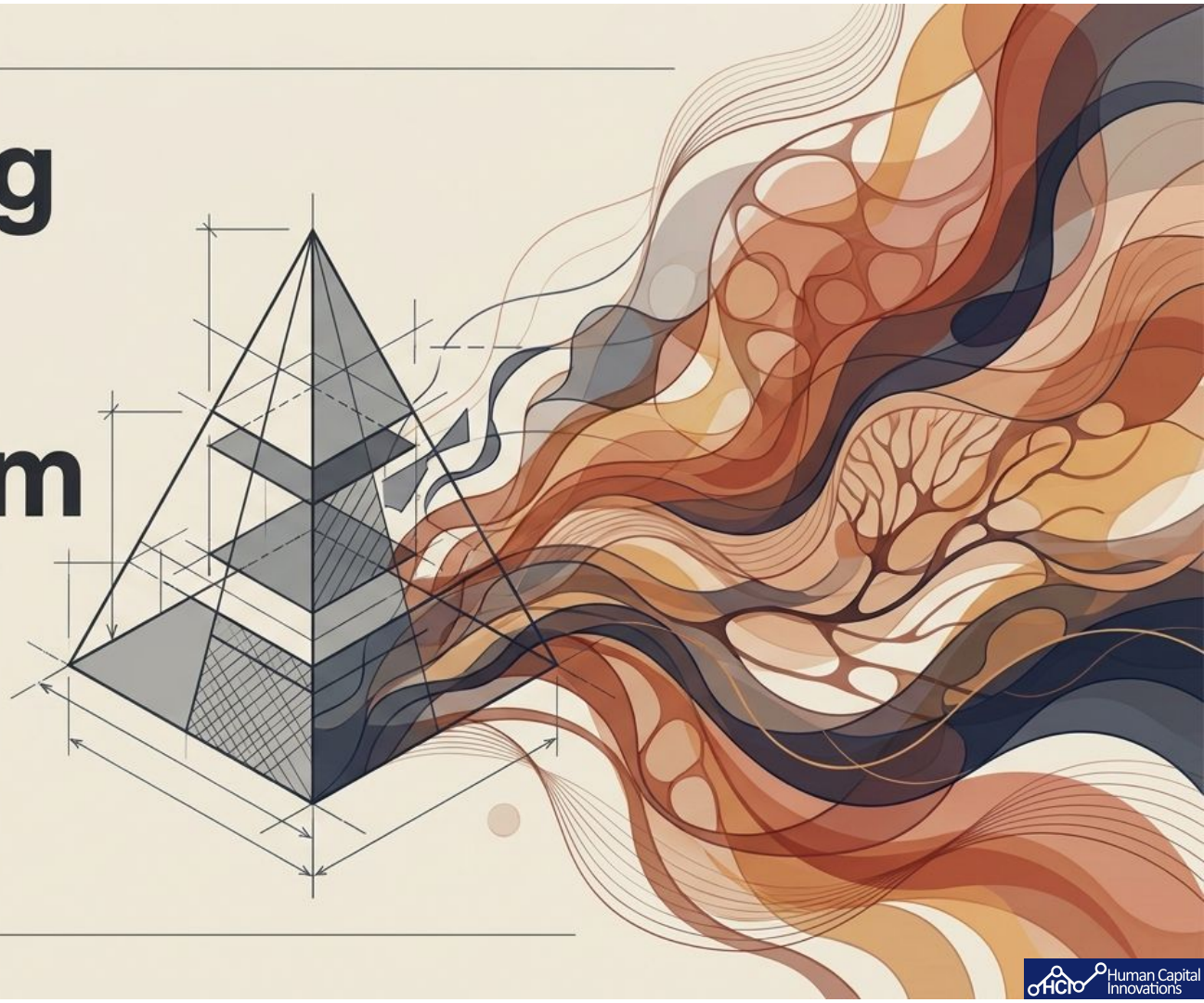


Designing for Dynamism

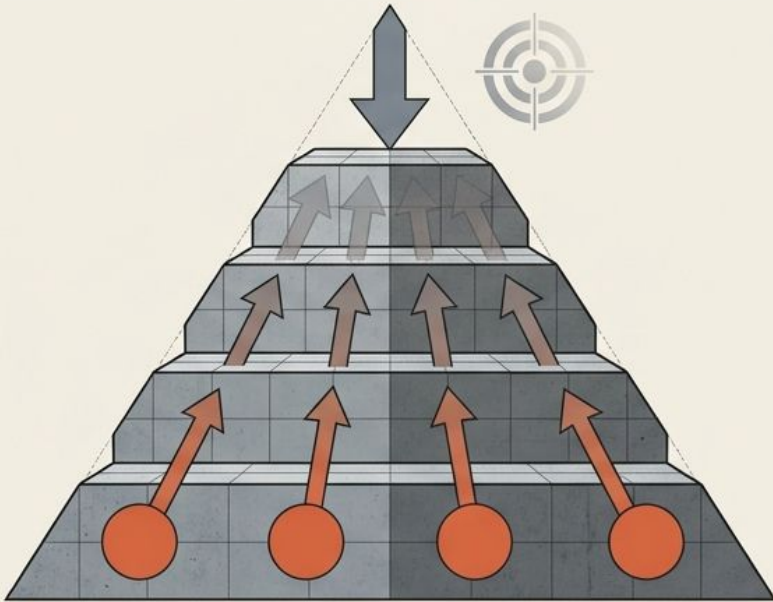
How Organizational Architecture
Unlocks the Capacity to Sense,
Shape, and Seize Opportunities.



