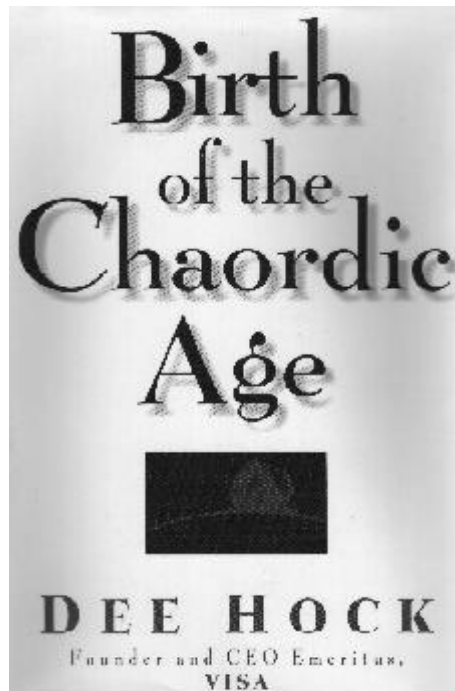
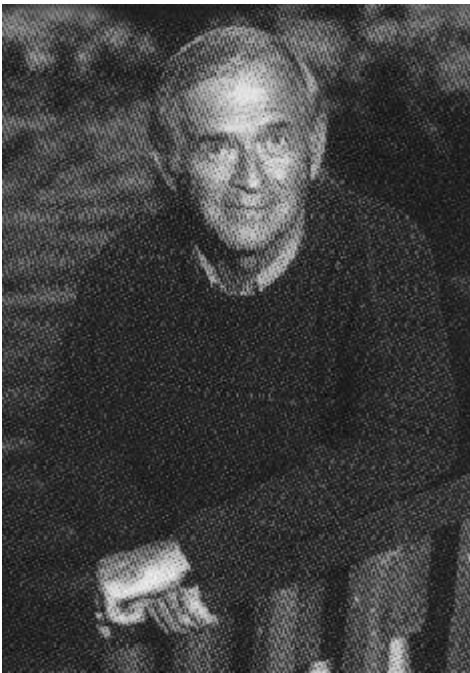


Birth of the Chaordic Age^{*)}

Dee Hock

Founder and CEO Emeritus, VISA

Book Review



„We are at that very point in time when a 400-year-old age is dying and another is struggling to be born - a shifting of culture, science, society, and institutions enormously greater than the world has ever experienced. Ahead, the possibility of regeneration of individuality, liberty, community and ethics such as the world has never known, and a harmony with nature with one another and with the divine intelligence such as the world has always dreamed.“

Dee Hock

Copyright © 1999 by Dee Hock



Few of us have stopped to wonder what is behind the VISA logo. Three quarters of a billion people use VISA products in 200 countries and territories. It straddles language, culture and religion. It is the world's biggest commercial undertaking with an annual volume of \$1.4 trillion and growing. This is the story of the man who created and nurtured this unique organisation and his profound philosophy, born out of a lifelong distaste for our Industrial Age, hierarchical, command-and-control institutions. And VISA is only the beginning...

^{*)} Dee W. Hock, „Birth of the Chaordic Age“, Berret-Koehler Publisher, 1st Edition November 1999, ISBN: 1576750744

For anyone who has wondered why our institutions and organisations seem less and less able to deliver on the purposes for which they were created, there can be no better place to start to find answers than in this book.

Dee Hock is probably best known as the man who founded and ran VISA, the world's largest commercial organisation, but do not think that this book is a turgid trawl through the world of high finance and consumer credit by a man with a passion for credit cards. Nothing could be further from the truth. Neither is it a 1-2-3 management book - easy steps on the road to management salvation; it is much more than that. It is an incredible story of human endeavour by a man passionate and unwavering since childhood, in his belief that our present concept of "Organisation" has outlived its usefulness. Worse still, it is now on such a frenzy of consumption that it is feeding off itself and plunging human life and the biosphere that supports it into irreversible decline.

