

**MANAGING STRATEGIC CHANGE: AN  
EXECUTIVE OVERVIEW OF MANAGEMENT**

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## **DISCLAIMER**

The views expressed in this report are those of the author and do not necessarily reflect official policy or position of the United States Army War College, the Department of the Army, the Department of Defense, the Department of State, or any other Department or Agency within the U.S. Government.

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## PREFACE

The term management is one of those words that may be losing its value in today's world. This is due to the fact that its usage is so broad and diverse that its meaning needs to be qualified in order for people in organizations to have a workable operational definition of the term. Review of the current textbooks on the subject of management also reveals a wide divergence when it comes to defining the term itself. It may be a little unfair to leave the impression that they are in total disagreement, but suffice to say that there is enough looseness in the various definitions to warrant some credence that this looseness is detracting from the real value of the concept.

This argument is not merely a mind game in semantics. Fields of study certainly evolve over time, but the main tenets of most disciplines are normally pretty well fixed. Some may argue that this is the case in management; however, the experience of the author in the classroom with graduate and executive students as well as his almost 40 years in the work force leads him to believe that this is not so. Although many people take courses in management, once they get into the work force the concepts learned in management are deemed no longer applicable and thus soon forgotten.

The purpose of this text is twofold. First, it is designed to help those individuals who have never taken a formal course in management. Although executives reading this text will probably have practical experiences in the field of management, they may be lacking in the conceptual foundation that would give them a deeper understanding of the concepts that frame those experiences. Before one can fully appreciate management at the strategic level, it is first necessary to understand the general concept of management in its most robust form. The second reason for the text is to help those individuals who have taken a course or two in management, but for whom time has eroded some of their knowledge of the field management.

In conversations with managers and leaders in the workplace and in the classroom, many relate that through the years their experiences have been good and have left them with good feelings as to the nature of what is entailed in the process of management. Others who have had some bad experiences have neutral feelings or the view that management is a necessary evil. The reality is that management lies somewhere in between.

## INTRODUCTION

In order to develop the critical-thinking skills needed to make efficient and effective decisions, managers and leaders need to be well-grounded in the general concepts of management. To gain this perspective, it becomes necessary to trace the evolution of these concepts in order to appreciate what roles the various major schools of thought are playing in today's management theories. It should be noted at this point that the author feels that there is a real difference between managers and leaders. Although this difference will be discussed in Chapter 5, suffice it to say at this point that the author will not use the terms interchangeably as other writers in this area often do.

As a starting point, Griffin (1999) defines the term management as: "A set of activities (including planning and decisionmaking, organizing, leading, and controlling) directed at an organization's resources (human, financial, physical, and information) with the aim of achieving organizational goals in an efficient and effective manner" (p. 6).

In the definition, several key concepts are used. First, it is understood that management applies "equally to public, private, nonprofit, and religious organizations." Murphy (1974) made the point that ". . . management is an organizational phenomena and not exclusive to the world of profit organizations" (p. 7).

The second issue in the definition is that the field of management is comprised of a universal process. This process with its distinct functions, as we will see in the discussion on the Administrative Approach section, that are interwoven and integral to every action taken by managers, whether they recognize it or not. The concept of an interwoven process will be discussed more in the Systems View of Management.

The next point to be made is that the sole purpose of management is to focus the energies within an organization in order to achieve a common purpose. This purpose is normally formalized through the vision, mission statement, goals, and objectives of the organization. Although it is highly desirable that these forms of focus be formalized and made public to the individuals within an organization, their absence in writing does not mean that they do not exist. On the contrary, they live informally in the heads of the key decision-makers in an organization and are revealed through the orders of these people.

The last issue to be addressed is the focus on efficiency and effectiveness. These terms are often confused and usually cause problems in fully understanding the concept of management. Simply put, efficiency focuses on maximizing the output derived from the use of each unit of input whether it is land, labor, capital, or information. Effectiveness, on the other hand, refers to whether the formalized mission, goals, and objectives of the organization have been accomplished. Thus, an organization becomes effectively organized when activities within that organization are established for the purpose of moving the organization toward accomplishing goals and objectives. Whether the organization is managed efficiently is another issue and is dependent on standards of productivity and the mission of the organization.

In many organizations the choices are not so clear. Often redundant systems need to be established due to the fact that failure to accomplish a goal may be catastrophic from a human life perspective as in military organizations, or failure of the task will cause a total collapse of the organization. It becomes imperative that managers and leaders understand the double edge of this “effectiveness vs. efficiency” dilemma to make the best decisions for their organization.

## **CHAPTER 1**

### **THE EVOLUTION OF MANAGEMENT THOUGHT**

The practice of management has been with man throughout recorded time. As an example, many writers cite the passage from the Bible (Ex. 18) in which Moses' father-in-law advised him on how to organize and delegate. As a discipline for formal study, however, management did not receive serious attention until about 1900. Since World War II, the study and practice of management underwent some revolutionary changes in its theoretical constructs, techniques, methods, and tools. Today with the work on complexity theory, and the crossovers from the New Sciences to the field of management (Wheatley, 1999), the robustness of field management is growing to a point where it becomes imperative that managers and leaders stay abreast of the balance between the well-grounded concepts of the past and the seemingly daily revelations of new techniques in management.

Review of the history of management reveals that it began as a trial-and-error process with little theory to guide it. During the last century, however, a wide variety of practitioners and management thinkers have helped contribute to the continuously emerging body of knowledge. In Figure 1, Bateman and Zeithaml (1993) present the major categories of management thought since the early 1900s. As one reviews this evolution of management, care should be taken not to take the position that as a more thorough understanding of management develops, past thoughts should be discarded. A more correct approach is to understand how the new thoughts on management fit with the traditional concepts in order to gain a more robust understanding of the concepts under review.

**Figure 1. The Evolution of Management Thought**

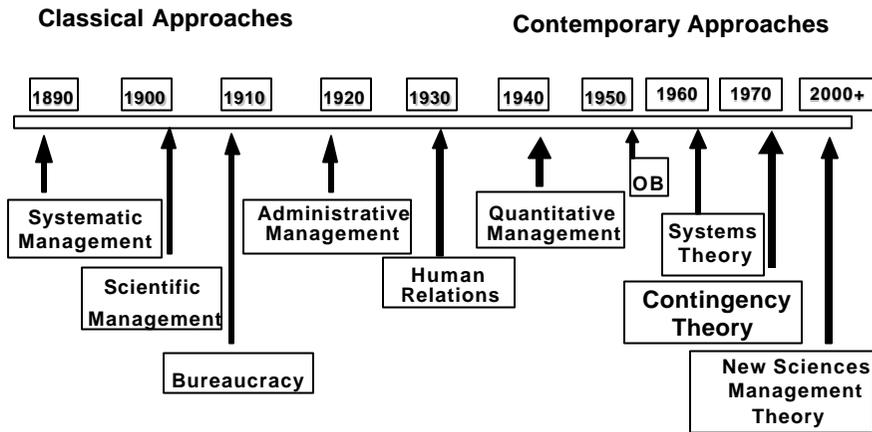


Figure 1. EVOLUTION OF MANAGEMENT THOUGHT

A case in point is the tendency to disavow the classical management work. Much of our current understanding of people at work is a result of the pioneering work of classical management thinkers. Frederick Taylor, Henri Fayol, the Gilbreths, Mary Parker Follett, Henry Gantt, and Max Weber are all classical management thinkers who helped move the concept of management from the agriculture images of the lord and master in charge of peasants to one of a more rational and scientific approach. This was due primarily to the demands of the Industrial Revolution to better use and focus the energies of land, labor, and capital. Thus, as we uncover the evolutionary path of the process called management, it is helpful to understand the main thrust of each of these approaches, as well as the impact those main streams of thought have had on today's thinking.

It is unfortunate that as people read the latest books on how to fix the problems in today's organizations that the authors of these books do not anchor their concepts to traditional concepts which are in many cases still valid today. What usually happens is that today's managers and leaders take the new concepts and try to apply them without a full understanding of the other factors that are usually at play in solving the organizational problem. To overcome this shortfall, Chapters 2-4 are presented to provide the historical anchors to management concepts that are still viable today. The challenge, of course, is to take these concepts and build the bridges needed to recognize the applications in the various activities in one's organization. The message here

is beware of any “quick fixes.” The key has always been and will always be the use of critical thinking by managers and leaders at every level of the organization. Critical thinking is identifying the key factors of the issue at hand and then tapping into the management concept that will help them better understand the issue and ultimately develop the proper course of action that will maintain the viability of the organization.

## CHAPTER 2

### CLASSICAL APPROACHES TO MANAGEMENT

The shift of the workplace from the farm to the factory floor can be appreciated in the model of Toffler's The Third Wave (Toffler, 1980). In The Third Wave, Toffler points out that if you step back and look at the major movements of the world societies, there seem to be three major categories or waves in the actions of societies.

The first he calls the Agriculture Wave, where human societies revolved around a farming existence. Feudal systems, large families, and patriarchal rule were some of the characteristics of this Wave. With the invention of machinery, automation of industrial plants, and the advancement of transportation and communications (railroad and telegraph), modern capitalism was born. In a short period of time, workers' skills were transformed from handicraft skills to machine operation. The expansion of industrial and commercial production required more than engineering; it also required organization structure and some thought on how to manage large organizations.

When large organizations were assembled, one of the few available models was that of the military. Military command and control provided a proven model that many large organizations adopted in the late 1800s in order to achieve higher levels of efficiency and greater production from a rapidly expanding work force. Technological insights, such as time-motion studies work simplification, etc., became increasingly significant in efforts to expand productivity during World War I. These "second wave" efforts led to a body of knowledge concerning plant design, job design, work methods, and other aspects of "the management of work."

The Third Wave of human change is a situation, according to Toffler, wherein new industries would take center stage. Industries like computers, electronics, information, and biotechnology would begin to influence the direction of the world's economy. Some of the features of these industries would be ". . . flexible manufacturing, niche markets, the spread of part-time work, and the demassification of the media" (Toffler, 1990).

Toffler's key point is that the world community is living through all three waves at the same time. In fact, it is safe to say that many countries are in turmoil because they are dealing with all three waves at the same time. From a managing change perspective, the movement of a company (or for that matter, a country) from one wave to the next brings forth all the traditional organizational change obstacles.

With Toffler's Wave model as a backdrop, the task at hand is to gain an understanding of the various management concepts that have been put forth through the years: concepts that by themselves are not a final solution for any organizational dilemma, but certainly can play an important role for a manager or leader trying to take their organizations through the challenges that face them both today and in the future.