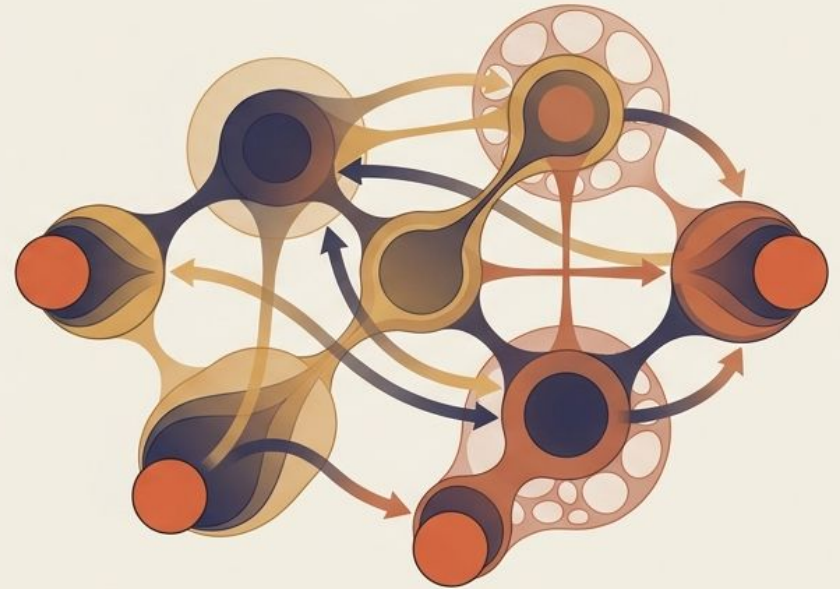
The Information Bottleneck

20th-century hierarchies were engineered for stable markets to optimize scale.
In volatile environments, centralizing information fatally degrades response times.

Mechanistic Hierarchy



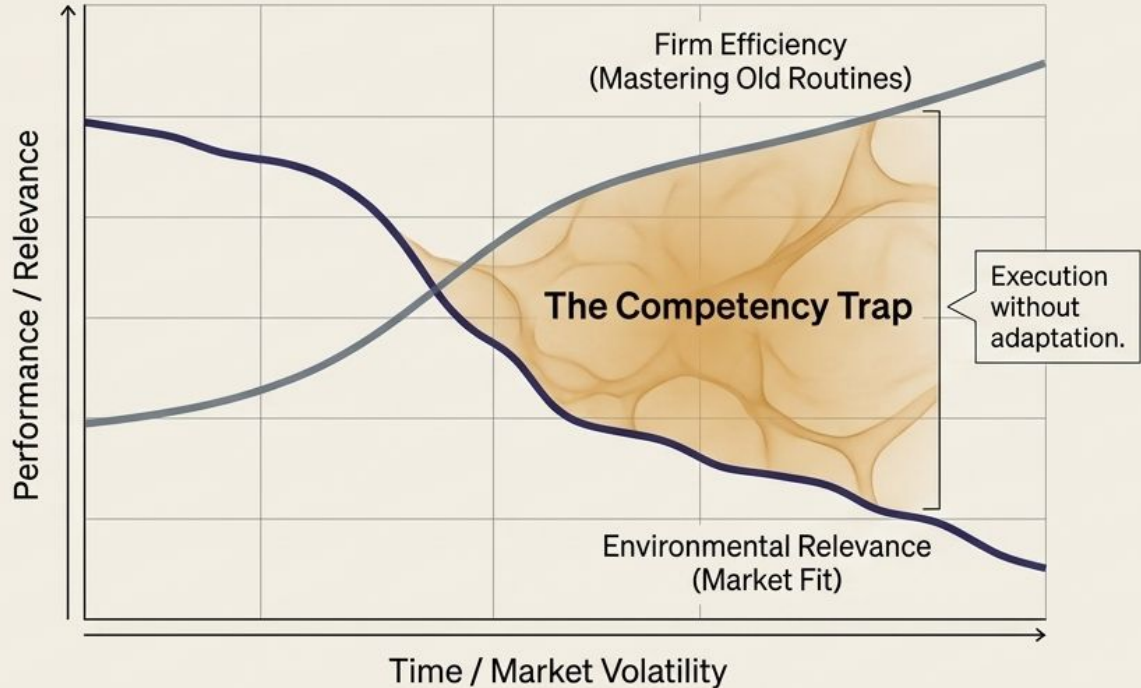
Dynamic Polyarchy



The Risk of Strategic Inertia

Competency Traps (Levitt and March)

