

On Slack and Organisational Fluidity

'The secret of victory lies in the organisation of the non-obvious'. - Aurellius

Over the past 3 decades there has been an increasing need for organisations to adapt to change more quickly. The increased rate of global change and the turbulent global environment have left organisations operating with a greater degree of uncertainty. Managers have had to consider how they can create more flexible, agile organisations which can adapt to these ever changing industries and environments. Through observing how physical systems and 'organisation' emerge, we apply these principles to business organisations to illustrate how to improve agility and thereby increase an organisation's chances of survival in turbulent environments.

An understanding of Slack

The term 'slack' was originated by Albert Hersman, and is defined as 'the gap between actual and potential performance'. We observe slack in numerous structures and this term is not exclusive to business organisations. To consider slack as a 'gap' between actual and potential performance insinuates that slack is something that needs to be minimised. This approach is not completely helpful, and as it turns out there is considerable merit in viewing slack as a useful and even necessary component of any organisation.

When we understand slack to be the 'excess capacity' contained within elements, we start to see all the various ways in which slack becomes useful in an organisation, and how more importantly slack is one of the most fundamental components in facilitating organisational agility. This idea comes from the concept of redundancy, in which excess capacity or redundant functions help to facilitate self-organisation. Self-organisation is the process through which initially unordered elements are restored to form some sort of organisation.

Organisational Fluidity

In order for an organisation to be considered fluid, it needs to be able to re-configure itself effectively. This would require an organisation to be able to take on a large number of useful permutations or configurations. 'Slack' is one of the most critical components which allows for this organisational fluidity to happen. Excess capacity means that there is potential for an element to utilise existing capabilities in a different way.

In order to complete the picture, it is necessary to introduce another physical property; entropy. In a system, entropy can be described as the amount or degree of unknown information about the system. The higher the degree of entropy, the less is known about a system and therefore the higher the number of permutations which elements of that system can undertake. This increased degree of configurations is what allows an organisation to be fluid and therefore agile.

There is a direct link between slack and the degree of entropy in an organisation. As slack represents the excess capacity and redundant functions, entropy is the degree to which these existing functions are redundant. High entropy organisations possess a larger degree of excess capacity and this means that there is unutilized potential. What this excess capacity means for an organisation is significant. The numerous reconfiguration states which it can take allow it to be adaptable to changes in the external environment.

For example, environmental factors which affect entire industries will require individual organisations to provide either a modified or entirely new offering to the market to remain competitive. If an organisation has sufficient excess internal capacity, it can operate in a more agile way, reconfiguring itself and re-distributing its resources to produce the desired output which requires it to stay competitive in the industry.

It is the unique combination of resources which allow organisations to build and sustain competitive advantages. Understanding how these resources are distributed is critical to developing agile organisations.

Want to find out more about how slack affects your organisation? Contact us.