### **Scientific Management**

Frederick W. Taylor is generally considered the "Father of Scientific Management." Although he was from a family of means, Taylor worked his way up from a metal apprentice through the common labor ranks to the "gang boss" at Midvale Steel. Eventually, promotions through the ranks led him to become the chief engineer while still a young man. Recognizing his lack of scientific education, he eventually received a mechanical engineering degree through a home study course. Armed with his years of experience as a common laborer and his newly obtained formal education, Taylor proceeded to search for a "**science of work.**"

In his book, The Principles of Scientific Management, Taylor summarized what he perceived to be the domain of management: They are:

- Development of a true science of managing, complete with clearly stated laws, rules, and principles to replace old rule-of-thumb methods.
- Scientific selection, training, and development of workers; whereas in the past workers were randomly chosen and often untrained.
- Enthusiastic cooperation with workers to ensure that all work performed is done in accordance with scientific principles.
- Equal division of tasks and responsibilities between workers and management.

The practical lessons from the Scientific Management movement are:

- Make results-based compensation a performance incentive.
- Carefully design jobs with efficient work methods.
- Carefully select workers with abilities to do these jobs.
- Train workers to perform jobs to the best of their abilities.
- Train supervisors to support workers so they can perform jobs to the best of their abilities. (Shermerhorn, 1999, p.29).

The U.S. Army applied Taylor's principles when Major General William Crozier, the Army's Chief of Ordnance for 16 years, applied the methods of scientific management in Army arsenals in the early 1900s. The use of scientific management philosophies were instrumental in preparing the arsenals for the burden that would be placed on them during World War I. Before one thinks that the tenets of Scientific Management are no longer applicable, one needs to only look at today's practices to see that they have become an integral part of our organizations. Job descriptions, incentive plans, hiring practices, career management, and training programs are but a few of today's programs that have their beginnings in the Scientific Management movement.

As Taylor, et. al., were preaching the tenets of scientific management in America, Max Weber, a German intellectual, became a leading thinker in understanding the relationships between 19th Century family-firm capitalism, which he called "patrimonial," and the emerging era of large-scale organizations of industry and government in Europe.

### **The Birth of Bureaucracies**

It is unfortunate that Weber has been tarred with the bureaucracy label which in today's society is blamed for the many ills of organizations. When taken into a historical perspective, Weber's real contribution to the field of management was his zest for intellectual analysis of organizations. Today we call it critical thinking.

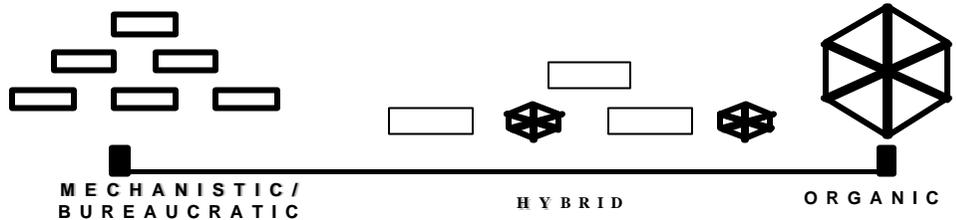
His writings, lectures, and thinking in general provided a model to search for more efficient and effective ways to organize people at work. The main

dilemma for Weber was to bridge the conceptual underpinnings of the two prevalent ideologies of his time, namely “The Protestant Work Ethic” and Capitalism. His research led him to form what he considered to be the characteristics of an “Ideal Bureaucracy”:

- Rules and procedures.
- Clear division of labor.
- Hierarchy of authority.
- Advancement based on technical competence.
- Separation of ownership from management of organizations.
- Rights and property of the position belong to the organization.
- Documentation of all decisions, rules, and actions.

The tenets of Weber, outlined above, are probably quite familiar to many military members, as well as individuals working within other large organizations. For example, the range of application of his characteristics such as rules and procedures, clear division of labor and hierarchy are all fixed in peoples’ minds based on their past experiences. Although there has been an overuse of a strict bureaucratic method in some organizations today, there remains a need for structures that have the characteristics listed above. The challenge for people in these organizations is to rethink the operational definitions by which they view Weber’s characteristics, and to broaden these concepts in accordance with today’s new operating environment.

**Figure 2. Continuum of Organizational Designs**



In Figure 2, we can see that there exists a continuum of possible organizational designs. At the extreme left is the traditional mechanistic design that is commonly referred to as bureaucratic. At the extreme right is the free-flowing organic organizational design that is becoming more common in Toffler’s fast-paced Third Wave organizations. Table 1 provides a general outline of the characteristics associated with each of the extremes in organizational design.

**Table 1. Characteristics of Types of Organizational Designs**

Organizational Element	Mechanistic	Organic
Levels of Authority	Many	Few
Division of Labor	High	Low
Links to Others in Organization	Few	Many
Power Base	Position	Expertise
Use of Strict Rule and Procedures	High	Low
Primary Purpose	Efficiency	Framework for Third Wave Ops

In situations that are characterized by volatile, uncertain, complex, and ambiguous conditions, it becomes necessary to structure organizations in ways

that will meet the challenges presented by the environment. The implications of Weber's message of intellectual analysis would tell us to find the balance between the organizational designs that fit your needs. Organizational-design thinkers such as Burns and Stalker, Lawrence and Lorsch, Galbraith, Mintzberg, Robey, and more recently, P.F. Schlesinger, V. F. Sathe, L.A. Schlesinger, and Kotter all echo the need to match the design of one's organization with its mission and its operating environment.

### **The Search for an Administrative Process**

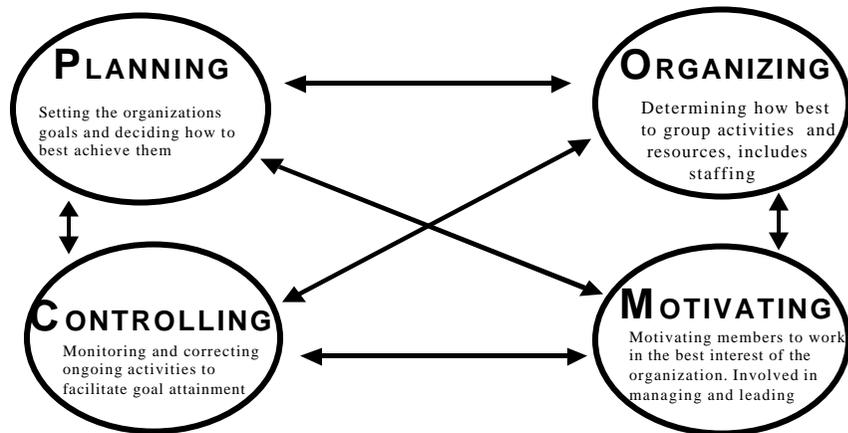
One of the most significant contributions to the field of management was provided by the French mining engineer, Henri Fayol. Like Taylor in America, Fayol gained immense experience while working in an industry reeling from the effects of the birth of the Industrial Revolution. In 1888, he became the managing director of an iron foundry company that had severe financial difficulties. Faced with bankruptcy, Fayol, based on his own experiences, began to develop an "administrative process" formed of what he called "elements" of management (Wren, 1972). These elements of management resulted from his search for those factors which weighed heavily on the success of organizations that he studied in Europe.

In several of his writings, Fayol laid out his now famous 14 principles: Division of Work, Authority, Discipline, Subordination of interest to the general interest, Remuneration, Centralization, Scalar Chain, Order, Equity, Stability of tenure of personnel, Initiative, and Esprit de corps. Fayol's unique contribution to the field of management was that he recognized and codified a process by which **all** organizations should be governed. Although through the years there has been much debate as to the distinction between governing, managing, administering, and commanding, it is generally accepted that there is a universal process by which to oversee organizations.

### **The Management Process**

Following the work of Henri Fayol, management writers, thinkers, and academics have reworked his 14 principles into four or five categories that are taught in most business schools. Although some of the categories may be shaded one way or another, there is general agreement in what is called the management process. At Figure 3 is a schematic that depicts this universal process that has evolved from Fayol's 14 general principles.

**Figure 3. Management Process (POMC Model)**



The activities outlined by Griffin capture the essence of Fayol's message to us. That is, that all organizations, regardless of mission or culture, are joined to one another by the universal process that is designed to focus the energy of an organization in order to accomplish a common purpose. Murphy (1975) emphasized this point in a class of management students when he formed a panel of a local businessman, a hospital and academic administrator, and a military officer. What Murphy asked them to do was to discuss one of the functions of the management process as it applied to their organization. It soon became obvious to the students that the concept of management was not a business phenomenon, but rather an organizational one. Review of Figure 3 reveals the interdependency of each of the major functions within the management process. This becomes an important feature when addressing the systems view of management discussed in Chapter 4.

The robustness of the field of management can be found in an enhanced understanding of the various functions of the management process. Too often when managers and leaders start changing factors within their organization, little regard is given to the effect on the other functions of the management process. To better lay the foundation for this discussion in Chapter 4, a deeper operational understanding is needed. It should also be noted that this evolutionary understanding of organizations is the theoretical underpinning of such fields of management as Strategic Management, Organization

Development and Transformation--critical disciplines in managing organizational change.

**Planning.** Within the concept of planning, there are various stages that are applicable; applicability being dependent on the time frame under review. Table 2 provides a baseline from which to understand the various stages of planning.

An interesting point about this diagram is that during the High Tech/ Information Age that we are presently in, the time frames depicted are rapidly collapsing into shorter time periods. Traditionally, strategic planning involved visioning beyond the five-year horizon. Today companies in the computer industry think of strategic in terms of five years as maximum limit. Although time frames are shortening, there still remains the necessity to categorize planning based on the activities needed to prepare the organization to produce the desired product or service.

**Table 2. Levels of Planning**

<b>Category (Business/Military)</b>	<b>Time Horizon</b>
Strategic/ Strategic	Dependent on Organizations' Scanning Ability
Long Term/NA	5+ Years
Tactical/Operational	1-3 Years
Operational/Tactical	1 Year

The first type of planning occurs at the strategic level. A definition of strategic planning is "a general plan outlining decisions of resource allocation, priorities, and actions necessary to achieve strategic goals."

Strategic plans have a strong external orientation and cover major functional areas of the organization. A strategic plan is usually set by the top management echelon and has a time horizon consistent with the scanning abilities of the organization and set at the risk level (comfort zone) that planners feel is appropriate for their organizations. The specifics of the plan

should address questions of scope, resource requirements, competitive advantage, quality expectations, social responsibility issues, and synergy.

In this book The Rise and Fall of Strategic Planning, Henry Mintzberg (1994), the former president of the Strategic Management Society, chastised himself and others for their blind allegiance to the strategic planning process. His contentions rest with the search for the definitive, quantifiable solution to the future. He shows how planning can stifle commitment, narrow an organization's vision, make change impossible, and cater to the politics of an organization.

His position is based on the premise that ". . . analysis is not synthesis [and therefore], strategic planning is not strategy formulation" (p. 321). He further explains that no amount of elaboration will ever enable a formal process to take the place of managers who are fully engaged in their operations, or for that matter replace the critical and creative thinking that is necessary to create novel and innovative strategies.