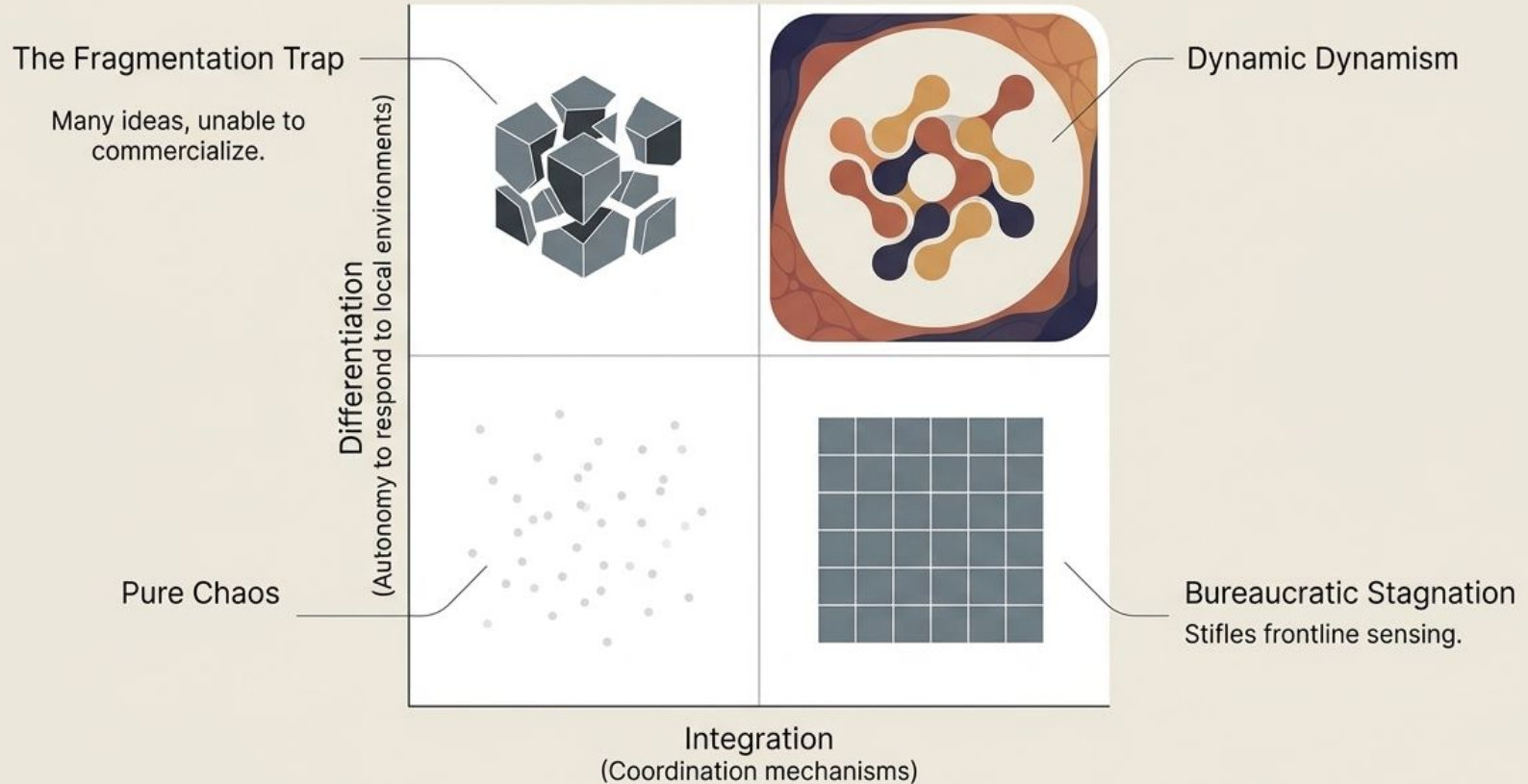
Organizations face existential risk when they become highly skilled at routines that no longer fit the competitive landscape. Disruption occurs when optimization outpaces relevance.



