

Stockholm School of Economics

# Managing Play

A Master Thesis in Entrepreneurship

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*This thesis was written for the Stockholm School of Economics. It is a contribution to the study of entrepreneurial learning and behaviour in complex organisations. Our study pursues the Schumpeterian notion of “creative responses” and proposes a model of learning that incorporates and encourages the displacement of conventional business paradigms in favour of unconventional, innovative, chaotic and entrepreneurial behaviour and management. This thesis attempts to specify how the concepts of playful learning can be structured while still maintaining a sufficient level of order that preserves coherence. Therefore the authors while describing some inherently complex theories and ideas have attempted to make their topic both understandable and practical by evoking descriptive anecdotes and issuing practical guidelines. This thesis is therefore an attempt at speculative, imaginative and entrepreneurial model creation. The findings are not empirically tested but are concepts and ideas that the authors speculatively posit as a method of entrepreneurial learning in organisations.*

*Although this thesis is testament to extensive research across a number of different disciplines a few were particularly influential in the formulation of this paper: Michael Schrage’s (2000) concept of Serious Play, as described in his book of the same name, Shona Brown and Kathleen Eisenhardt (1998) “Competing on the Edge” and De Geus (1997) “The Living Company”.*

***Some key words are:** Play, Learning, Surprise, Collaboration, Experimentation, Ideation, Inertia, Change, Political Culture, ‘on the edge’...*

The new world of business puts less emphasis on playing by predefined rules and more on understanding and adapting while the rules of the game – as well as the game itself – keep changing. The fast pace and turbulent nature of today’s business environment has brought the study of organisational structures and processes into a new era – an era of discontinuity where chaos is cherished rather than abhorred. This vista of the present and the near future is the stuff of nightmares to the extant Taylorian and the true coming of age for the Schumpeterian opportunist.

This thesis considers this chaotic environment and explores the need for entrepreneurial learning in New Economy organisations. It examines the paradox of trying to manage the chaotic: of how to organise innovation without compromising its originality, and how innovative, entrepreneurial organisations, must strive to think, learn and act in an entrepreneurial way. It is suggested that organisations can accomplish this through Managing Play. Playfulness is a concept which embraces entrepreneurial behaviour at each developmental stage and the Playful Learning Model acts a practical outline of how it can be implemented or used. Subsequently the notion of ‘edge of chaos’ organisation is prescribed as a method of structuring and organising play.