Mintzberg does not totally reject the use of strategic planning, but rather he broadens the operational definition of the concept to include the intuitive thrust that strategic management authors such as David (1995), Hill and Jones (1995), and Miller and Dess (1995) have now started including in their texts on the subject. In fact, Miller and Dess provide a continuum perspective on strategic management. In their continuum, there are three general perspectives. They are:

1. **Rational planning** which assumes that organizational strategy formulation lends itself to an exact intellectual analysis, including the assumption that the environment is predictable.
2. **Organizational learning** which acknowledges that people make mistakes, and thus organizations can learn from them and find better ways to evolve the organization.
3. **Incrementalism** which takes the position that managers can make little impact on changing the course of events that form the organization's future, thus reacting incrementally is the order of the day.

(Source: adapted from Alex Miller and Gregory G. Dess, Strategic Management, Exhibit 1.9, p. 25).

In spite of this reorientation of the field of strategic thinking, the implementation of the strategic plan still requires a more detailed planning

schema. These plans are called tactical plans (operational plans in the military). Tactical plans: (1) aim at achieving the goals set within the strategic plan, and (2) translate broad strategic goals into specific objectives that are relevant to a definitive portion of the organization, often a functional area like marketing or human resources in a profit organization.

Tactical plans typically involve upper and middle management, have a somewhat shorter time horizon than strategic plans, and are more concerned with actually getting things done than deciding what to do. Regardless of the terminology, the planning needed at this level involves near-term planning of facilities, work force expertise, and financial resources needed to provide the product or service. Since facilities, specialized equipment, and new skills cannot be obtained overnight, these types of issues need to be addressed more than one year out in the planning process.

The lowest level of planning in an organization is called operational (tactical in the military) planning. Operational planning involves real-time operations usually within a one-year time frame. These plans identify the specific procedures and processes required at the lower levels of the organization in order to produce the desired product and/or service (Bateman and Zeithaml). Operational managers usually develop these plans to focus on production runs, delivery schedules, and human resource requirements.

Another term often used is long-range plans. These plans do not fit into the normal hierarchy of plans discussed above, but is a general category of plans that cover many years. For practical purposes they are in reality strategic plans.

To summarize the planning function, one can readily see the interdependency that exists between the various stages of the planning process. Some authors go so far as to call this a means-end analysis. This analysis is the process by which each goal in the organization is tied inextricably to the goals and objectives at levels above and below that level thus creating a mean-ends chain. Simply put, nothing happens in an organization that does not flow from the mission statement of the organization. This is not to imply strict control, but rather a sense of unity of action within the organization. The means by which strategic goals (ends) are accomplished are by more specific goals and objectives being set forth in the tactical and operational plans.

**Organizing.** The management function of organizing is more comprehensive than is generally used in common day conversations. The short definition is “how to best group organizational activities and resources.”

A better understanding of the concept that evolved from Fayol is to include the basic building blocks (systems) that will be required to build the structure that is needed to implement plans at each level. These systems involve: (1) designing jobs, (2) grouping jobs, (3) establishing reporting relationships between jobs, (4) distributing authority among jobs, (5) coordinating activities between jobs; and (6) differentiating between jobs.

Although this section is not designed to give an in-depth understanding of each of the management functions, it should be noted that such topics as training, career development, and other human resource management topics fit within the conceptual framework of this function. As an example, to design a job, one has to know the job specifications and the skills required to accomplish this job. This leads into recruiting, training, and fostering career development in the organization.

Grouping jobs includes determining the proper organizational structure that will best accomplish the mission statement. As the mission statement changes, each organizational activity listed above needs to be revisited to determine whether the analysis which resulted in how the organization is achieving the goals of a previous mission is still applicable. Once the mission statement is known, planning and organizing become concurrent activities. In essence, plans that do not consider their impact on the organizing function are doomed to failure.

**Motivating/Leading.** Although this will be discussed in further depth in Chapter 3, the Hawthorne Studies conducted by Elton Mayo and Fritz Roethlisberger from 1924-1935 was the watershed event that highlighted the motivational aspects of the workplace.

The literature is replete with attempts to distinguish the concepts of management and leadership. There is little doubt that the concept of leadership is held in higher esteem than management, yet a clear consensus of the conceptual boundaries of each has been elusive. For the purpose of this chapter, the distinction will hinge on the ability of the person attempting to influence another person, or group, to have individuals internalize organizational goals. A more in depth discussion of this topic will be conducted in Chapter 5.

This particular function of the management process is probably the most difficult to manage. I think most managers and leaders would agree that most of their time is in dealing with people problems. What Mayo's Hawthorne studies clearly show is that finding the right balance between task requirements and worker motivation is critical to the success of any organization. People like Abraham Maslow (1943) and Frederick Herzberg (1967) have tried to map out some type of topography that explains work motivation. Most would agree that there exists a motivational hierarchy which, if tapped into properly, can enrich the work experience of individuals. However, designing such an organization is proving more difficult than the theories imply.

To achieve a more enlightened understanding of motivation in the workplace, review of the literature reveals that there continues to be a strong effort deal with this issue. For example Senge, Robert, Ross, Smith, and Kleiner, are pushing the merits of learning organizations while Drucker gives us the insight that organizations are not as monolithic as we have traditionally characterized them. In fact he now validates what many of us have come to know, namely that "...the organization is composed of specialists, each with his or her own narrow knowledge area ...". Finally, Handy in his philosophical discussion of the "Paradox of Organizations" articulates the frustration of managers and leaders to bridge the autonomy of the human spirit with the forces that move an organization towards its stated goals. Weber (Henderson and Parsons, 1947), through his intellectual analysis of organizations, may have had this human v. organization dilemma in mind when he derived the bureaucratic model. Unfortunately, however, this view of a bureaucracy has not received the attention that the use of rules, regulations, and uniformity received.

The issue of human v. organization dilemma came to a head in Argyris' (1957) Maturity-Immaturity model. In his model, Argyris points out that organizations under the mechanistic (bureaucratic) model codify immature behavior characteristics such as: passivity, dependency, shallow interest, short-term perspective, subordinate position mentality, and little self-awareness. He continued by saying that mature people exhibit such characteristics as: desire for active participation, independence, varied interest, long-term perspective, superordinate outlook, more self-awareness, and lastly, control.

When employees first enter an organization there is little question that they need guidance and nurturing. They need to be shown how work is accomplished in an orderly, efficient, and effective way. This is the gift that Taylor, Weber, et al. have given us. Yet Argyris and other management thinkers would say that maintaining an organizational design that compels workers to maintain an immature posture is dangerous, and in the long run, dysfunctional for the organization. Strangely enough, according to Berlin (1971), Machiavelli brought this message to the Prince. Berlin sees Machiavelli presenting the eternal dilemma to mankind in the form of respect for human dignity as we deal with one another on a day-to-day basis versus making decisions to maintain the vitality of the whole is the charge of managers and formal leaders.

Pinchot and Pinchot (1993) make the statement that, “No one really believes that bureaucracy is the best solution, but changing from a system that has recently brought unparalleled prosperity and security to many is hard . . .” (p. 340). Because many will readily agree with their observation, the death of the bureaucratic model may be premature. The challenge for today’s managers, as they move to develop learning organizations (Argyris, 1957; Senge, 1990, 1994) and quantum organizations (Wheatley, 1999) is to balance the vitality needed to maintain these new organizations with the reality that the message of Weber is not dead, but rather in need of a more thorough understanding. With the emergence of internet businesses and the freedom that computers give to work at one’s own pace and in one’s own space, motivating the workforce has taken on new challenges.

**Controlling.** This is probably the most misunderstood concept of the entire management process. The word itself has come to be considered pejorative in nature, and conjures up visions of strict bureaucratic control with everyone following strict procedures in the workplace. The main purpose of this concept is to recognize that once the plan is in motion, there needs to be a mechanism to check the progress of the plan. Plans should not be fixed, regimented documents. They should be regarded as the best plan of action at a point in time, but need to be changed as the situation dictates. This does not mean a continual changing of the plan, but merely that when the execution of the plan falls outside the parameters laid out in the plan, managers need to be alerted at the appropriate level in the organization in order to take the necessary corrective action. Thus, the controlling function becomes the thermometer that gauges the health of the organization as various plans are executed.

The selection of the appropriate control measures is dependent on: (1) manager/commander style; (2) tasks to be accomplished; (3) costs/criticality of activity; (4) expertise of the work force; and (5) general organizational climate. Control measures such as those used in a Management Information System (MIS) need to ensure that the right person gets the right information at the right time--this also includes ensuring that people do not get too much information also. Therefore, organizations that are managed and led well are those where the pulse of the organization is monitored on an appropriate basis, allowing decisionmakers to react in sufficient time to maintain the viability of the organization.

A final note about the management process. There is some confusion as to what management level performs which functions. The answer is that each level performs all the functions, not at equal levels of effort, but rather at the level of specificity that matches their level in the organization. Figure 4 provides a clear understanding of this situation as it depicts the amount of emphasis that is usually placed on each management function by the various levels of management (Rue and Byars). Caution should be taken at each level of management to preclude constraining the flexibility needed by subordinate managers. Managers at every level in an organization need a certain amount of flexibility in order to allow them to react to situations that may demand some creative problem-solving solutions.

**Figure 4.**

## CHAPTER 3

### HUMAN RELATIONS MOVEMENT

#### **Evolution of Behavioral Practices in the Workplace.**

The workplace has a long history of treating workers as either a beast of burden, as in Toffler's First Wave Society, or as a part of the machinery in his Second Wave. The writings of people like Taylor, the Gilbreths, and Weber seemed to only solidify the notion that the workers were programmable and their productivity could be predicted through linear projections. It was not until the Mayo and Roethlisberger efficiency experiments at Western Electric's Hawthorne plant that the management world came to recognize the need to see people as human beings and not a part of the machinery.

Once the significance of The Hawthorne Studies' findings became known, psychologists, sociologists, anthropologists and all types of social scientists quickly moved in to study the workplace. In addition to Mayo and Roethlisberger turning their attention to the human aspect of the workplace, people like Mary Parker Follett (1924), Mooney and Reilly (1931), Urwick (1944), Maslow (1943), Lewin (1948), Jacques (1951), Likert (1961), Vroom (1964), and Schein (1967), all giants in this movement, echoed the message that the concept of management needed to evolve to better understand the uniqueness of people in the workplace. McGregor (1957) in his classic book, The Human Side of Enterprise, stated:

Management is severely hampered today in its attempts to innovate with respect to the human side of enterprise by the inadequacy of conventional organization theory. Based on invalid and limiting assumptions about human behavior, this theory blinds us to many possibilities for invention . . . The purpose of this volume . . . is to encourage the realization that theory is important, to urge management to examine its assumptions and make them explicit . . . and, if we can learn how to realize the potential for collaboration inherent in the human resources of industry, we will provide a model for governments and nations which mankind sorely needs. (pp. 245-246)

McGregor's words, written over 35 years ago, have an eerie prescience at the beginning of the 21st century. Although the Hawthorne Studies started the formal search to understand human behavior in the workplace, some would

say that we have not traveled far in the intervening years. Recent attempts to promote worker participation through quality circles, Ouchi's Theory Z (1981) and even Total Quality Management (covered in more detail in Chapter 5), are all bedded in the fallout from the Hawthorne watershed.

