Adaptive Space:
Shifting from Structural to Social Design

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One of the biggest challenges facing organizations today is the need to be agile. To achieve this goal, leaders must seek a deeper understanding of the power of social interaction in furthering the flow of ideas, information, and insight. Michael Arena explains how building relational structures that foster 4D connections, discovery, development, diffusion, and disruption, can usher in the new, innovative ideas and concepts necessary to positively disrupt.
Organizations today vitally need to be agile in the face of digital disruption. According to a recent study, 87 percent of executives believe that digital technologies will disrupt their industry to either a great or moderate extent. Only 44 percent of these same executives believe that their companies are doing enough to prepare. This rift between concern and response is staggering.1

Most organizations seem to be endlessly enmeshed in managing their day to day realities. They simply weren’t designed to be agile. Having grown up in a world in which operational efficiency was king, they were designed to manage, coordinate, and control activities. In organizations of this kind, new ideas that crop up are quickly stifled or pushed aside to keep the focus on operational urgencies. They have perfected short-term operations at the expense of long-term adaptation. The result is a supressive environment in which the ideas vital to rapid digital change are never heard. But here’s the good news: even in the midst of this constraint there are conditions under which people are willing to speak up. They’ll do it when they truly trust the people they work with. When they have close, open relationships, people are more willing to share, debate, and develop their ideas.

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Agility turns out to be more social than structural. When open debates are stifled, the company’s agility is too. In this era of disruption, it is social capital that allows organizations to adapt in real time. Leaders must therefore nurture an environment of trust and engagement, and within that environment, understand the power of social interactions over the flow of ideas, information, and insights.2

This is where adaptive space comes into play. Leaders can create, engage, and protect the space needed to nurture and sustain adaptability. Adaptive space can be thought of as the relational, emotional, and sometimes physical space necessary for people to freely explore, exchange, and debate ideas. It is achieved by opening the connections through which people, ideas, information, and resources flow and interact within an organization so as to enhance learning and agility. By creating the right structures, processes, and events (i.e., realignment, collaboration sessions, innovation exchanges, brokering events, team cohesion interventions, etc.) leaders ensure that new adaptive outcomes can emerge.3

By tapping into the power of network dynamics, adaptive space creates connections that allow people to discover, develop, and diffuse new ideas throughout an organization. In order to be agile, organizations need to deliberately scan, both inside and out, for the next big thing. They need to consider how to bring these ideas into the tangible world. Finally, they need to disseminate these new concepts throughout the organization, positively disrupting themselves to create a new normal. Adaptive space enables the connections necessary to provide opportunities for people, ideas, information, and resources to be exchanged between small entrepreneurial pockets and to emerge into new formal structures and solutions that drive greater operational success.

4D Connections of Adaptive Space

Unlike traditional organizations, whose innovation and growth rely predominantly on strategies based in human capital, those which use adaptive space are instead supported by social capital strategies. Human capital consists of the talent, experiences, and capabilities of individuals within an organization. Social capital is the competitive advantage created by the connections between those individuals.4 It consists of the relationships and interactions within the organization. So, while human capital is about what people know, social capital is about how people are positioned to make best use of their knowledge. Both are essential, yet organizations have historically overemphasized the former at the expense of the latter.

Adaptive space challenges us to see how the two models complement one another. Human capital provides the intellectual capacity or potential to drive change, while social capital positions this capacity so that it can be swiftly and effectively applied. By opening up adaptive space, organizations get the most from existing intellectual capacity, while also moving with speed. The velocity at which ideas flow into and through the firm increases, bringing greater agility in its wake.

Most organizations don’t suffer from a deficit of ideas or human potential. What they lack is open and deliberate connections. Organizational leaders must learn to encourage the flow of these ideas by attending to the social interactions in the company. They need to build relational structures that encourage the 4D connections of adaptive space: discovery, development, diffusion, and disruption. Together, these 4D connections generate the innovative ideas and concepts necessary for positive disruption.

Discovery Connections are the bridges that connect different groups, allowing organizations to overcome insularity. These bridges lead to ideas, insights, and information. Sociologist Ron Burt’s research suggests that the people best positioned to have insightful ideas are those who bridge the gaps between groups. In one study of nearly 700
managers, he determined that the value of any given idea corresponded to the extent of the manager’s bridge connections. The more managers learned from other groups, the more valuable their ideas were.\textsuperscript{5}

Adaptive space fosters the connections that trigger the novel ideas, new insights, and learning that lead to adaptation. Strictly partitioned silo structures inhibit this discovery process, limiting the flow of creativity. By deliberately encouraging interaction, managers open the path to novel ideas. Adaptive spaces encourage people to move beyond their own group and follow their innate curiosity. And brokerage is key.