The Design Gap Matrix

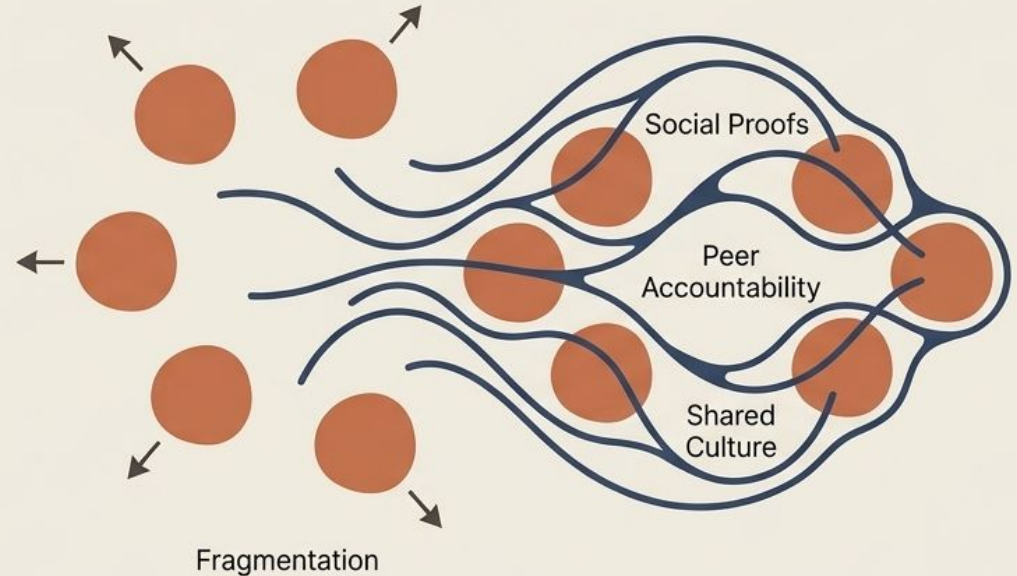
	Mechanistic Hierarchy	Dynamic Polyarchy
Environment Fit	Stable & Predictable	Volatile & Complex
Information Flow	Aggregated at the top	Distributed at the edge
Coordination	Command & Control	Social Proofs & Peer Action
Risk Profile	Optimizes for minimizing failed bets	Optimizes for minimizing missed opportunities
Boundaries	Closed functional silos	Open, porous ecosystems

The Architectural Imperative



Radical Autonomy Requires Radical Integration

- The Oticon Cautionary Tale:
Dismantling hierarchy sparked rapid innovation, but lack of structural integration created chaos.
- Frequent top-down interventions undermined trust.
- True decentralization requires an invisible glue to replace the middle manager.

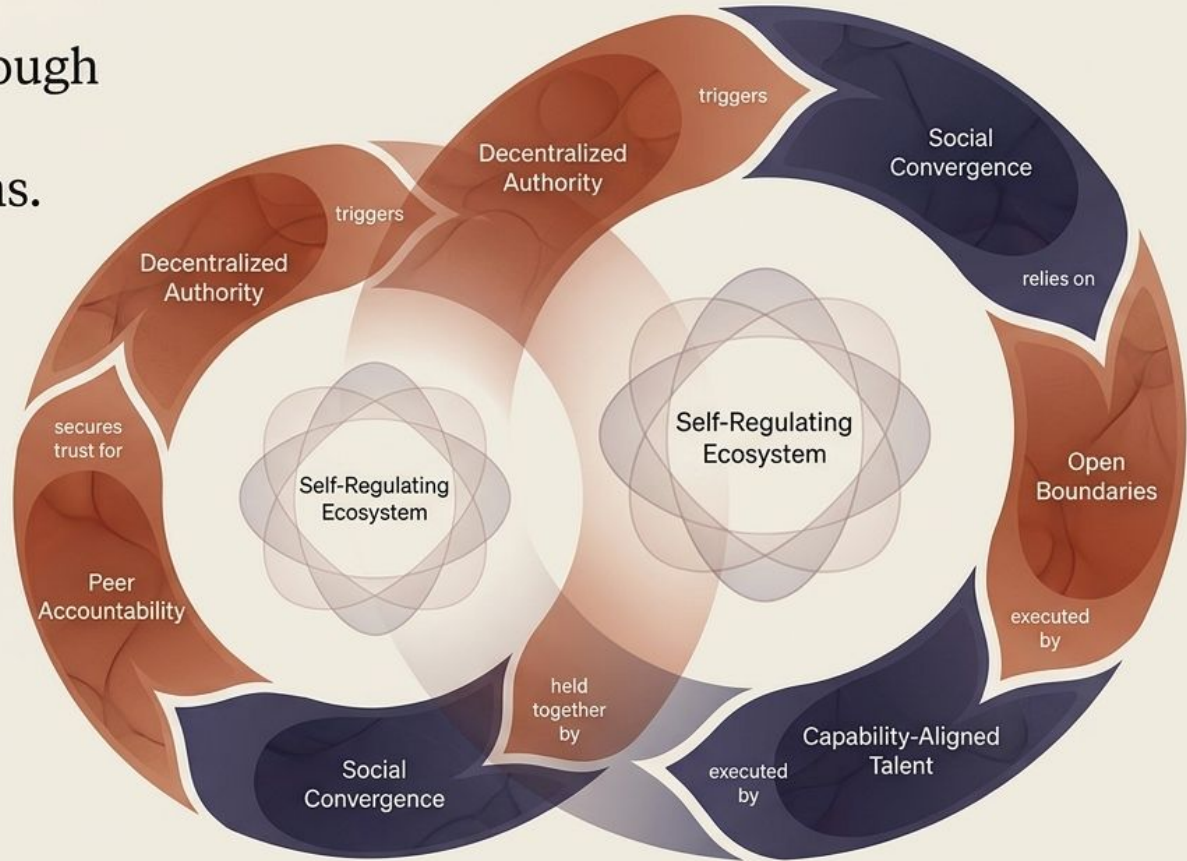


Without the glue of social convergence, decentralization collapses.