Referring back to Figure 1, Evolution of Management Thought, we can see the evolution of the discipline of Organizational Behavior and Organization Development as the offshoots from the Human Relations Movement. Organizational Behavior (OB) is the study of human behavior, attitudes, and performance within an organizational setting. The purpose of this discipline is to bring to bear the body of knowledge from the various social sciences in order to enhance individual and group actions and subsequently performance needed to attain organizational goals. The salient points of OB are that it is: (1) a way of thinking; (2) an eclectic field of study; (3) humanistic; (4) performance-oriented; (5) concerned about how the environment affects people; and (6) scientifically-based.

The field of Organization Development started coming to the forefront as a distinct discipline from OB through the efforts of Kurt Lewin and his staff at the Research Center for Group Dynamics, Massachusetts Institute of Technology in 1946. The effort undertaken by Lewin and his colleagues was to research various techniques to enhance group leadership. These sessions were called T-group experiments. Through the years these experiments grew into laboratory sessions where attendees would discuss "back-home" situations. Eventually, the application of these T-group methods evolved into having specialists in these techniques offer their services as consultants to various companies. Eventually, the term T-group evolved to the more inclusive term OD (Cummings and Huse, 1989).

Organization Development as it is used today is more inclusively defined than it has been in the past. Originally it was defined as "the process by which people in organizations become more aware of themselves and others . . . the emphasis is on the psychological states of employees that inhibit their ability to communicate and interact with other members of the organization." (Gibson, Ivancevich, Donnelly, 1985). A term commonly used to refer to this psychological orientation was sensitivity training. Today Sensitivity Training is now merely one step in the OD process. Organization Development used in contemporary sense has a more useful and practical place in today's effort to manage organizational change. Table 3 reflects the characteristics that distinguish the more expanded field of OD.

**Table 3. Characteristics of Organization Development**

<b>Action</b>	<b>Activity</b>
Planned	Involves goal setting, action planning, implementation, monitoring, and taking corrective actions when necessary.
Problem-oriented	Attempts to apply theory and research from various disciplines.
Systems Approach	Closely links human resources and potential to technology, structure, and management processes.
Integral to Management Process	It is not an external action by others, but rather a way of life in the organization.
Not a "Fix-It" Strategy	A continuous and ongoing process. Not a one-time fix.
Focuses on Improvement	It is not just for "sick" organizations, but healthy ones as well.
Action-Oriented	More than just describing how to get things done, it is results-oriented.
Based on Theory and Sound Practices	Not gimmick or fad-based. Based on sound theories and research from a number of disciplines.

Source: Gibson, Ivancevich, Donnelly, 1985, *Organizations* (5th ed.): Plano, Texas: Business Publications, p. 677.

OD can be a very useful guide to managers and leaders managing change. The key point to remember with regard to OD is that it is designed to promote planned change. It does this by helping managers and leaders induce change in attitudes, values, modifying behavior, and by inducing change in structure and policy that directly and indirectly influence behavior patterns in organizations.

Within OD, there is another "offshoot" now called Organizational Transformation (OT). Organizational Transformation is a recent extension of OD that seeks to create massive changes in an organization's structure, processes, culture, and orientation. Organizational Transformation has been referred to as ". . . second-generation organization development." (Levy and Merry, 1986).

There are conceptual differences between OD and OT. In OD, individuals within an organization are already in an organizational framework that has been adopted and refined based on existing interlocking plans at each level of the organization. In essence, OD is occurring on a current paradigm (French and Bell, 1995). Continual refinement is the order of the day, but within a range of already accepted parameters. Organizational Transformation, on the other hand, takes the organization beyond its current operating zone and moves missions, goals, objectives, expectations, culture, and so on, to uncharted territory. How, when, and in what steps this is accomplished is the world of OT. A more in-depth discussion will be given on OD and OT in Chapter 5.

## **Human Resource Management**

Modern Human Resource Management (HRM) is radically different from the human relations movement in the 1920s or from the personnel management practiced decades ago (Carell, Elbert, Hatfield, 1995). Today HRM is used to refer to the philosophy, policies, procedures, and practices related to the management of people within an organization (French, 1998). French continues by stating that:

It is now generally accepted that human resources management encompasses a dynamic, organization-wide perspective that is action oriented and based on theory and research from many disciplines and is necessarily interrelated with strategic planning. More and more it is recognized that HRM must be an integral part of the strategic planning of the top executive team of the organization. (p.5)

French (1998) states that the major processes in HRM are:

- Human Resource Planning
- Job and Work Design
- Staffing
- Training and Development
- Performance Appraisal
- Compensation and Reward
- Protection and Representation
- Organization Improvement

Although a bit more complicated than the simple POMC model that evolved from Fayol's model, HRM has become an integral function of

organizations due to the complexity of today's environment. For today's executives, the important point is that when managing change, each of these elements need to be tracked to determine the systemic implications that may result from day-to-day decisions, especially when these decisions change the strategic direction of the organization.

### **A Final Comment**

Before closing this section, it should be noted that a conscious attempt was made not to go through all the behavioral theories that are presented in academic institutions. As stated in the Introduction chapter, the intent is to present an overview for executives.

The message in this chapter is the "blinding flash of the obvious": organizations are made of people, not just things or processes. As obvious as this may be, when one studies how we design jobs and structure within our organizations, one wonders whether this message is really that obvious. As the organization employs the management process to achieve its stated mission, the realization needs to be that when the mission changes, corresponding changes (ripples) occur throughout the organization. Some people call them second- and third-order effects, which they are, but be aware that like a pond, the ripple continues through each level and each person of the organization. Some effects may not be large enough to be classified as second- and third-order effects, but they are there. They are there because the organization is, and always has been, a living organism that is an open system.

## CHAPTER 4

### SYSTEMS VIEW OF MANAGEMENT

#### OVERVIEW

Today we take as a fact that events in one part of the organization usually create collateral effects in other parts of the organization. The saying that you are only as strong as your weakest link is an axiom that speaks to this truth.

During the Classical Age of Management, late 19th century to mid 20th century, this understanding was not so obvious. It was not until individuals from other disciplines started investigating the activities in the workplace that the knowledge from their disciplines started to transform management concepts into those we have today. One such incident was the result of a biologist by the name of Ludwig von Bertalanffy.

Ludwig von Bertalanffy sought to “. . . develop a theoretical framework for describing relationships in the real world” and theorized that “disciplines had similarities which could be developed into a General Systems Model” (Wren, 1972, p. 483). Through his research, von Bertalanffy noted that there were common characteristics in all the various organizational systems under investigation. Namely, that each system: (1) was studied as a whole or organism, (2) moved to stabilize itself, and (3) was open-ended in that the system was affected by its environment and in turn affected its environment.

Von Bertalanffy correlated the workings of biological organisms to the workings of organizations. His work, and that of others in this area, opened the door to many concepts that have evolved to the systems thinking approach. These concepts will be discussed in this chapter.

#### **Systems Thinking**

We are living on the knife's edge of one of those rare and momentous turning points in human history . . . We must seriously question the concepts underlying the current structures of organizations and whether they are suitable to the management of accelerating societal and environmental problems--and, even beyond that, we must seriously consider whether they are the primary cause of those problems . . . The most difficult part is to understand and get beyond the origin and nature of our current concepts of organizations; to set them aside in order to make space for new and different thoughts . . .

This means the ruthless confrontation of the many things known that are no longer so.

Dee Hock, Founder and CEO Emeritus, VISA;  
Author of Birth of the Chaordic Age.

The message of Dee Hock is that in order to confront the many obstacles that are hindering clear view of the way things are today, as well as our view of a viable future, we need to use a different way to view organizations. Toffler gave us a method to look at the landscape, a way of viewing the large sweep of events that frame our society. What is lacking, however, are the skills needed to view these events in the context of organizations in order that cogent decisions can be made that will maintain the health of the organization.

The key to these skills was given to us by von Bertalanffy when he transposed his method of analysis of the living organism to organizational theory. With systems thinking as a new lens by which to study organizations, von Bertalanffy has challenged us to go beyond the linear thinking model that is characteristic of the Industrial Age, a model that views relationships in organizations as mechanistic and bureaucratic. Although the move to view organizations as open-ended systems has been ongoing for decades, the organizational structures that frame many of today's organizations have a bedrock of Industrial Age logic. Thus, to vision the future from this mindset becomes difficult, if not intellectually flawed. The challenge for today's managers and leaders is to "get beyond" the way that they may have been educated and behaviorally reinforced and into a mindset that will allow them to see patterns of events that will promote a more creative view of the possibilities for their organization.

With the way lighted by scholars and scientists like von Bertalanffy, understanding the interrelatedness of activities and processes within an organization becomes an integral skill of managers and leaders alike. There appears to be a rise in the attention given to critical thinking. Critical thinking according to Paul (1993) is ". . . complex because it involves overcoming not only barriers to progress, but psychological barriers as well" (p. 463). He continues by saying that many of us are comfortable within our own reference points and personal beliefs, thus when our view of the world is challenged, a natural resistance occurs.

Although beyond the scope of this paper, it seems apparent that to address the realities of humankind, educators felt it necessary to set up curriculums in

such a way that provided students a holistic view of the world, systems thinking. In the classical sense, therefore, a liberal arts education has been touted as the key to a multivariate view of the world. In this way, the purpose of the liberal arts education is to “free one’s mind” to view the world from a variety of disciplines. Thus, the classically educated person could tap into such disciplines as the Humanities, the Social Sciences, and the Pure and Applied Sciences.

This idea of seeing patterns in human events is consistent with the Gestalt notion in psychology. This approach, as in the von Bertalanffy case, views the world as an organism: “A way of viewing the world . . . which emphasizes not the parts or units but the patterns, wholes, configurations which make the whole appear to be more than the sum of its parts [synergy]” (Wren, p. 205). Today, we have a host of writers (Coveney and Highfield, 1995; Hock, 1999; Kauffman, 1995; Senge, 1990; and Wheatley, 1999) who have tapped into this thought and are starting to use systems thinking as the foundation for their push for learning organizations.

Senge (1990) states that there are disciplines that are vital to the “learning organization.” In his theory he challenges the traditional concept of control. In the learning organization, he focuses in on making an organic structure with fluid internal and external interactions primary. He further believes that there are five component technologies converging in a true learning organization, and he adds that it is a journey not a destination. His five interactive technologies are:

- **Systems Thinking.** You can only understand the essence of a system by contemplating the whole, not just individual parts.
- **Personal Mastery.** The continual efforts to deepen one’s vision, focus one’s energy, and develop one’s personal characteristics in order to find objectivity.
- **Mental Models.** Deeply ingrained assumptions, generalizations, or even pictures of images that influence how we understand the world and how we take action. The discipline of working with mental models is the ability to turn the mirror inward--learning to unearth one’s internal picture of the world in order to bring them to the surface for vigorous activity.
- **Building Shared Vision.** The skill of expressing shared “pictures of the future” that fosters genuine commitment and enrollment rather than

compliance. Visioning can be viewed as more a characteristic skill of leaders than managers.