Brokerage, in this case, refers to the bridging connections formed between groups when individuals act as links. In doing so, they provide a generative conduit for fresh ideas and information that increase their company’s ability to adapt. In the diagram below (Figure 1), the three people shown as yellow nodes were known idea people in a large consumer goods company. When a new perspective or a novel discovery was needed, these brokers could draw critical insights before the broader organization. The two brokers on either side of the diagram (4 o’clock and 10 o’clock) were the primary bridges to the field research teams (green clusters). They were formally assigned to interface with both a field research team and an operating team, acting as conduits carrying emerging insights into the broader operations group (blue nodes). The third broker (yellow node at 7 o’clock) interacted directly with retail centers and channeled back early insights into what succeeded in the market. Together, these bridge connections brought in a continuous flow of fresh ideas and information that kept the operations group agile.

These bridge connections need not always be formally designed. Another organization created the same effect by instituting open forum “pitch days” that allowed anyone in the firm ten minutes in which to present a transformative idea to a cross-functional panel of leaders. Participants whose ideas were selected were then encouraged to recruit a team of colleagues with diverse perspectives to continue the discovery process and flesh out the broader concept. Pitch days helped to create brokers and build the interactions that led to discovery.

Brokerage triggers new insights where existing groups intersect. These interactions ensure the diversity of thought and ideology essential to creative thinking. When everyone thinks the same way, there is no one to suggest alternatives. Brokerage connects the people, information, resources, and technology that generate novelty, innovation, learning, and growth.

These discovery interactions are the lifeblood of agility. Their fertile intersections bring forth innovative possibilities. Still, ideas are only useful when they are brought to life and applied.

**Development Connections** encourage the sharing and refinement of ideas within cohesive teams. Cohesive groups are composed of many redundant connections which often result in deeply trusting relationships. Members of these teams are therefore more willing to share openly, debating and refining their ideas. Harvard researcher Lee Fleming analyzed data on more than 35,000 inventors and found that, while bridge connections generate valuable ideas, they also hamper their application. For ideas to be useful, they need to be openly shared, experimented with, and refined. Fleming found that small, cohesive teams whose members trust each other are most successful at this stage.\textsuperscript{6}

Adaptive space encourages these development connections. Those who interact only within cohesive subgroups are less likely to come up with bold ideas, but are extremely proficient at developing those ideas. Development connections are critical because bold ideas become useful only by being socialized, developed, and applied. Small entrepreneurial groups tend to have higher cohesion between members which makes them powerful at elaborating and refining ideas.

Not only are cohesive groups ideal for developing, refining, and elaborating on novel ideas, they also

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**Figure 1: Bridge Connections**

[Diagram of bridge connections showing three yellow nodes and two green clusters.]

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make it easier to scale those ideas up. Research reveals that the strong trust within these groups facilitates positive affect, learning, and risk taking—all crucial components of creativity and development. The resulting ideas are likely to be accepted and ultimately applied by the broader organization because they can readily be shared and because their small-scale application encourages early learning and continuous improvement through many iterations.

In 2016, General Motors acquired Cruise Automation, a driverless car start-up, in order to accelerate its own progress in that technology. Cruise still operates as an independent entity, housed in a warehouse-style office in San Francisco’s SoMa neighborhood. Inside, it looks like many other start-ups, a small band of twenty- and thirtysomethings in jeans, T-shirts, and hoodies, all with headphones on. If you look deeper, though, you will notice small, cohesive teams (represented by the colored clusters in Figure 2) of autonomous engineers, mapping technicians, software engineers, and data scientists, all working together to scrutinize data and flesh out the algorithms that lie behind Cruise's self-driving capabilities. To advance the technology they must account for a complex interplay of sensory inputs including road patterns, driving techniques, map routes, lane positions, speed, cars, pedestrians, obstacles, and road surfaces. Each team (colored clusters) is devoted to perfecting its part of the algorithms necessary for safe self-driving capability. Cruise ensures this focus by dividing workers into these small teams. Between fierce focus and rapid iterations, these teams produced four technological generations in just under eighteen months.

Amazon calls these small clusters of development connections “two pizza teams” because they are small enough that two pizzas provide their lunch. Members feel more comfortable challenging one another’s ideas openly while still maintaining the trust that allows them to operate quickly. Their development connections spark ideas rapidly to life so that their impact is felt sooner. Still, even these well-developed ideas are of little value if they are stuffed away in some invisible pocket of a much broader organization. And that’s why diffusion is essential. Diffusion Connections help to move ideas beyond their small development pockets by expanding them across the organization. Ideas developed deep within cohesive two pizza teams are 43 percent more likely to be rejected by other teams across the broader organization. This “not created here” backlash is what makes network energy essential.

In adaptive space interpersonal interactions distribute concepts from development throughout the broader organization. The value an enterprise reaps from enacting ideas in a small group is limited. Because they are isolated from other groups, cohesive subgroups often see their ideas dismissed by the broader organization. While these groups enact incremental changes effectively, they are less successful at promoting sweeping change. Members of a cohesive group may also be reluctant to risk their status within the network by pushing their ideas. Fortunately, diffusion connections carry ideas beyond their subgroup, allowing them to flow easily into the broader organization.