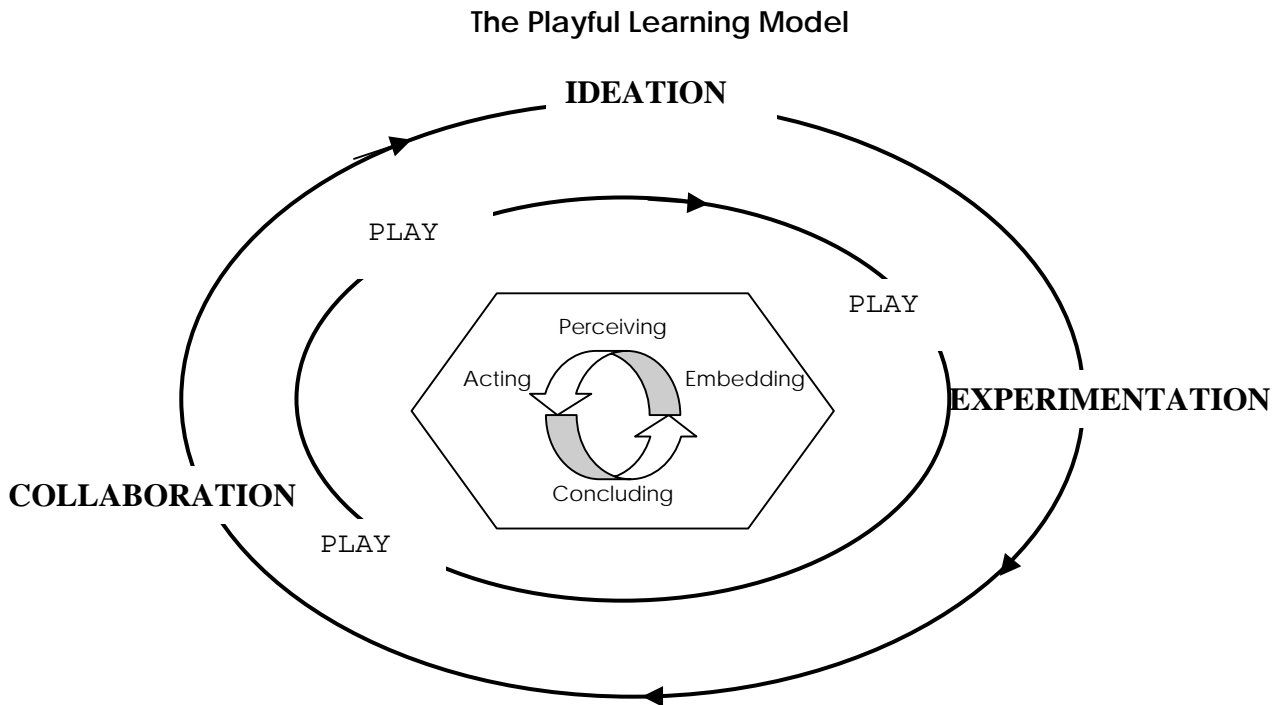
## **The Playful Learning Model**

The Playful Learning Model consists of three distinct processes which woven together offer a method of learning facilitation which allows organisations to succeed competitively, evolve and sustain productivity and innovation in complex environments. The Playful Learning Cycle embraces the need for pro-activity and generative learning in today’s organisational environments.

It is this prescription for Generative learning that is embodied in the Playful Learning Model, as a way of ensuring organisational endurance and sustainability. However, creative thinking is not enough to sustain change and defend an organisation from the surprising and fluctuating New Economy environment. Creative thinking must be supported by structures, which allow the seemingly bizarre or unimaginable to be tested, but which will not allow the institutionalisation of status quo or group think.

This type of learning is also inherently entrepreneurial. For Schumpeter (1949) entrepreneurship consists of doing new things that are not already being done and doing them in a new way. Schumpeter also distinguished between adaptive and creative responses; with the former he is referring to adjustment and adaptation through the extension of existing practices. With the latter he refers to the firm doing something outside the range of existing practices leading to a new social and economic situation. The Playful Learning Model lends itself to generative learning and entrepreneurial behaviour.

The Playful Learning Model processes are; the traditional Learning Cycle, the concept of 'Play' and the three elements, Ideation, Experimentation and Collaboration. While these have been separated into three components, they are intricately bound to one another and therefore descriptions of each one will overlap significantly.



**The Learning Cycle:** At the centre of the Playful Learning Model is the Learning Cycle. This process has been iterated in much organisational learning literature since its inception in the early eighties. It still, we believe proves highly relevant to the core cognitive processes that occur during learning. However it has a number of drawbacks, which make it ill-equipped to address today's contingencies on its own. Specifically, it necessitates compromise and limits the ideas or decisions an organisation can experiment with. For this reason it is too slow a process to respond to New Economy demands and does little to assist pro-active behaviour. Finally, the learning cycle does not address the 'human factor' inherent in any human process; that is any number of taboos, social pathologies or individual insecurities can inhibit learning from exploring anything but exhaustingly mundane and well-trod knowledge.

Generative learning offers another option to conventional learning patterns and involves generating alternative mindsets through which new ideas can be both created and learned; it is inherently entrepreneurial and demands a particular organization which is both flexible, chaotic but also ordered and structured.

**PLAY:** De Geus (1997) propounds that the "essence of learning is Play" and in our model the essence of Play is in creative, carefree, unbounded, irrational, clumsy, energetic, resourceful and passionate behaviour. Such behaviour, we posit, paves the way for innovation, generative learning, serendipitous discovery and intelligence creation. In fact the concept of play promises to offer today's organisation a script for constant renewal and sustainable evolution. Through Play organizations may learn profoundly and generatively.

Therefore there is a continuous cycle of 'play' at the heart of the Playful Learning Model. Through the medium of play, the traditional learning process is shifted to an entrepreneurial level, where newness, innovative thought, unconventionality and entrepreneurial behaviour is embraced.