- **Team Learning.** The ability of team members to suspend assumptions and enter into a genuine “thinking together” mode. In essence, learning organizations are moving toward a dialogue in its true sense. This discipline attacks the problem where very intelligent and committed individuals come together to derive solutions that are above the level one would expect from such a group.

Senge’s position is that systems thinking is the conceptual cornerstone that underlies the technologies/disciplines of the learning organization. This is so because all of his interactive technologies are concerned with shifts of the mind; shifts to seeing the whole instead of seeing people as helpless reactors in a constrained world. People like Coveney and Highfield (1995), Hock (1999), Kauffman (1995), Stacey (1992), and Wheatley (1999) take us the next step in understanding the patterns of a seemingly chaotic world.

In taking this next step, Hock (1999) uses the word *chaordic* in order to help people better understand the dynamics that he feels are occurring in today’s organizations. He defines the word as “any self-organizing, self-governing, adaptive, nonlinear, complex organism, organization, community or system, whether physical, biological or social, the behavior of which harmoniously blends characteristics of both chaos and order” (p. 2). To understand Hock’s position, one must understand the operational definitions of both chaos and order.

Chaos, as defined in an older dictionary, is “A condition of utter disorder and confusion, as the unformed primal state of the universe” (Funk and Wagnalls, 1940, p. 208). In a more recent attempt to define the concept, Coveney and Highfield define it as “Unpredictable and apparently random behavior in dynamic systems” (1995, p. 425). In the latter definition, we can see a loosening of the fixed order of the world that was embedded in the first definition. The foundation was laid by such scientists as Newton who accepted a fixed-order world as the ideal of objective knowledge (Prigogine, 1996, p.2).

It was a tenet of the Industrial Age that there was some grand design of the universe that needed to be discovered; however current writers and thinkers in the area of systems thinking and Chaos Theory argue that no such fixed design exists. In fact, writers like Prigogine (1996) now define chaos as “the

behavior of systems in which close trajectories separate exponentially in time” (p. 201). It is obvious to Prigogine that there exists a cause-and-effect relationship in all events, but whether one can observe the discernible pattern is where chaos begins--in the eye of the beholder.

For managers and leaders, the task can be daunting. The new concepts of chaos tell us that there is no grand scheme to discover, but rather a series of actual and possible relationships. These must be analyzed to derive possible cause and effect relationships that will help vision a pattern of events possibly affecting one’s organization. The key, as stated above, is the ability to develop one’s systems thinking skills by gathering as much relevant information from as many sources as possible. Multiple sources will allow a multivariate analysis of the internal and external environment in order to make the best decisions that will allow a viable future for the organization. This is the point where Wheatley (1999) and Stacey (1992) take us to the next step in understanding the patterns of a seemingly chaotic world.

Wheatley’s proposition is that nature is not a fixed entity that dictates reality to people, rather it is an active participant that is in partnership with humanity. This is a strong counter to the Newtonian foundation of the Classical Age of Management where the study of the world was that “. . . anything has visible and tangible form” (Wheatley, p. 10). Under this methodology, the search was for the building blocks of matter and not the relationships that exist between matter and networks where this matter existed.

In making this statement Wheatley links the understanding of management to concepts developed in what she calls the new sciences. These new sciences are the world of the pure and applied sciences, and not the social sciences one would normally expect in talking about leadership and management. Specifically, the new sciences are physics, biology, and chemistry as well as the work being done in the areas of evolution and chaos.

The essence of her message is that this participatory nature of the universe should be embraced in our management practices. She is referring here not to the traditional participatory practices that have occurred in the past, but rather a foundational understanding that the true state of the universe is participatory. Organizations need to reflect this natural state of the universe by fundamentally being reflective of a truly open system where parts of an organization are intrinsically interactive and not merely programmed to be so.

Following in this line of thought, Stacey (1992) states that businesses, as nonlinear systems, are failing because they simply repeat their history once they reach what they consider a stable environment. He continues by saying that they are most creative and innovative when they are allowed to work outside the confining boundaries of this stable equilibrium. All this is new for many of us; the thought of not having a plan to move forward into the future is unthinkable, especially in a mechanistically structured organization.

Stacey's message is similar to that of Mintzberg (1994), a leading thinker in the area of strategic planning. In his book The Rise and Fall of Strategic Planning, Mintzberg states that “. . . no amount of elaboration will ever enable formal procedures to forecast discontinuities . . .” (p. 321). He continues by adding "The obvious conclusion . . . is that to be effective, any organization has to couple analysis with intuition in its strategy making" (p.329). His point is that as one tries to project a viable path for an organization into the future, linear thinking and formal statistical analyses need to be combined with a systems-thinking mentality, which recognizes that organizations exist in a reality far from orderly and predictable.

### **The Quality Commitment**

Many who see this section may first wonder why it is in the systems view of management. The answer is that the concepts of quality and Total Quality Management (TQM) are intrinsically embedded into Systems Thinking. This model of management is nothing more than “. . . seeing your organization, the interrelationships among people and processes that determine the success, and the patterns of change that demand vigilance" (George and Weimerskirch, 1994, pp. 4-5). Although this point has been made earlier in this chapter, it should be noted that pioneers like Mary Parker Follett and Elton Mayo had the vision in the 1920s and 1930s that the classical view of organizations was not valid. For those who understand the message of Follett and Mayo, the message of systems thinking and TQM was already there. In recent times, it took people like Edward Deming, Juran, Feigenbaum, and Crosby to rediscover the message of Follett and Mayo (Omachonu and Ross, 1994).

Although much focus has been given to pleasing the customer, the concept of TQM is much broader than that. The Conference Board, a leading forum for business people, summarized the key issues of TQM. They are:

- **Cost of Quality** -- measure of non-quality (not meeting customer expectations) activities as well as the cost to insure increased quality throughout the organization.
- **Cultural Change** -- appreciates the need to instill a customer orientation into the value system of the employees.
- **Creation of Enabling Mechanisms of Change** -- an environment that promotes change needs to be created. Such mechanisms as training, education, communication that reach into all the subsystems of managing the organization (see the POMC model in Chapter 2).
- **Implementing TQM** -- all the major systems (POMC) and subsystems need to be refined to be congruent with the new focus of the organization. This is accomplished through the planning process at the strategic, operational, and tactical levels of planning. All levels of planning and implementation must reinforce the quality commitment.
- **Management Behavior** -- recognition needs to be achieved that ingrained behavior patterns are embedded in the manager's value systems from "the old way of doing things." Organization Development (OD) and leadership techniques need to be used to refocus the value system and subsequent value system of the employees (Omachonu and Ross, 1994, pp. 5-6).

With Systems Thinking as the focus for the quality movement, it places TQM in its proper context. It is not a new management philosophy that will revolutionize the workplace, but rather an extension of von Bertalanffy's, Follett's, and Mayo's message that organizations need to be seen as a whole and in the context of their ever-changing environment. This environment cannot be fixed in some formalized plan, but instead must be constantly assessed as organizations seek their viable future.

A national system that has evolved to promote the effort to attain quality throughout one's organization is a system called the Malcolm Baldrige award.

### **The Malcolm Baldrige Award**

The Baldrige Award program was established by Congress in the Malcolm Baldrige National Quality Improvement Act of 1987 (Public Law 100-107). The program is a joint public-private effort that is administered by

the U.S. Department of Commerce and financed by the business sector (Dobyns and Crawford-Mason, 1991).

The factors that are reviewed under the Baldrige Award Quality Program evaluate organizational systems that:

- focus on the customer.
- align internal processes with customer satisfaction.
- place everybody in the organization to work on shared goals.
- facilitate a long-term approach to continuous improvement.
- emphasize management by fact.
- promote efforts to prevent errors rather than reacting to errors.
- seek ways to be faster and more flexible throughout the organization.
- look outside the organization for opportunities to:
  - form partnerships with customers, suppliers, and other companies;
  - benchmark internal standards; and
  - fulfill corporate citizen responsibilities.
- value results.

The Baldrige Program is an extension of systems thinking in that it rewards organizations for a holistic approach to managing their institutions. Although the focus of the program is to help organizations rethink the way they "do business," the program is not a cookbook approach to management. As stated by Dobyns and Crawford-Mason (1991), the program does not tell you what to do, but rather it is designed to help the organization assess how well they are doing. It is more like a yardstick that helps you see where the deficiencies are in the organization.

As well-meaning as this program is, it appears that many organizations compete to win a Baldrige Award as a way of marketing themselves to the public rather than a long-term change process that will institutionalize new techniques and habits in one's organization. Unfortunately, this change effort may create "a very professional façade" but not change the operating conditions within organizations. In this case what often happens is a plethora of binders and reports that show a great effort to produce quality operations, while the everyday work routine remains the same.

## **A Final Note**

This section is about facing the realities of a changing landscape. Techniques like TQM and Systems Thinking need to be seen as extensions of the reality that organizations are open systems that cannot be fully controlled. They can be influenced and nudged, but one must understand the direction of the factors that are influencing the viability of the organization. Leaders who gain this understanding need to establish work environments that will enhance the abilities of the workers to achieve the organization's vision and mission. What the new sciences add to the mix is the need to understand that “. . . organizations are feedback systems generating such complex behavior that cause-and-effect links are broken" (Stacey, 1992, pp. 12-13). What Stacey is stating is that traditional ways in which we have looked at cause-and-effect relationships are broken, or more precisely, need to be viewed in a different context. The patterns are more complex and the solutions not so obvious as the Newtonian approach to the world would have us believe.

It is understandable that managers and leaders bred under a Newtonian approach to organizations are frustrated by these new insights that new sciences have forced upon us. As we will see in Chapter 6, people like Dee Hock, former CEO of VISA, are telling us that the Industrial Age institutions are fraying at the edges. Hock would tell us that for the most part the concepts that built these institutions are not applicable to the types of organizations needed today and in the foreseeable future. Given that it is still the responsibility of managers and leaders to guide their organizations, what techniques and concepts are available to assist them?

The process of moving the organization to the future is the core of the academic disciplines of Strategic Management, Organization Development, and Organization Transformation, which will be covered in Chapter 5. It is important, however, that the concepts of the previous chapters be in tow when the topics of change management are discussed. In this way, a solid conceptual foundation can be established.

## CHAPTER 5

### STRATEGIC MANAGEMENT

Having set the stage for a discussion on managing organizational change, this chapter will look at some of the major concepts in the field of change. Using the previously presented concepts, a more thorough understanding of the change process can be addressed. Like many of the topics in management, several key concepts overlap and must be addressed in order to be of use to managers and leaders as analytical tools. This chapter will lean heavily on basic management concepts in order to view the change process from a systems perspective.

