about what the company expects from people, and don't spring unpleasant surprises on them (like extra work). Where possible, devolve; set up subcompanies with equity stakes, allowing people to step out on their own. (This was one of OilCo's strategies, and arguably its most successful one.)

Most of all, use your financial and managerial resources to become a better participant in the real community, the local city or town outside your doors, so that people who need services have somewhere else to turn. And, finally, stop commanding people to change their attitudes; stop micromanaging their personal development. Give them policies and rules that let them govern themselves as much as possible, in a straightforward contractual way, and they will create a community of their own. +