The Dynamic Architecture Loop

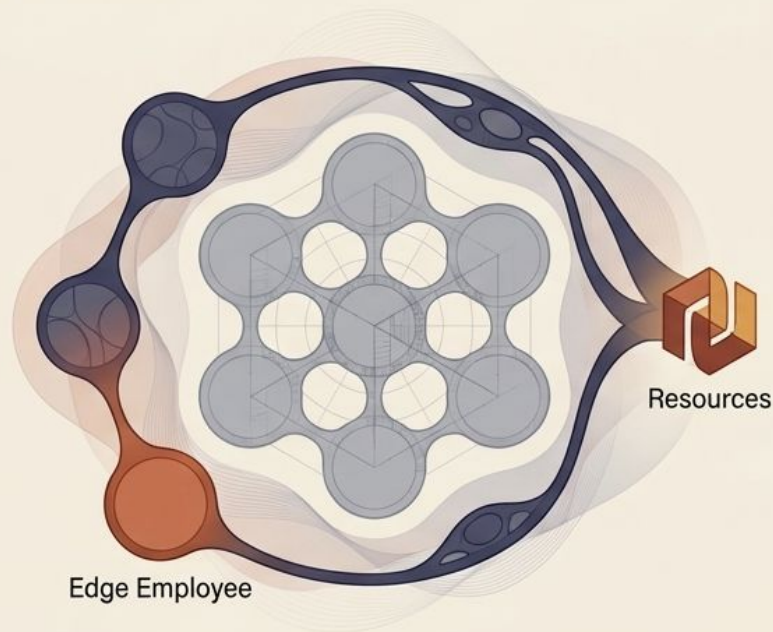
Dynamism is built through five interdependent structural interventions.

The 5 Interventions System Map

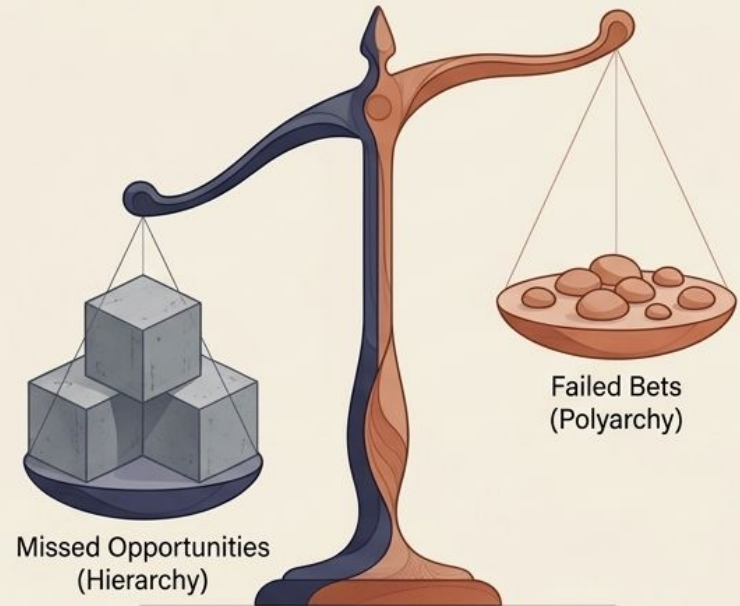


Play 1: Decentralized Decision Authority (Polyarchy)

- Mission-oriented roles
- Frontline project initiation
- Example: Valve Corporation's self-selected structure



The Economic Trade-Off (Sah & Stiglitz)



In volatile markets, swallowing small failed bets is vastly safer than missing massive opportunities.

