

Stakeholder Relationship in the Old Economy

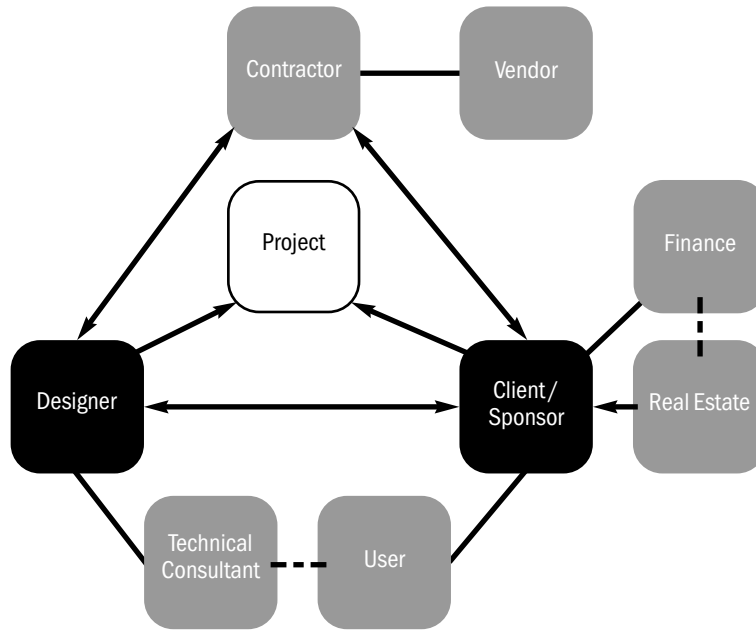
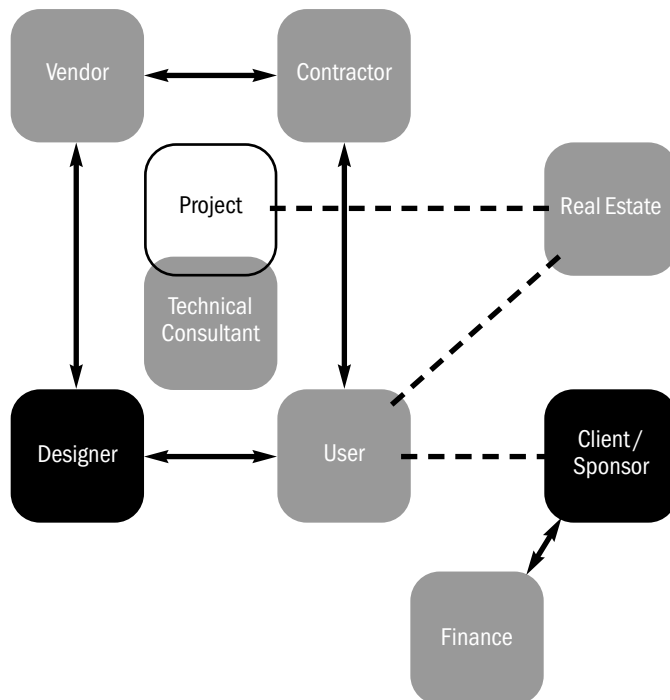


FIGURE 7-4

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## THE GAP BETWEEN PRACTICE AND PROCEDURE

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With acceleration of work pace

With acceleration of work pace, the workplace needs to have processes in place to ensure task completion and knowledge capture. No sooner is one procedure established than people naturally improvise another as new requests arise. The continual updating or renegotiation of procedural knowledge requires rapid-fire reconciliation. But in old-economy firms, legacy lives long. Consequently, established ways of doing things in the back office often remain untouched, in fact, become fossilized, as the more externally oriented parts of the firm begin to adopt new procedures. Then, one day, the alignment or reconciliation of back-office procedures with front-office practice seems insurmountable and people resort to personal favor for pushing favor, all at a glacial pace. With no immediate solution in sight, the work environment becomes a living museum and the management its custodian. As a consequence, reconciliation of front- and back-office procedures is usually ignored or forgotten in the haste to make profits. Eventually, people don't even recognize the back office, as they become worlds apart. Then one day people can't find the back office anymore because it's buried under a mountain of outdated procedures. It's an arduous task equal to the most skilled archaeologist to interpret history from the stratigraphy of lost processes. Even if one could reconcile procedural records, there is probably nothing written down on paper that even closely resembles what people actually do in the firm today. And therein lies the problem. This misalignment between practice and procedures produces gaps in perception and ultimately expectations around what it is people really do. With no real understanding of how work gets done and how knowledge is transferred, facility managers are coping with artifacts from the past, buried bones, not buried treasures.

And that's the good news. It gets worse. These procedural gaps grow to Grand Canyon proportions and are then appropriated by clever individuals intent on making a business out of arbitraging the gaps (the kings and queens of brokering between things). The early stages of appropriating procedures aren't all bad because in the inefficiencies there are the kernels of new ideas. While these people are cleverly finessing the outdated procedures, the gap between practice and procedure widens within the stratigraphy and, as more and more people get involved over time, this type of tacit knowledge becomes linked, forming a vein of innovation that circumvents the rules—all in the name of progress. This know-how should be shared with those who