Also in this chapter, the discussion of the differences between management and leadership will be continued. Although many debates have ensued over the differences between strategic leadership and strategic management, it is safe to say that both have the future well-being of the organization as their ultimate goal.

#### **The Change Process**

The natural state for organizations, like all living organisms, is that of change. Wheatley (1999) makes this point when she links the world of quantum theory to management. As discussed in the last chapter, the present-day thinking in management is to view organizations as a series of arrangements where people and material come together to provide goods and services for an outside agent (outside agent being defined in the context of the organization's environment, e.g., customer, client, student, etc.)

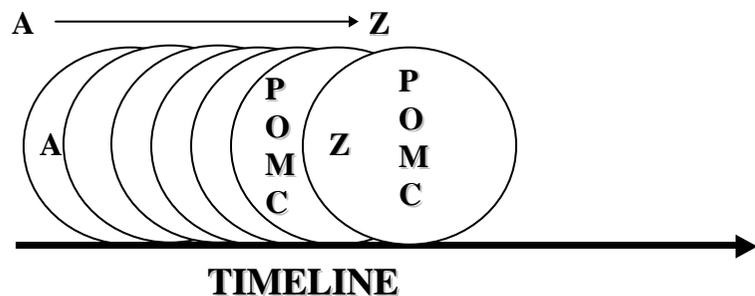
As the pace of activity increases, managers and leaders must maintain their perspective as articulated in their vision and mission statements as they help move their organization from one state of order to a future state of order. This must be done with full cognition that many events are occurring both within and outside their organization that influence the very existence of their organization. To say that the manager or leader will control this process is unrealistic. What is needed are the full resources of the people within the organization to help stay abreast of the many events and consequences that will evolve the organization. In Senge's view what is needed is a learning organization, meaning an organization that sensitizes its people and processes to ongoing events as well as the possibilities that may come from these events.

For most individuals in an organization, just getting through the day is trying enough. Asking them to be a part of the learning atmosphere in their organization that will help make some sense of their future may be overwhelming. In fact, many may yearn for the days of bureaucratic gridlock as compared to the seemingly free-for-all existence in the Information Age. To help propel the organization as a learning organization, the disciplines of Organization Development (OD) and Organizational Transformation (OT) are trying to bring some conceptual understanding to the area of change. Schermerhorn (1996) defines OD as “. . . the application of behavioral science knowledge in a long-range effort to improve an organization’s ability to cope with its external environment and increase its internal problem-solving abilities” (p. G-7).

**Figure 5. POMC Model of Change**

## EVOLUTION OF ORGANIZATIONAL CHANGE

### ORGANIZATIONAL DEVELOPMENT



In Figure 5, Murphy (1996) gives us a sense of the evolution of an organization as an unending path of the organization as it moves into the future. The POMC label signifies the management process of planning, organizing, motivating/leading, and controlling that is needed at each stage as the organization evolves. The specifics of the management process in Frame A are not appropriate for Frame B and so on. The amount of overlap between the frames will be dependent on the changes needed in the organization to maintain its short- and long-term viability.

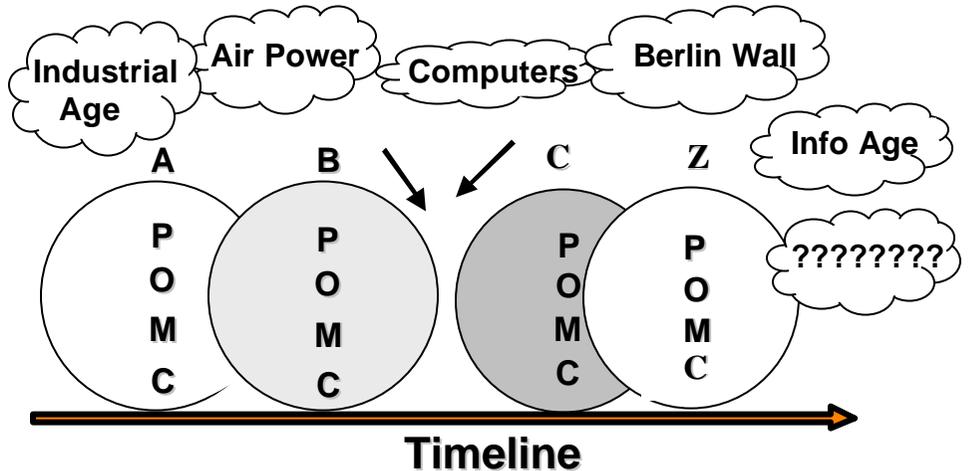
In Figure 5, the large circles represent the total organization including smaller units, processes, and subsystems under the rubric of the POMC management process. In the traditional sense, it is an organizational chart. The infrastructure of the organization (its tasks, configuration, authority relationships, reward and development systems, and control mechanisms) are all dependent on the constraints laid upon the organization. These constraints include economic, social, legal, and political external and internal factors. Therefore, as the organization moves to accomplish its present mission, it is confined by a constrained existence. The challenge for strategic managers and leaders is to understand these limiting factors and, when appropriate, surmount them to ensure a viable existence for the organization.

Strategic thinkers need to understand the evolutionary nature of organizations to probe where the organization needs to move to secure its future. The time line is, of course, not linear. Also, the direction is not fixed in terms of progress achieved. In many organizations today, stepping back and regrouping (reengineering/rightsizing, etc.) should be anticipated.

As stated in Chapter 2 above, the salient point from an OD perspective is that this evolution of change is occurring within a traditional operating system. Under this paradigm there will be some stretching at the margins but no major shift in the way people and processes operate. In an idyllic world, organizations would march off into the future through a planned change effort. Unfortunately, this is not reality. Difficulty in visioning the future and resistance by management and workers to make the needed changes is the norm in most organizations. To address these issues, Organizational Transformation, a recent extension of OD, seeks to create massive changes in an organization's structure, processes, culture, and orientation.

Figure 6.

## EVOLUTION OF ORGANIZATIONAL CHANGE ORGANIZATION TRANSFORMATION



In Figure 6, Murphy depicts a broken movement of the organization to its future. The clouds represent external events that have occurred where the organization has not reacted to that event in a timely manner. As a result, the organization needs to transform itself from its present operating environment into a new way of operating in order to maintain its very existence. Getting people to change under this threatening scenario is usually easier than in static situations because it is clear that the organization will not survive unless it does change. Unfortunately, changing under these conditions is extremely painful and often shocks a system to the point that it takes the organization years to recover.

The major difference between OD and OT is that in OD individuals within an organization are already in an organizational framework that has been adopted and refined based on existing interlocking plans at each level of the organization. Organizational Transformation, on the other hand, takes the organization beyond the normal operating zone and moves missions, goals, objectives, expectations, culture, and so on, to uncharted territory.

## The Process

The process by which managers and leaders address the future of their organization is not an exact science. We saw in Chapter 2 how Henry Mintzberg, one of the foremost experts in strategic planning, came to grips with this idea. In fact with the myriad of management “how to” books on the shelf, one ought to be leery of a book that purports to have the “silver bullet” that will solve organizational dilemmas. Management has no magic formulas, and no special techniques; what is required is good critical thinking on the issues that managers and leaders must attend to.

In the case of strategic management, the task of critically thinking through those issues that will influence the future of one’s organization is daunting. For the sake of this text, strategic management is defined as that set of managerial decisions and actions that determines the long-run performance of an organization. It includes:

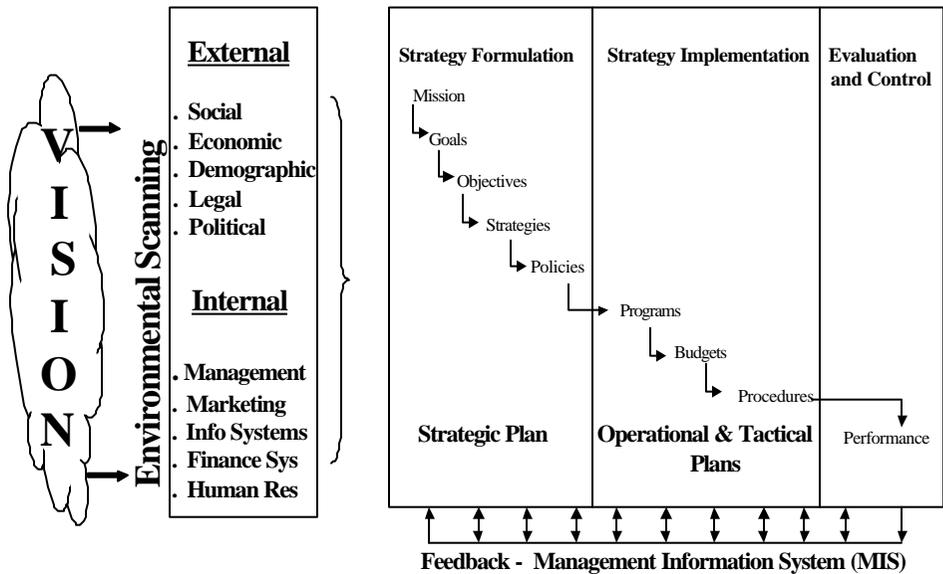
- a vision statement;
- an environmental scan of factors that will affect the operationalization of the vision;
- a strategic plan and policies based on the results of the environmental scan in comparison with the strengths and weaknesses of the organization;
- tactical and operational plans and timelines to implement the strategic plan; and
- a monitoring system which will provide timely, valid, and reliable information by which to orchestrate the activity within the organization.

Note that the strategic planning process is a subsystem of strategic management. Additionally, strategic management is a journey not a destination. In Chapter 2, we saw that strategic planning is normally in the five-year plus horizon. The time frame, of course, depends on the specific industry of the organization. One can easily imagine that strategic planning for the computer industry or the new dot-com businesses may be much shorter. The key is that the strategic planning horizon for each organization is

a function of its ability to see the future with some degree of confidence to commit organizational resources.

The strategic management process that is generally followed by most organizations in one form or another is at Figure 7.

**Figure 7. The Strategic Management Process**



At the extreme left, the vision is symbolized as the key element that initiates the planning process. This is the case for organizations already in existence, creating a future based on that vision, or for organizations that have changed their old vision and now desire to move in a different direction. During the Environmental Scan phase, organizations analyze those external factors that will eventually impact their operations. These factors, although somewhat unique to each organization, are usually fairly extensive. Customer trends, demographics, legal and political events and of course, a scan of economic trends are critically important.

Just as important, actions must be taken to do an audit of the internal environment. There may be great opportunities that show up in the external

scan, but if the organization does not have the resources to take advantage of these opportunities, it is of little value to the organization. In a very real sense, the organization is doing a reality check. It is checking the external environment for opportunities and threats that may affect the organization and then doing an internal check of its strengths and weaknesses in order to avoid mismatches between opportunities and weaknesses. This analysis is commonly referred to as a SWOT analysis; that is, a strengths, weaknesses, opportunities, and threat analysis.