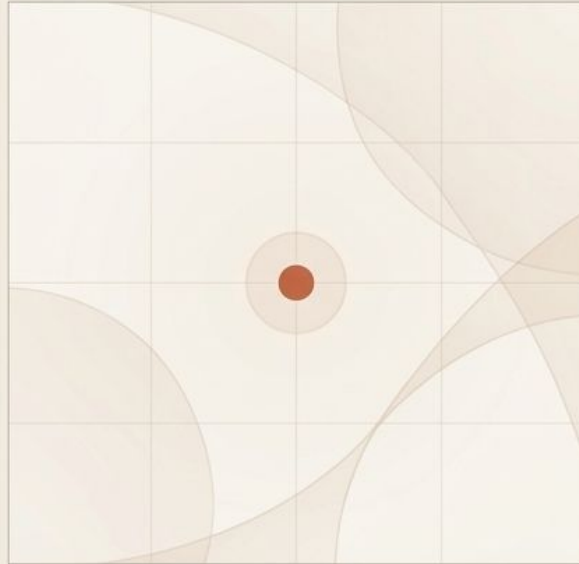
Play 2: Social Convergence Mechanisms

1. Self-selection (Voting with feet)

2. Quorum sensing

3. Social thresholds for funding

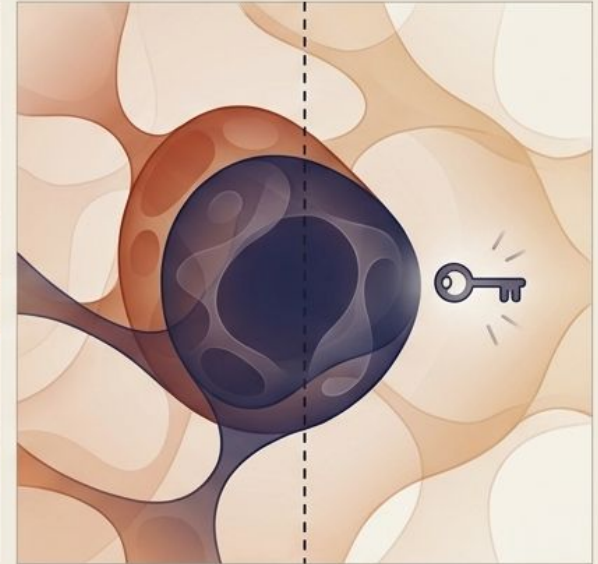
Quorum/Social Proof Threshold



Initiation



Convergence

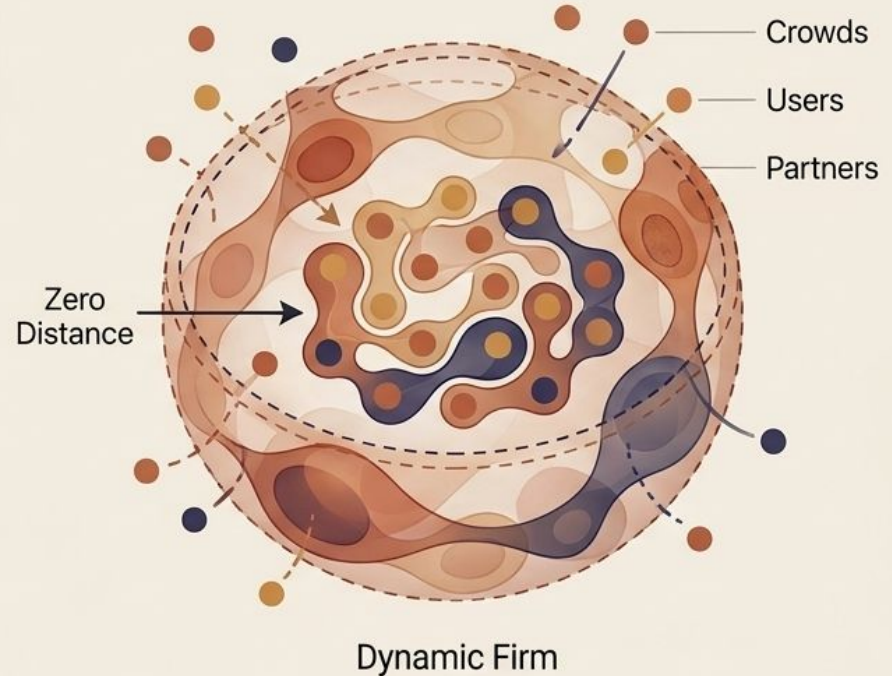
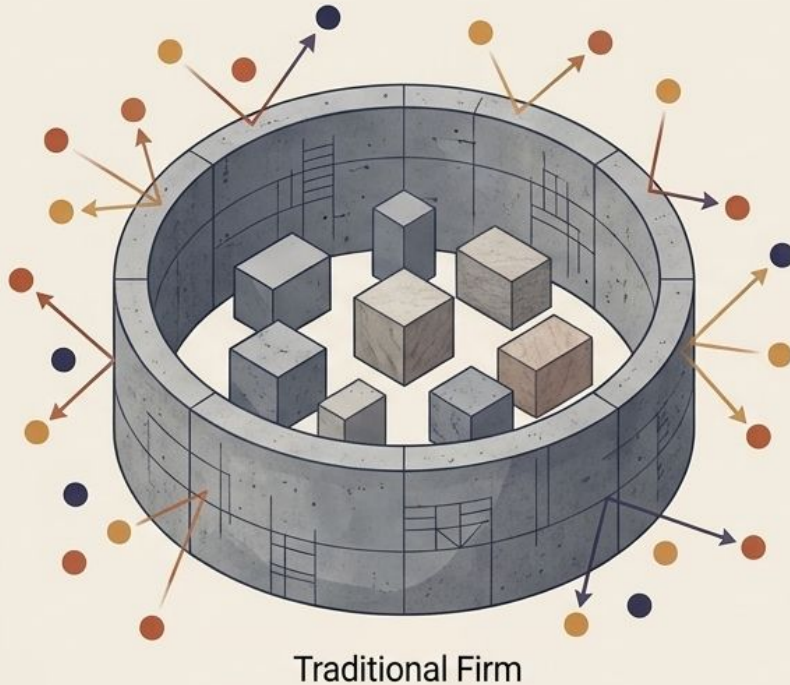


Resource Allocation

Peer choices, not manager approvals, dictate resource allocation.