**Experimentation / Collaboration / Ideation:** This outer circle is really quite chaotic, the three processes of experimenting, collaborating and idea creation can happen haphazardly and in no particular order. The nature of play ensures that these processes are as unfettered by rules and norms as possible in order to allow for continuous

learning, exploration and innovation. Here is a short explanation of the processes involved:

The notion of tiered experimentation came from the dilemma of how to prevent committing to bad or unsound ideas and the problem of making a commitment to a future and providing flexibility for that future. In this model, relatively small and cheap experiments are used initially to create more complex and better strategies for future action than any amount of planning or reacting could provide. Another tier of experimentation involves the further testing of ideas, which have been played with numerous times by numerous hands, in unique experimenting environments; Temporary networks of consumers, suppliers even competitors or communities of practice can be encouraged to facilitate the joint testing of innovative ideas allowing risks to be shared, diverse experience and expertise to be exploited and the appropriate test ground for paradigm-breaking novelties to be created. Staggered experimentation allows room for mistakes. Such flexibility is rarely provided for in the world of management decision-making. This model illustrates a method of idea testing, which allows for the inevitable miscalculations that will occur when leaps of faith have to be made by organisations in order to keep abreast of change. Splitting testing into tiers builds-in safeguards that protect the organisation from blindly following outdated ideas that will provoke inertia and certain organisational death. It also safeguards it from being locked into a narrow vision of a *specific* future that cannot possibly be predicted. In other words, experimentation allows insight to be gained into the future without a loss of flexibility to react to the future that does unfold.

**(Play at low risk!)**

### **Prototyping and Modelling**

Playful experimentation also involves prototypes and simulation as a media for discussion. The lesson is that building a state-of-the-art model which impresses our peers aesthetically but confounds their imagination is useless. Good models should provoke interference and suggestion and have the ability to actually generate innovative teams. This often donates the use of a crude or simple model for it is in recognising the simple, core values of the idea that others can join in the Play. Schrage (2000) examines the notion of innovation in reverse and posits that rather than innovative teams generating innovative prototypes, innovative prototypes generate innovative teams by provoking intelligent discussion. **(Play to explore!)**

Playing is certainly not limited to new product developers but can also be transmuted to business modelling itself. For example, look at New Economy trends of bundling and reinterpreting business offerings. Product companies such as Proctor & Gamble are increasingly wrapping services around their goods and service firms such as Accenture and AT&T bundle tangible products into their service offerings. From this evolution new genres of prototypes are emerging. Entrepreneurs now grow entire companies from paradigm breaking prototypes. Playing with prototypes can do more than answer questions: it can also raise questions that have never been asked before. Models can stimulate innovative questions as surely as they can suggest innovative answers. The best and most powerful models are provocative and the unexpected questions that a model raises are sometimes far more important than the explicit questions that it was designed to answer.

### **LEGO Playing**

'LEGO Playing' is our term to describe the kind of Playful behaviour which allows the player to experiment freely with ideas away from the bounds of convention, and rule following. As such play is also seen not as the exclusive terrain of children but also in operation in a number of industries where scale models are built to represent larger buildings or constructions or other products. The military is famous for "war games" a necessity in face of the fact that their 'business' involves life and death. It is unfortunate, De Geus notes, that instead of playing with constructed realities or simulations – decisions makers often still look to "learning from experience", essentially a single and expensive experiment with reality itself. **(Play radically!)**

***Collaboration Through Play:*** Play displays an important predilection to the actual creation of innovation and the generation of novelties. By supplying an arena or a 'shared space' for individuals to play with each other and with models and simulations – play results in the generation of rich new ideas resulting from diverse opinion and viewpoints and the arena in which these can interact.

Collaboration can entail sharing space and Playing with colleagues within the organisation but can also involve the harnessing of collaborative benefit from network partners, such as suppliers, customers even competitors. The Playful Organisation is a porous one, in which idea sharing and collaboration through Play can occur at any time and is explicitly supported by management. This way collaboration can be organised as informal meetings, or formalised joint ventures and alliances or take on a self-organising pattern such as the Community of Practice. Such forms of collaboration confer a further level of contestability to our experimentation or playfulness and as such act as a

further safeguarding filter against unsound ideas. **(Play involving many!)**

The notion of conferring and partnering with customers and suppliers in order to understand the motivation of innovation occurs all the time. In the software industry for example, not one piece of PC software has been successfully launched without input from potential customers about different version prototypes. Kelly (2000) urges us to 'give it away'. By giving initial products away for free on the marketplace – manufacturers can leave the innovating to the consumer. Let them play with it and come up with suggestions for improvement while capturing the market at the same time.