This is a book about the triumph of the human spirit which refuses to be bowed by the dysfunctional machinations of what passes today as organisation. Of a man unable to shake off his convictions and loosen the shackles of his ever questioning "Old Monkey" rational mind - and does this Old Monkey know how to ask questions? After more than half a lifetime spent as a "bloodied sheep" - failure upon humiliating failure and deep depression with only nature and a family that he has difficulty supporting to hold him in the real world - he falters. He takes up what he describes as the most popular career choice in modern organisations - "retirement on-the-job". So begins an odyssey that even a fiction writer would be hard put to imagine.

What emerges from the pages is a philosophy explained with candour and clarity with the noble purpose of liveable lives for our children and their descendants. That does not make it easy however, the difficulty being in the mindset of the reader, confined as we are by the iron cages of hierarchy and bureaucracy. Sounds hard? Well, to begin to understand this book it may be necessary to suspend some long-held beliefs to enable us to penetrate the prevailing concept of organisation, buttressed as it is by dogma and protected by an encircling moat of platitudes. To think thoughts that the prevailing tyranny ensures remain suppressed in our sub-conscious.

Hock places the origin of organisational methodology with René Decartes, 400 years ago. He is hard on science, perhaps it is deserved, it never explained itself very well. But science did change from its Cartesian / Newtonian approach. Perhaps no one expressed that change more eloquently than William James did almost a century ago. It is the management of our institutions and organisations that did not change and leaves us with old Industrial Age Taylorian frameworks trying to support information age, industrial, commercial and social administrative systems.

Scientific methodology that believed that all things could be explained with a logical, linear, precise, orderly, mechanistic rationale began to be undermined by Karl Friedrich Gauss before 1800. From then on all measurements and all perceptions would be "fuzzy", with the fuzziness delineated by Gauss's immortal curve - science moved forward - in harmony with uncertainty, recognising that an exact picture of the physical world was unattainable. Nowhere was this more beautifully illustrated than by Ludwig Boltzmann with his descriptive formula that delineates between order and disorder in the atomic world. But Boltzmann had to endure the tyranny of his peers and, believing the battle to be lost, committed suicide in 1906. Yet, without Boltzmann, it is unlikely that Dee Hock, 70 years later, would have even been able to contemplate the world-wide transfer of value on a stream of ordered charged particles.

Hock is not averse to using scientific metaphors in his quest to penetrate the nature of organisation and leadership. To dissect words to arrive at meaning and to find the most fundamental particles of organisation so that we may restart and build a new model, not like it was, or is, or might become, but like it ought to be.

The search for harmony between opposites is at the crux of this book - hence its title. Agreement, disagreement; order, chaos; pride, humility: independence, interdependence; competition, collaboration. Hock invokes nature to demonstrate the delicate harmonic balance that exists in an undisturbed eco-system and the seamless blending of opposites. But the concept is universal - literally. The Universe is, to use his word, "chaordic".

The framework for future organisation, Hock advocates, is community, based on a strong shared purpose and values that enables people to use their intrinsic motivation and powers of self-organisation to

produce extraordinary results. Sceptical? See VISA. Many readers of this website will already be familiar with the expression "Extraordinary results from ordinary people". Some may have even been privileged to witness it. Too often however, it is no more than a tantalising glimpse. It never seems to last very long. It often comes about when we have our backs to the wall and conventional wisdom relents, allowing creativity and self organisation to flourish long enough for the crisis to be averted before the iron cage closes and the status quo is restored. The second law of thermodynamics - order tends to vanish - is unrelenting.

For some readers the idea of self-organisation might seem laissez-aller. This would be a mistaken impression however, which Hock allays as he describes the rigour with which Purpose, Principles, People, Concept, Structure and Practice need to be addressed in order to establish the framework of community. In other words organisation will be no less demanding, probably it will be even more demanding since we will have to learn a new paradigm whilst battling against the restraints of the old. It might be a lot more fun though, working in an environment in which behaviour is induced and not compelled.