In high-energy networks ideas and concepts spread quickly through positive connections. Some years ago, a large medical devices company assembled a powerhouse innovation team of superstars in an effort to disrupt itself from within. Twenty-eight highly skilled individuals gathered daily to build new concepts and business models. They engaged those who used their devices in design thinking and prototype testing. After three years of work the team produced exactly zero commercial products. Management resigned itself to disbanding the group and redeploying the members throughout the organization. Then something remarkable happened. The very same concepts that the innovation team had suggested started to gain traction. It emerged that the team members hadn’t lost their conviction about reinventing the organization from within when the team dissolved. Instead they continued informally. Now they had broader access to the resources...
and promotional energy necessary to spread their ideas around. Soon the company had a bold new set of products to introduce to the market. Adaptive space helps to drive this kind of diffusion by engaging network energy.

Network experts Rob Cross and Wayne Baker conducted a comprehensive study of seven large organizational networks a few years ago. What they discovered was amazing: energy — particularly arising from a person they labeled an “energizer” — has a significant impact on organizational progress. They determined that energy from within a network creates a 4x lift in diffusing ideas. Energizers have a talent for actively engaging others in moving an idea forward. Their motivational power amplifies ideas throughout the organization. They have a unique ability to attract others to an initiative and convince them to act. People even seek out energizers when they need information. The energy they generate drives others to interact and devote discretionary time or resources to a given initiative.

When you combine the influence of energizers with bridge connections, the resulting diffusion is disproportionate. In one example a small cluster of individuals had early success with putting a new innovative practice in place but found their success limited to their own team. Then a single energizer (the small yellow dot in Figure 3.) overcame the “not created here” impulse by attracting people from outside the group to the idea, rapidly dispersing the concept beyond its natal cluster. Using her position as a broker, this lone energizer activated 31 percent (the green dots in Figure 3) of a network nearly 600 strong simply through her ability to energize others.

Positioned as brokers, energizers create new possibilities by integrating different expertise or back-grounds. They inspire diffusion by enthusiastically encouraging others to engage with an idea. Nonetheless, these diffused ideas still need to shatter the brick walls of organizational structures and systems. And that’s where disruption connections are crucial.

Disruption Connections help to break down organizational roadblocks that stifle bold innovation. They disrupt the existing structures to make way for the formal endorsement of new solutions and innovations. Disruption connections enable the creative destruction that combats the status quo.

In traditional organizational structures and processes, formal leaders can inadvertently become roadblocks to new ideas and innovation. Adaptive space empowers the connections that can overcome the stifling effects of formal structures and build a network of support, spreading valuable ideas throughout an organization and ensuring that those with influence will hear about them. Formalization is the final phase in the 4D model, when new solutions are adopted into the company’s operational system. It can also be the hardest stage. In traditional organizational structures and processes, formal leaders can inadvertently become roadblocks to new ideas and innovation. Their role is to make strategic decisions about resource optimization which means they are inundated daily with ideas and suggestions, so it’s not surprising that they should be conservative. Because managers cannot approve all requests (or even all solid ideas), positive network buzz and fully developed concepts are critical in determining which ideas they choose to implement. To ensure that new ideas...
are truly considered, it is therefore vital that workers challenge the existing structures.

Two financial service companies were in the midst of a major integration. The acquired company (represented as the blue cluster in Figure 4) was much smaller than its parent organization and was known for its entrepreneurial spirit. It operated as a tightly knit, familial team and encouraged its employees to participate actively. It had been tremendously successful with a series of innovative products that were quickly introduced to the market. In contrast, the larger parent company was a disciplined machine with a highly focused operational system. At first glance, the merger felt like a disaster to the smaller entrepreneurial company (see network diagram A. 4-months post-merger). However, when a handful of critical people from the acquired company were moved, it generated disruptive interactions which began to loosen the power structures of the parent company (see network diagram B. 7-months post-merger). The resulting disruption connections modified the successes of the smaller company so that they could be considered as additional product lines by the parent company and then formalized into a vastly larger distribution channel. An integration which initially seemed doomed to fail became a catalyst for a series of resounding market successes.

In order to be truly prepared to react to the digital disruption that surrounds them, organizations must more deliberately form disruption connections. These connections will need to overcome the natural tendency of groups to construct internal norms which make them resist disruptive thinking. By forcing interactions, as the two financial service companies did, organizations will loosen group thinking and pave the way for breakthroughs. Disruption connections pop social bubbles by continually introducing different perspectives, ultimately drawing focus to key influencers who can generate excitement about new possibilities.

In the face of the massive challenge that is digital disruption, organizations must be fluid, actively exploring, exchanging, and debating new ideas. Closing the enormous gap between the expectation that digital technologies will disrupt industries and the inability of companies to adequately respond depends on it. Together, discovery, development, diffusion, and disruption connections create a social construct that prepares individuals and organizations alike to disrupt before being disrupted.

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Endnotes