It is important to realize that the POMC timeline that we discussed in Figure 5 becomes very real when changes to the vision occur. In this event, all functions need to be reevaluated, causing a new POMC pattern to be developed for the new vision. To create the new POMC pattern for the organization, an external and internal scan is necessary. These assessments are necessary in order for the organization to ascertain the threats and opportunities that result from the external scan and the strengths and weaknesses that come from the internal scan of the organization.

Once the vision is adjusted based on these scans, the mission, goals, and objectives are formed with their subsequent strategies. It should be noted in Figure 7 that the feedback system is operational at all phases of the strategic formulation and implementation stages. The feedback mechanism is usually some sort of information system, like a Management Information System (MIS), that is designed to provide insights to managers in order that they can make timely decisions.

This strategic management process is nothing new to military leaders who have been trained to perform "estimates of the situation" as a commonplace event. But care must be taken when drastic changes in the organizational infrastructure--the inner working of an organization--occur. The main point here is that strategic plans, and the subsequent operational and tactical plans, policies, and procedures are "living documents" that require continued maintenance.

As a last point, if the updated plans at each level of the organization are within the general direction and value system of the previous vision, this is considered Organization Development, as discussed in an earlier section. When the vision requires the organization to move drastically away from its previous vision, Organizational Transformation measures are required. This approach normally shocks the system and requires careful management and leadership efforts to insure that the energies unleashed by restructuring, new

responsibilities, new authority relationships, new expectations, etc., are refocused on the implementation of the new strategic plan that will actualize the new vision.

### **Strategic Management versus Strategic Leadership**

By now most of us are getting tired of the endless attempts to distinguish between the concepts of managers and leaders. Some people have given up and use the terms interchangeably. A review of the literature reveals that there is a wide array of stands on the issue. As an example, the U.S. Army includes the concept of management as part of its concept of leadership, while others like Shermerhorn (1996) and Bateman and Zeithmal (1995) include leadership as a major function of management.

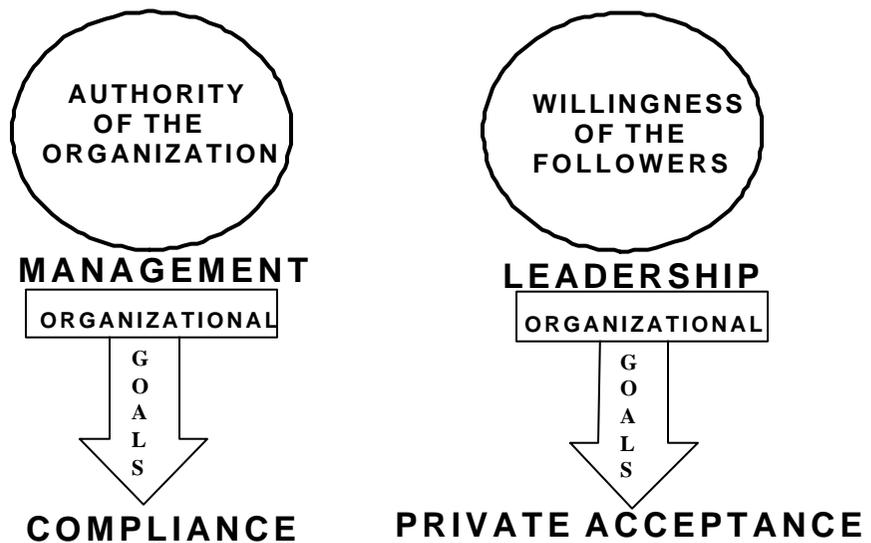
Why the wide divergence in positions? Why does the U.S. Army use leadership as the focal point while the business world and academe take a totally opposite perspective. A more important question may be "What difference does it make, as long as the organization accomplishes its goals and objectives?"

The answer to this question lies in the fact that there continues to be a myriad of management "how to" books published every year, an undeniable indicator that there seems to be an unquenchable thirst to find the "silver bullet" that will solve organizational problems. The answer also lies in the apparent intrinsic feeling that the long-term health of the organization depends on both management and leadership, even though many have a difficult time in separating them conceptually.

Murphy (2000) draws a definitive conceptual wedge between management and leadership in Figure 8. His basic premise is that the boundaries between managers and leaders rest with the authority that gives them their status. In the case of managers and military commanders, their authority rests with the legal status of their position. Since there is a contractual arrangement between the employees and the organization, employees are willing to comply with organizational regulations and procedures and comply with the direction of a duly authorized person. Under these conditions, employees have agreed to comply with directed goals. Thus, although employees are achieving organizational goals, they may be only complying externally but may not have internalized the goals as part of their own value systems.

When these employees internalize organizational goals as a part of their own value system (private acceptance), the individual who influenced them to do so has become their leader. The dynamics of becoming a leader are beyond the scope of this text, but the key point is that leaders, commanders, and managers all orchestrate the management process. In each case, the manager/commander and leader are trying to focus the energies of the people within their organization in order to achieve organizational goals. In the case of the leader, he or she goes a step beyond and gets the members of the group to take on the goals as a part of their own value and operating systems while commanders and managers use organizational power to affect compliance to stated goals.

**Figure 8. Management vs. Leadership**



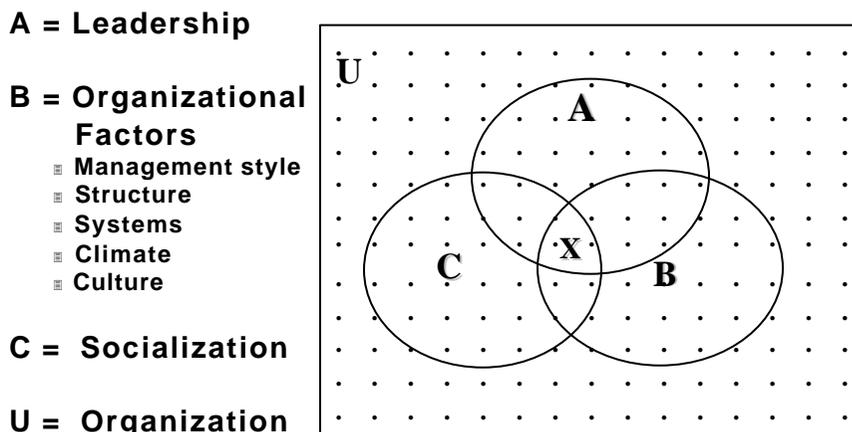
**Source: Copyright BMK Associates. Printed with permission of BMK Associates.**

With this distinction in mind, managing and leading at the strategic level of an organization becomes an ominous task. While the strategic manager and strategic leader are scanning the external environment for opportunities and threats, and conducting internal audits to identify organizational strengths and weaknesses, each has his own focus in regard to the future motivation of his or her employees. It is here that the “Butterfly Effect” (meaning a large unintended consequence of a small event, such as a large storm generated from the flapping wings of a distant butterfly) may be crucial. One expects that the strategic manager will find a viable direction for the organization and

establish systems that will get employees to comply with plans, policies, and procedures. One's expectation of the strategic leader is quite different. One expects that strategic leaders will not only establish systems similar to that of the strategic manager, but also will find ways to influence people to internalize the plans, policies and procedures.

The crux of the dilemma, however, is that identifying strategic managers is easy. Just look at the organizational chart. Identifying strategic leaders is another matter. This problem was outlined by Murphy (1996, p. 194) in his model on a Systems View of Leadership. In Figure 9, Murphy's Venn diagram depicts three major factors that influence employee behavior in organizations. Circle A depicts the influence of the leader, while Circle B depicts the influences of organizational infrastructure, including management style, organizational design, task specification, incentive systems, and organizational climate and culture.

**Figure 9. A Systems View of Organizations**



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Circle C reflects the individual's own socialization "baggage". This includes personal traits from their upbringing, schooling, and general life experiences. The letter U represents the organization environment while the series of dots represent possible actions by an employee. With this diagram, it is quick to see that a person's actions may be the result of any one of the major factors, or all of them. Thus, when good work is being accomplished in

an organization, it may be the result either of good leadership, or of poor leadership of good people under good organizational conditions.

### **A Final Note**

Too many people seem to be quick to find the leader that will lead the organization to even higher levels of accomplishments. What this model reveals is that although leadership is a very desirable factor, from a systems perspective many other factors are just as crucial. In the end, the old saying may be true, namely “. . . if no one is following nobody can be leading.” But in the case of organizations, goals need to be accomplished in order to maintain the viability of the organization, thus someone is always managing or commanding.

## CHAPTER 6

### FUTURE TRENDS IN MANAGEMENT

#### New Age Management

*“As a general policy, defying the reality of change isn't a wise thing to do. Most people would agree that being ready for change is not being ready; but, apparently, being ready isn't easy. Being ready takes time, energy, and effort; and even more, it takes confronting our fear of change, our hate for what it does to our lives. Increasing organizational flexibility begins at a personal level . . . , but it must end as an organizational act.”*

*William A. Pasmore*

*Creating Strategic Change, p 270.*

No one can accurately predict what tomorrow will bring. We do know that volatility, uncertainty, complexity, and ambiguity will define our future work environment. Some change patterns will be discontinuous and hard to identify. Frustration will be the norm for those who expect to control the future. Drucker (1999) sums up this pent up frustration when he says that “One cannot manage change. One can only be ahead of it” (p.73). According to Drucker, successful strategic managers and leaders are those who become change leaders. They identify opportunities and threats to the organization and subsequently establish an environment wherein people can meet these challenges and still grow as individuals.

In the first chapter, the evolution of management thought was presented to lay a conceptual foundation for understanding the robustness of the field of management. Review of Figure 1 will show that in the latter part of the 20th Century, it became clear that no one school of management philosophy was right for all situations. As a result, the idea of a Contingency Approach to management has become prominent. Although this conceptualization of management practices is not new, especially to those in the military, the formalization of this approach in the literature is fairly recent.

In this approach, the situational-variable approach to management is emphasized. It uses the “if then” approach to deriving possible managerial courses of action. It implies that ***all methods previously discussed*** become operationally dependent on the perceived variables of the situation. For example, the efficiency thrust of Scientific Management could quite easily be packaged with some insights and actions flowing from the Human Resource

(HR) approach. The major obstacle in using this approach rests with the ability of the manager to perceive the organizational situation as it actually exists. Even if this hurdle is cleared, selecting the appropriate management tactics best suited to those situations becomes a challenge.

One of the most important factors stressed in this text is the ability to critically think one's way through the problem. More and more books are being written about the self-organizing abilities of nature and the need to better understand Chaos Theory and complex systems. To the manager and leader, any event which does not comply with their own cause-and-effect database is chaos. Chaos in the past has been an unacceptable condition to managers and leaders. The military have even coined a phrase to capture a chaotic situation in wartime; i.e., the "fog of war." The implication, of course, is that the fog can be lifted and events controlled during a peacetime situation.