Scholars and students of Shewhart and Deming may, at first, be more than a little miffed by Hock's invective against measurement, uniformity and control. It seems a far cry from Deming's, "The right quality and uniformity are foundations of commerce, prosperity and peace". At the same time there seems total unison in the assertions that "There is no true value of anything", "There is no such thing as zero defects" (No absolutes), "Without an aim there is no system" and "The most important figures in any organisation are unknown and unknowable". What lies at the bottom of this apparent dichotomy? Are we not back here to opposites? Dichotomy and paradox are very often evidence of a higher truth, a truth that both honours and at the same time elevates two seemingly contradictory concepts into a greater principle for integration and more optimal operation. We have to remember too, that Hock is describing prevailing organisation not as it might be, or, as many visitors to the site will believe, it ought to be, but as it is. He eloquently explains how we are caught in such a tide of data that we have ever diminishing possibilities of converting even a small proportion of it into knowledge and therefore, have to fall back

more and more on mechanistic command and control as a substitute for knowledge.

Perhaps, more than 70 years ago, Walter Shewhart had the key. By a partnership between science and philosophy he founded a methodology which separated raw data into that to which we could and should react in a linear, mechanistic way and that to which we could not and should not react linearly and mechanistically (most of it). In other words, when we should leave processes and systems alone. What happened? Few understood or even listened and for more than a century we have been on an orgy of institutionalised tampering (or tinkering, to use Hock's expression). We have pursued this "endeavour" with such abandon and total disregard of the consequences and have even conspired, somehow, to make it a virtue. It sits at the high altar of organisation - above logic, above people, above knowledge, so that now, even as the very planet rebels, we seem unable to comprehend that liveable lives for our descendants hangs in the balance. We are truly sitting on a "knife's-edge".

No one should have to be an apologist for Shewhart, the full realisation of his work is still, by Deming's estimate, a few decades off, but why did he use the word "control"?

Why do great men use inappropriate words? No amount of semantic argument can ever undo the consequential misunderstanding and even abuse of a conceptual philosophy that uses the word "control" in its title, when "behaviour" or "understanding" or "insight" would, with hindsight, have served its purpose better. It played right into the hands of the despots. Likewise, what possessed Max Weber, the German sociologist who produced perhaps the defining work on bureaucracy, to describe it as "Ideal" when it was a methodology that he clearly hated? When Dee Hock rails against bureaucracy it is like listening to Max Weber talking nearly a century before.

What then of the word "Chaordic"? Let us hope that by the fusion of "chaos" and "order" its uniqueness will ensure that robbers will not want to steal it.

Perhaps we should finish with Weber on bureaucracy, in a rare moment when he lets his objectivity fall:

"No one knows who will live in this cage in the future, or whether at the end of this tremendous development entirely new prophets will arise, or there will be a great

rebirth of old ideas and ideals or, if neither, mechanised petrification embellished with a sort of convulsive self-importance. For of the last stage of this cultural development, it might well be truly said 'Specialists without spirit, sensualists without heart; this nullity imagines that it has obtained a level of civilisation never before achieved'".

"New prophets"? Dee Hock may just be one. We in this Institute highly recommend this book to all its visitors and even if, like us, you find some of its concepts hard to grasp at the first reading, it's still a damn good read. And you can always read it again when the breadth of Hock's inspired message will grow ever more profound.

The author wishes to thank Matthew Cross of LeadershipAlliance.com for his helpful comments and suggestions.

Address of the Author

Noel C. Spare

THE SWISS DEMING INSTITUTE

P.O. Box 71, CH-8126 Zumikon

Telephone 0041 1 918 11 19

Telefax 0041 1 918 11 70

E-Mail info@deming.ch

Internet www.deming.ch