### **Creative Foresight and its Impediments**

Organisations must look to the future in order to survive in today's fast paced environment. It is no longer relevant to dwell on past success but successful strategies require consideration of potential future outcomes and the use of creative foresight. Building Playful scenarios involves, playing with possible futures that may appear unimaginable or incredible and reconsidering these scenarios again and again. Shell is used as a case in point by de Geus (1997) scenario-planning at Shell involves the rejection of planning as prediction in favour of planning as learning. The result is an organisational culture that is able to play with the manifold possible profiles of alternate tomorrows. Shells' scenarios deliberately sacrifice false certainty for flexibility. The future is invisible to myopic firms convinced of orthodox concepts and perfected but most certainly outdated processes. If managers focus their attention on the present, they end up inextricably reacting to competitors. If they concentrate too much on the future they end up locked in that future – digging their own grave, so to speak. Experimenting allows small, often fast and mostly cheap probes to create a more complex and dynamic map of the future. It allows insight to be gained into the many futures that may unfold without losing the flexibility to react to the future that does. The corporate perspective is also simultaneously changed to one not of planning or reacting but to gaining insight about the future in a variety of ways. **(Play with multiple world views!)**

Political culture will often inhibit this type of scenario creation and playfulness. Organisations and players often resist examining aspects that do not fit into an already explored context or area of understanding; these aspects are viewed as 'unacceptable'. Explicitly searching for the things that organisations resist modelling or Playing with – will highlight areas of potential development and generative learning. **(Play with the unacceptable!)** Such anti-Play implications of organisation can also be explained from Intelligence theories on compliance, convergence and structuration (terms which describe behavioural phenomena resulting in for example, group think, biased-perception, taboos). Ultimately, what serves to nullify these effects is the interplay of diversity that staves off prejudice and superstition on a collective scale at any rate. **PLAY WITH DIVERSITY!** Both these as well as other political and human related inhibitors rely on structural facilitators. We conclude that loosening structures of traditional hierarchies and chain of command type communication flows facilitates enhanced idea exchange, interaction between diverse groups, and maintains structures to ensure minority views do not escape without consideration. To combat cultural inhibitors to Play, organisations can ensure that Playing entails no risk of punishment for unorthodox ideas. **(Play to loosen structures!)**

Similarly, collaboration ensures that many people get to play with an idea or model, helping the collective to learn and the unacceptable to be accepted eventually. A truly Playful Organisation must be built so the benefits of Play are extolled and the successes of previous playful lessons described. Play must be allowed and be seen everywhere. We have chosen Xerox to exemplify the mistake of distancing innovation and experimentation from the mainstream work environment and restricting it to 'Playrooms'. (At Xerox PARC in the 1970's, Pioneering scientists developed the elements of the personal computer, research whose value was recognized not by developers in Xerox HQ but by a young Steve Jobs.... And the rest is history!) **(Play everywhere!)**

Another common organisational dysfunction is the general dislike and fear of surprise and the unexpected. Surprise we argue is something that is completely unavoidable, particularly in today's economy. By focusing on experimenting with radical ideas with a view to discovering and provoking surprise, organisations can prepare themselves for the inevitable. Organisation by preparing for surprise and aggressively searching for new sources of surprise can keep one step ahead of the rest and maintain the capability to change strategic tactics in the blink of an eye. **(Play to encounter surprise!)**

### **Managing Playful Learning:**

A critical question in the Playful Learning Model is how can we possibly 'organise' play without ridding it of its dynamic, spontaneous and creative qualities? Complexity theory helps us navigate how to 'organise' play so that it

can remain creative but also be productive. How is it possible to organise Play? The quandary lies in the wonderfully creative and dynamic but wholly unpredictable nature of Play. To design how an individual should play is to rid it of all innovative-creating value but to allow an organisation of single-minded individuals to play at will without any guiding philosophy or sense of accountability is to court confusion and chaos. This model purports a method of learning, which delivers huge potential for successful business development – however without the structures to facilitate such development, such learning is likely to go to waste.