The message today and in the future seems to be that the fog of war is the norm, not the exception. That is why books by people like Wheatley (1999), Kauffman (1995), Coveney and Highfield (1995), and Stacey (1994) are gaining a wide audience in today's business world. Earlier in the text, the idea of a liberal arts education was used to discuss the need for a broader view of the world. It now appears that the search for knowledge about people in organizations has come full circle. Specialization may be fine for solving specific situations, but to understand the diversity of activities that occur both internally and externally to organizations, watching and understanding nature may be key to good management practices. In fact, in Charles Handy's (1998) latest book, The Hungry Spirit, Beyond Capitalism: A Quest for the Purpose of the Modern World, we see the linkage to a desire of humans to model their organizational efforts to processes in nature. Handy, who has written numerous books on understanding organizations, approaches an almost mystical level in his latest book. This is the same mystical sense can be found in Wheatley's, Drucker's, and Bennis' most recent books.

Most people will say that this conceptual approach is just another fad by the management community, a sure sign that they have run out of new theories to sell to the world at large--maybe so. But to those of us who have been studying the field of management for a long time, the message always has been there. It has just taken a back seat to those who want a nice, neat Newtonian-approach to the world. Some might also say that this approach may be nice from a theoretical aspect, but not very practical. To them Dee Hock, the former CEO of VISA, would say, not so fast!

## Chaordic Organizations

It was bound to happen. Someone has come up with a new word to describe the conditions we now find in organizations. Hock (1999), in relating the status of the today's organizations to deal with the complex environment, felt that there was no word that explained the present day situation of organizations. Like many others, he felt the loss of traditional control that a top manager would have in their organization. As founder of VISA International, the financial institution that gave impetus to the credit card industry, Hock discovered that if VISA credit card system was going to work, the traditional organizational structure needed to be modified. What was needed was an organizational design that was not built on the typical command and control relationship.

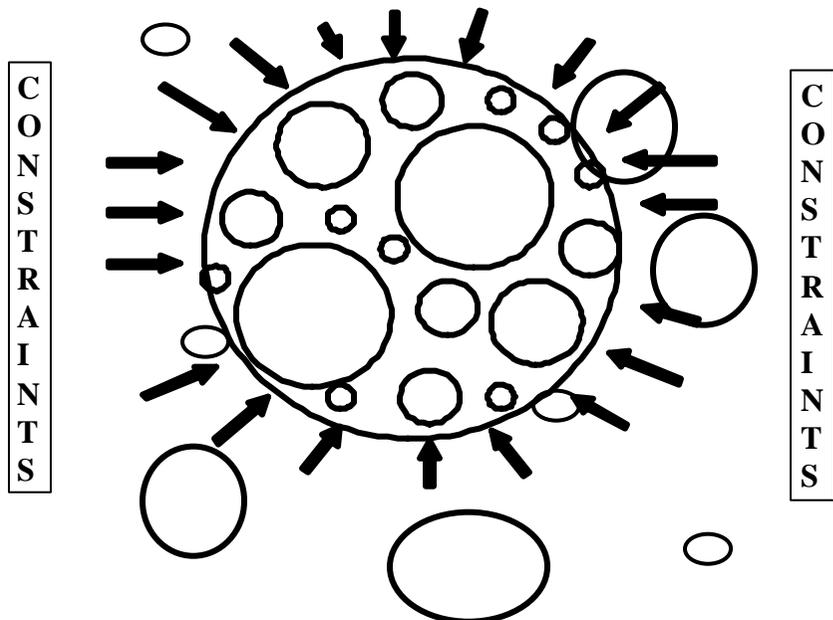
In a personal conversation with Hock (between Dee Hock and Bob Murphy, Professor of Management, U.S. Army War College, August 10, 1996), I learned that VISA did not control the financial resources that gave credit to customers. VISA's role was merely the coordinating agent between the lending institution and the customer. The corporate headquarters for VISA, according to Hock, was significantly smaller than one might expect. The organization he built had to be flexible, focused, and yet responsive to the needs of the financial needs of its customers. Through a period of adjustments, Hock realized that what was needed was an organization that had the characteristics of chaos that managers dread, and the order that is needed to manage

people and institutions of every conceivable language, culture, race, and economic and political persuasion, linked together in a commonly owned, \$1.25 trillion non-stock, for-profit organization in which owner/members simultaneously engage in the most intense competition and fierce cooperation.  
(Berrett-Kohler Publisher, 1999.)

In Figure 10, we can see a possible version of what Hock may be envisioning. In this Figure, the largest circle represents the total organization, which encompasses smaller organizations that are established to help the organization accomplish its mission. In the traditional sense, it is the organizational chart. The infrastructure of the organization, that is, its tasks, configuration, authority relationships, reward and development systems, and control mechanisms are all dependent on the constraints laid upon the organization. These constraints include pressures from socioeconomic to

legal to political external as well as internal factors such as workforce expertise, facility limitations, and of course budgetary constraints. Therefore, as the organization moves to accomplish its present mission, it becomes confined by a constrained existence. The challenge for strategic managers and leaders is to understand these limiting factors and, when appropriate, move beyond them to ensure a viable existence for the organization.

**Figure 10. An Example of a Chaordic Organizational Design**



In the diagram, note that there are some smaller circles on the fringe of the large circle. These smaller circles represent some parts of the organization that may be moving away from the traditional roles within the organization. They could also symbolize mergers, contractors or any other external agency that are coming under the influence of the larger organization. Also depicted in the diagram are organizations outside the larger circle. These are organizations that may eventually be a part of the future of the larger organization. They could be future mergers or alliances or, as Hock did in his VISA setup, other institutions that are tied to the larger organizations not by a command and control relationship, but rather by a set of principles, a contract or a philosophy that impacts on the larger organization.

The chaordic organization, as depicted above, is outside the normal frame of reference of the traditional bureaucratic structure. Does this chaordic

organization have a vision, mission, goals and objectives? Yes. Are there control mechanisms to guide the energies of the organization toward its viable future? Again, yes. The difference being that the concept of control in the chaordic organization is much different than that experienced in the bureaucratic organization. Many still believe that bureaucracies will remain the foundational organizational structure for reasons of basic stability during these periods of rapid change, but they will have to be more open and adaptable to be effective--or even to survive. What will be management's role? The answer should be that it is a process and a series of concepts that will help managers and leaders continue to transform their organizations to a viable future.

Tom Peters (1982, 1985) tells us that his first two books about excellence in the corporate world described the parameters of success in a relatively stable and predictable environment. That environment, he now argues, no longer exists. "There are no excellent companies" is the opening assertion in his book Thriving on Chaos, 1985. By that he means that no company which formerly achieved some established standard of excellence can now be labeled "excellent". This is so, according to Peters, because the incredible pace of change has turned excellence into a process rather than an achievable standard. One might say that Toffler's "future shock" is upon us. The implications for management theory in an unpredictable, chaotic organizational environment are just beginning to be explored.

Although the implications and pertinent theories will be worked out in years to come, we do know that managing change is the standard in all organizations. Some managers and leaders will resist and think that managing day-to-day activities is just an exercise in attaining an effective and efficient operation. But those who are attuned to the challenges in today's environment will realize that seemingly routine actions are not routine but an unending series of events that form the future of the organization.

Handy (1998) asserts that courageous managers will move boldly when the unlikely happens, embrace change, and learn from experiences where the models and rules are not always there to follow. They will overcome resistance to change and unproductive behavior by understanding people and blending individual strengths and teamwork to solve problems and increase productivity and quality. Continuous management improvement processes will be used by dynamic and prospering organizations. Critical thinking and systems thinking will be used to create and sustain a culture of continuous improvement. The successful manager and leader will deliberately strive to

create a positive and dynamic working environment, develop teamwork, apply analytical methods, and use the creativity of all employees in his unit. This environment will be characterized by an energized, collective effort to define, assess, and improve all significant processes within the organization.

We do know that managers in the 21st Century will be continually challenged to review their roles and responsibilities. They must seek to blend the basic theories of management with nontraditional approaches to do their jobs better. A primary managerial task will be to instill a corporate vision that the organization lives by and to provide quality goods and services with (as always) limited resources. It will be necessary not only to make decisions for today, but also to anticipate those for tomorrow. To anticipate the needs of tomorrow will require involvement of the entire workforce--not a new message to many managers, or to those who write on the subject, both past and present. Yet knowing that workers need to get involved is one thing, getting them decisively involved is another.

We do know that tomorrow's work force will need to be highly skilled and well-educated, and will need to apply knowledge more fully than many have in the past. Because of employee diversity, organizations have the potential to be stronger if managers can successfully blend the different values, knowledge, and background in the workplace to achieve common goals.

The conundrum, however, is that the way managers diagnose problems and their precision in recognizing the need for change will affect the change process itself. The success of a change program depends largely on the current levels of dissatisfaction, support by top management for the change effort, and the correct diagnosis of the sources of resistance to the change effort. Partnerships in and outside the unit will be essential. The best managers and leaders will promote constant improvement, proactive management, and elimination of barriers. They will also redefine the concept of control as well as how an organization organizes itself.

In conclusion, as we enter the 21st Century, we may find Hock right on the mark. Organizations will need to continue to focus the energy of their resources in order to survive, but they must do so with different rules, techniques, and procedures than before. This should not be interpreted to mean that all the lessons learned of the past are now discarded, but rather that the Toffler's Third Wave society demands different ways of managing and leading. In some cases, drastic changes are needed; in others, subtle change. In all cases, managers and leaders need to be attuned to the patterns and trends

that are continually developing around their organization. Then and only then can they have a chance to move their organization to a viable future.

## SUMMARY

As I stated in the beginning, the purpose of this text is to provide an overview for executives who need to review some of the concepts in the field of management. It is also intended to be a primer for those executives who, although successful in moving up their organization, may not have had the opportunity to take a formal management course.

The hope is that executives who read this text will gain a deeper appreciation that the management is much more robust than it is given credit for. There appears to be a general tendency that when managers or leaders are solving organizational problems, they are quick to discard the lessons that the various theories teach us and move directly into a problem-solving mode based on their instinct and past experiences.

Some may ask, “what is wrong with that?” The answer is that using one's instincts and past experiences is not wrong, but it is not the total picture. What a deeper understanding of management offers is a resource of accepted theories that will help frame the issues to be resolved. Thus, through this deeper understanding of management, in combination with critical thinking, one can better frame the questions that will address the core issues. In doing so, one may find an answer, or at least a partial solution, to a problem.

Management is not a business phenomenon that is relegated to only profit-driven organizations. It is an intrinsic process of all organizations that attempt to harness human energy in order to accomplish common goals. As the Information Age forces people within organizations to sort and critically evaluate the myriad of information that is readily becoming available, an orderly process becomes even more necessary. Many management thinkers in the past have provided us invaluable insights into who we are at work. The continuing theme appears to be that we are not working to discover the intrinsic order of the universe, but rather that we are ourselves an integral part of what the universe is. Thus, as we stake out temporary relationships to achieve common goals, strategic thinkers, managers, and ultimately leaders need to be mindful that they are indeed temporary relationships fixed by reference points that we ourselves fixed. How long these reference points remain fixed is, and always will be, left to the discretion of managers and leaders and those that follow them.

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