Play 3: Porous Boundaries & Open Innovation

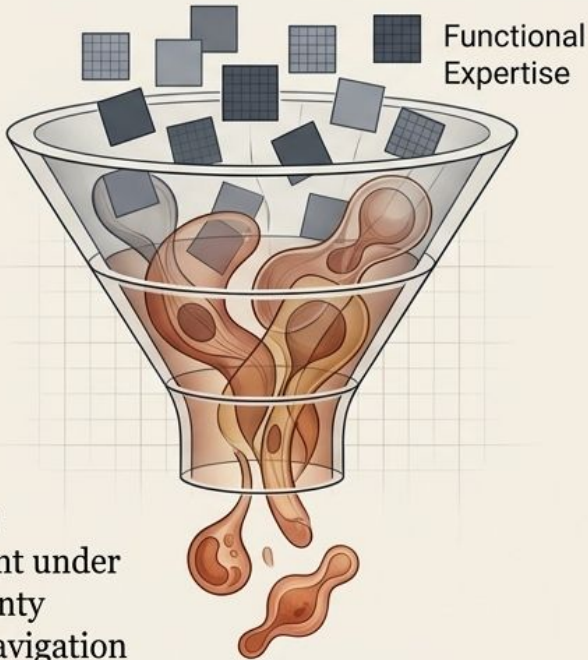
Zero Distance



Real-world applications: Haier's RenDanHeyi model (micro-enterprises) and Valve's Steam platform (user co-creation).

Plays 4 & 5: The Human Engine

Play 4: Talent Aligned to Capability

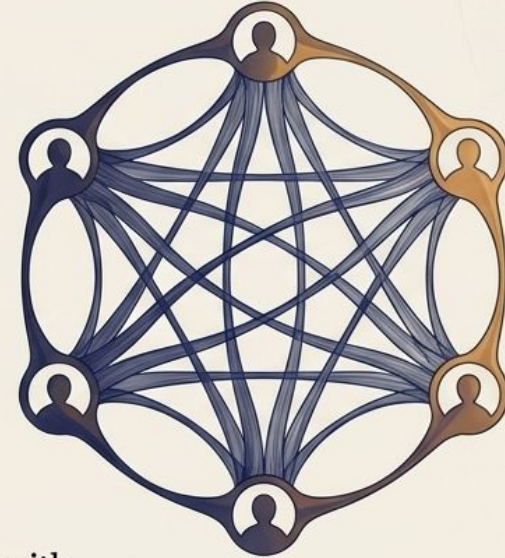


Select for:

- Judgment under uncertainty
- Social navigation

Callout: Spotify's autonomous squad model.

Play 5: Peer-Based Accountability



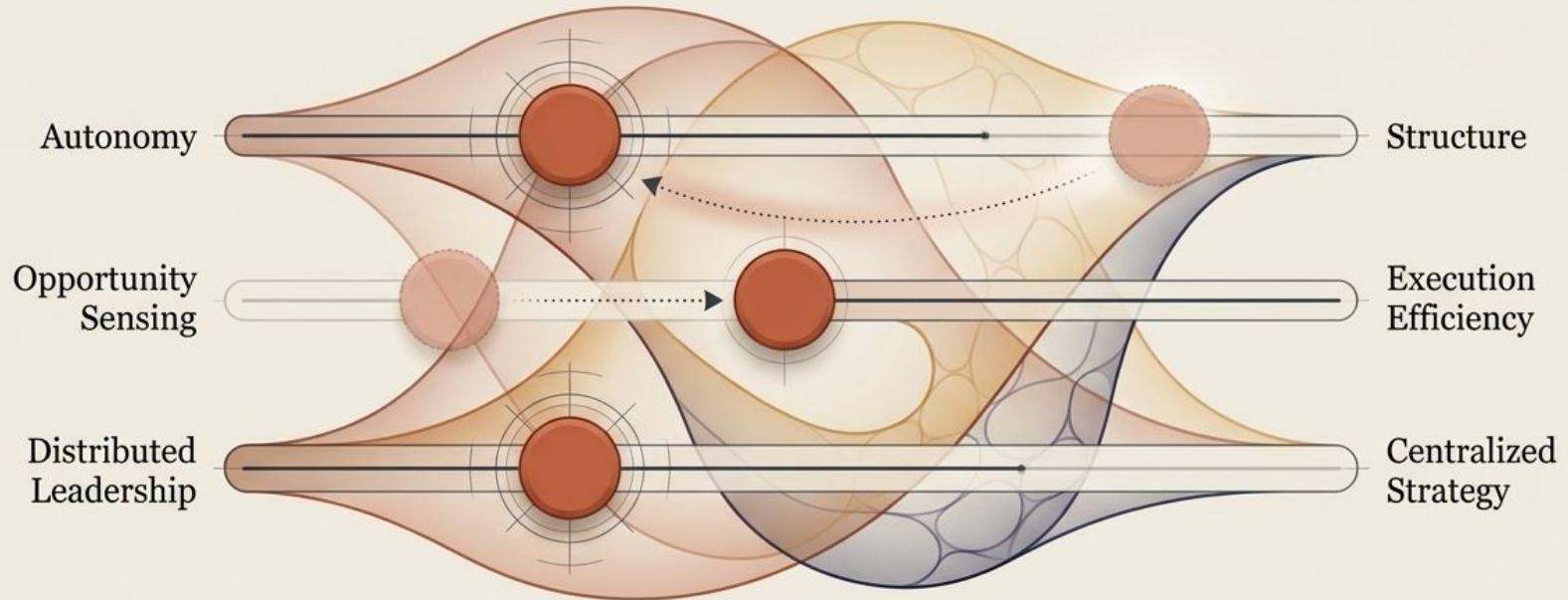
Regulate with:

- Transparent performance data
- Track records & reputation

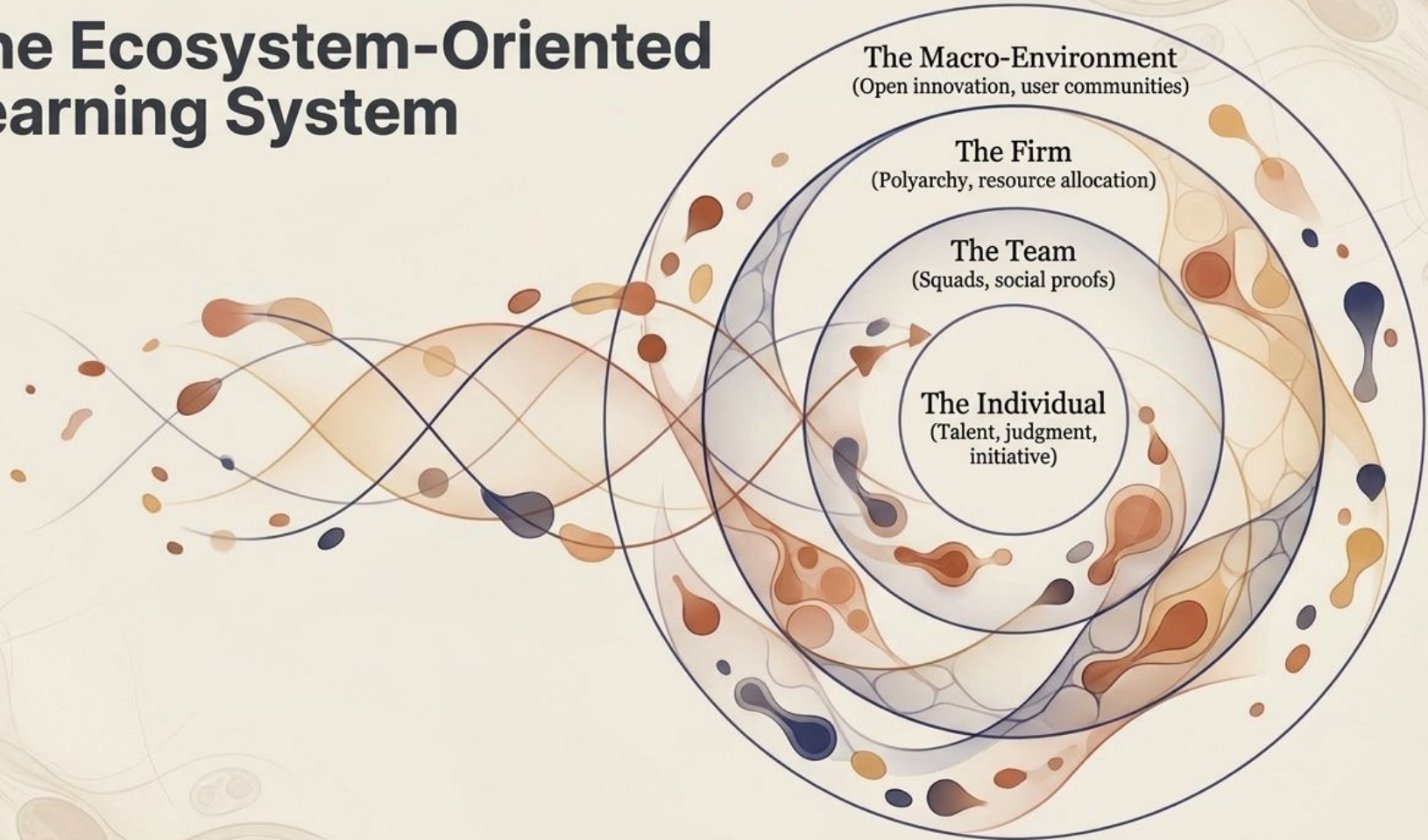
Callout: Hollywood project networks & Morning Star.

Building Resilience: Continuous Recalibration

Organizational design is an ongoing capability, not a one-off transformation. The balance of autonomy and integration must dynamically shift based on market conditions (Teece, 2007).



The Ecosystem-Oriented Learning System



Design is a Dynamic Capability

The capacity to sense, shape, and seize opportunities does not emerge from strategy alone. It is enabled or blocked by organizational architecture.

Practitioner Mandates

- Redistribute Authority
- Install Social Convergence
- Open the Boundaries