The present change toward what might be called the Connected Economy rivals the onset of the Industrial Revolution in its impact on society and the way commerce is transacted. Managers are finding that many of their long established business models are inadequate to help them understand what is going on and how to deal with it. Where managers once operated with a mechanistic model of their world, based on linear thinking, control and predictability, they now find themselves struggling with something more organic and non-linear, where limited control and a restricted ability to predict are the norm.

*Complexity Theory* is a new perspective on organisational change. It began with an interest in how order springs from chaos. According to complexity theory, adaptation is most effective in systems that are only partially connected. The argument is that too much structure creates gridlock, while too little structure creates chaos. A good example would be traffic lights in a city. If there are no lights, traffic is chaotic; if there are too many, gridlock ensues. Consequently the key to effective change is to stay poised on this *edge of chaos* complexity theory focused on managerial thinking on the interrelationships among different parts of an organisation and on the trade-off of less control for greater adaptation.

Order emerges at the edge of chaos, where emergent responses are most creative – this order reflects the phenomenon of self-organisation. It is not imposed but is a result of patterned interaction between members of a system. The concept of Complex Adaptive Systems validates a different managerial mindset, which focuses on facilitation and nurturing rather than control and structure. Complexity theory also advises that diversity will lend richness, creativity and adaptability to the order that emerges from self-organisation.

Hence the managerial lesson goes something like this: embrace diversity in order to achieve creativity and adaptability and subsequently nurture distributed control which will result in people self-organising around problems that need to be solved.

### **Chaos Versus Order**

Extremely creative or playful organisations – characterised by non-traditional, non-hierarchical, unformalised forms of organisation – tend to be truly creative environments with a plethora of resourceful ideas and inspiring innovations. However, without structure they are unlikely to make their imaginative strategies actually happen. In a company with little or no structure, ideas can easily get lost amid the chaos of everyday work in an environment with no rules, no assigned responsibility, no tangible or coherent goals or ambiguous priorities. Abundant communication though, important in facilitating surprise encounters and creative interactions, can go too far when nobody knows what is really happening anymore. In such an environment confusion is rampant, no deadlines exist so innovations may be late or never manage to happen leading to disastrous loss of market position. Of course the other end of the spectrum is just as dangerous and probably easier to identify in plenty of contemporary organisations: this is when a firm is too structured. This type of organisation is characterised by hierarchy and procedures that outweigh change in terms of priority, a rigid structure that stymies any truly profound innovation by creating organisational barriers to creativity. Communication is also impeded by channelling through tiers upon tiers of command chains. This is the company that falls prey to inertia. Efficiency and control dominate adaptation and these firms often boast dated, predictable strategies that meet yesterday's customer. Unconventional ideas – if they manage to emerge will most often be judged harshly through conventional lenses. **(Neither under / over structure play!)**

### **Play on the Edge**

Improvisation allows organisations to avoid both of these pitfalls. Too much structure leads to rigidity and too little leads to confusion. Limited structure combined with constant interaction creates the flexibility needed for playful behaviour that embraces surprise, idea generation and pro-active action while favouring delivery. Strategies can be varied and organisations on the edge can shift tactics quickly and continue playing even on a different playing field.

Therefore we contribute the 'Playing on the Edge' concept. Building sufficient semi-structures such as financial accountability, innovation goals and growth targets lessens the likelihood of incoherent play with no conceivable goals. These structures are encased in an overall organisation that is characterised by flexibility, loose communication channels and improvisation. The result is organisation that is neither over-structured nor stifling or chaotic and unproductive.

#### **Rules for 'Playing on the Edge'**

**Build Multiple World Views or Scenarios of the Future**

**Play with the Unacceptable**

**Build Diversity and Empower Minorities**

**Play to Loosen Structure**

**Play at Low Risk**

**Play involving Many**

**Play Everywhere, not just in the Playroom**

**Play Radically**

**Play to Encounter Surprise**

**Play to Explore**

**Neither under- or over-structure Play**

***Play on the Edge***